CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/31**

Paper 3 Business Decision-making **May/June 2025**

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 2025 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 descriptions 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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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
TV	When the candidate has attempted something, but the mark/skill has not been awarded as the answer is not sufficiently clear.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
SEEN	To show a page/section has been seen/read.
REP	The repetition of a previous point in a response **or** the candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. The number of Ks should match the mark awarded.

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Annotation	Meaning
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
L2 AN	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
L2 EVAL	When AO4 at Level 2 has been awarded.
L2	When AO3 or AO4 has been awarded at Level 2.
L3	When AO4 has been awarded at Level 3.

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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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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Analyse <u>two</u> advantages to WS of using an environmental audit.

<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>

Note
- Only reward advantages.
- If more than two advantages are referred to, reward the best two.
- L2AN (3 marks) is possible for just one point made.
- All annotation (K APP AN L2) should be in the left margin.

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

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Question	Answer	Marks
1	**AO1 Knowledge and understanding** Definition of relevant terms (max K 1 mark) • Environmental audit: measuring the environmental impact of a business and how sustainable its activities are. • Knowledge of CSR. • Possible advantages include: • Improves governance and decision making. • Highlights direction for improvements. • Enables smart target setting. • Enables stakeholder expectations to be met. • Improves transparency. **AO2 Application** *Limited application,* APP *applies knowledge to WS once.* *Developed application,* APP + APP *applies knowledge to WS twice.* *Max one* APP *for application of the first benefit and max one* APP *for application of the second benefit.* Application is making use of relevant case information not just repeating it. • Constantly changing footwear markets. • Jon keen for research on changes connected to CSR. • Increasing demand for non-leather products. • Growing consumer awareness of need for sustainable supply chains. **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Improved decision making can lead to more efficiency, lower costs, higher profits, lower risks. • Highlighting routes for improvement can lead to change and improved CSR. • Smart target setting enables positive clear change and monitoring • Stakeholders' expectations being met can improve e.g. image, reputation, sales, employee motivation/commitment. • Improved transparency can attract more business as increasingly decisions are made based on ethical factors. • Enables company culture to increase social and environmental responsibility resulting in more satisfied employees and therefore lower labour turnover. Accept all valid responses	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
Analyse <u>two</u> ways that enterprise resource planning (ERP) could improve the efficiency of WS.
<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>
Note
• If more than two ways that ERP could improve efficiency are referred to, reward the best two.
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2	**AO1 Knowledge and understanding** Definition of relevant terms (max K 1 mark) • ERP: software integrating information from all business functions, supply, production, marketing and HR. • Efficiency measures the ratio of inputs to outputs. Possible benefits include • Reduction of costs and waste. • Better control of inventory. • More accurate costing and pricing decisions. • Higher capacity utilisation. • Faster response to change. **AO2 Application** *Limited application,* APP *applies knowledge to WS once.* *Developed application,* APP + APP *applies knowledge to WS twice.* *Max one* APP *for application of the first benefit and max one* APP *for application of the second benefit.* Application is making use of relevant case information not just repeating it. • Current use of IT. • Keri begun research into ERP. • Batch production on assembly lines. • Shoes sold into three constantly changing markets. **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Reducing costs and waste increases profits. • Better inventory control reduces costs, aids planning and communication with suppliers and customers. • More accurate costing/pricing enables customer specific pricing and increases sales and goodwill. • Higher capacity utilisation reduces average costs and increases profitability. • Faster response to change enables better purchasing materials, production methods and higher sales. Accept all valid responses	

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Question	Answer	Marks
3(a)	**Using the data in Table 1.1, calculate the average monthly labour productivity for January to May 2025.** Average monthly labour productivity = Total output / Number of employees **OR** 90 000 / 480 (1) 187.5 (2) **OR** 188 (2)	**2**
3(b)	**Using the data in Table 1.1, calculate the percentage of output that failed to meet quality standards for January to May 2025.** Percentage failing to meet quality standards / output × 100 **OR** 15 000 / 90 000 × 100 (1) 16.67% **OR** 16.7% **OR** 17% (2) Accept 16.66% and 16.6% (2)	**2**

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

Evaluate the best approach for WS to improve the performance of its production employees.

<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>

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Question	Answer	Marks

3(c)	**Indicative content**
	
	AO1 Knowledge and understanding
	Limited knowledge K *will be demonstrated through knowledge of measures of performance.*
	Developed knowledge K + K *will be demonstrated through knowledge of measures of performance and knowledge of how to improve performance of production employees.*
	
	• Employee performance measured by productivity, absenteeism, labour turnover, accident rates, wastage/product rejection rates.
	• HRM components: motivation, management styles.
	• Reference to theories on motivation including: Taylor, Mayo, Herzberg and Maslow
	• Possible techniques to improve performance include:
	  • Providing better equipment and training.
	  • Appropriate motivation techniques for employees.
	  • Realistic informed target setting.
	  • Bonus payments for production/waste targets.
	  • Facilitating employee participation in decision making and/or working arrangements.
	
	AO2 Application
	Limited application, APP *applies knowledge to WS once.*
	Developed application, APP + APP *applies knowledge to WS twice.*
	
	• Batch production on assembly lines.
	• Information from Table 1.1 showing employee performance measures.
	  • Increase in number of units failing to meet quality standards.
	  • Increase in labour turnover.
	  • Increase in number of accidents.
	• Use of bullet points on employee performance.
	  • Wages 10% more than industry average.
	  • Complaints about production targets.
	  • On-the-job training.
	  • Limited opportunities for career progression.
	  • Strict management style.	

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Question	Answer	Marks
3(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis* Chains of reasoning developing how techniques will impact performance: • Bonuses for achievement of production targets will provide a financial incentive for production employees encouraging them to be more focused on increasing output and therefore increasing productivity. • Off the job training could make employees feel more valued and increase skills therefore improving motivation and quality of work which will reduce the number of defects and lead to higher output. • Empowering workers to make more decisions about their working day will reduce the conflict caused by the current strict management style and have a positive impact on motivation therefore resulting in a reduction in labour turnover. • Possible reasons for decreased performance include: • Little training 'expected to learn on job', non-participation in decision making 'follow instructions', complaints about targets. • Limited opportunities for progression. • All measures in Table 1.1 show decreasing performance. • Pay does not seem to be a factor 'paid 10% more than industry average'. **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* Justified recommendations based on analysis include: • More and better training for employees and supervisors. • More participation in decision making. • More freedom to carry out tasks as employees decide. • More motivation techniques to be applied e.g. regular appraisals, non-financial motivators. • Clear realistic targets set, possibly with bonuses for meeting them. • Regular meetings with employees and/or their representatives. • Balanced argument on the advantages and disadvantages of a given approach. • Weighting of advantages and disadvantages of a given approach. Accept all valid responses	

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Question	Answer	Marks
4(a)(i)	**Using the data in Table 1.2, calculate the average seasonal variation for Quarter 4.** Average seasonal variation = Total seasonal variation for Quarter 4 2022–3 / 2. **OR** 1.02 + 0.32 = 1.34 (1) 1.34 / 2 = ($)0.67 (million) (2)	**2**
4(a)(ii)	**Jon has calculated the trend for 2025 Quarter 4 as $21.41 million.** **Using your answer to (a)(i), calculate forecast sales for 2025 Quarter 4.** Forecast revenue = forecast trend plus average seasonal variation for that quarter **OR** 21.41 + 0.67 (1) 21.41 + 0.67 = ($)22.08 (million) (2) **OFR based on 4(a)(i)**	**2**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>

Evaluate whether time series analysis is sufficient to allow WS to make decisions to achieve its marketing objective.

<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>

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Question	Answer	Marks
4(b)	**Indicative content** **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of time series analysis OR knowledge of other factors* *Developed knowledge* K + K *will be demonstrated through knowledge of time series analysis and knowledge of how it contributes to decision making or knowledge of other factors influencing decision making* L1 all skills if no clear K of what TSA is. Understanding of Time Series Analysis including its advantages (quantitative, based on actual data, factors in seasonality) and disadvantages (circumstances may change making prediction inaccurate, false sense of accuracy, relies on accurate data) • Knowledge of qualitative sales forecasting. • Knowledge of marketing planning and its elements: objectives, resources, research, marketing mix. • Role of market research and market analysis in setting marketing objectives and making decisions **AO2 Application** *Limited application,* APP *applies knowledge to WS once.* *Developed application,* APP + APP *applies knowledge to WS twice.* • WS three markets: fashion, leisure, work. • Use of information in Table 1.3. • WS products high price, value for money. • Jon's objective is to increase annual sales by 5% p.a. • WS sells to major retailers and independents. • Increasing demand for non-leather/sustainable shoes. • Jon recommended preparing an environmental audit.	

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Question	Answer	Marks
4(b)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis* • Sales forecasting enables minimum cost distribution. • Sales forecasting enables objective to be set and planned for. • Sales forecasting may ignore changes e.g. new product lines, new marketing mix and therefore be inaccurate. • Objective of increasing sales requires account to be taken of costs, not just sales. • Changing nature of markets requires accurate forecasting (qualitative and quantitative) for sales targets to be met. • TSA data in Table 1.2 is for all products. Table 1.3 indicates there are differences in each product/market making the data inaccurate for each. • Table 1.3 gives important information which marketing planning can use **AO4 Evaluation** • Considered judgement based on argument. • Sales forecasting important but other elements need to be considered for objectives to be met e.g. production capacity, appropriate quality of product, appropriate marketing mix. • Objective of increasing sales is imprecise. • Accuracy of forecasting relies on accurate methods and data generated. • Objective is confused – 'increase sale without entering new markets' but Jon wants research into non-leather products. Are these a 'new market'? or not? This needs clarifying before setting a marketing plan. • Any new products will significantly alter sales forecasts, and in a constantly changing market forecasts on their own may not be accurate. • Information on % sales revenue from different products, forecast market growth and strength of competition must be taken into account when forecasting sales, not just rely on TSA. • Forecasting sales must apply to the three different markets, not just overall sales. Accept all valid responses	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>

Evaluate the most effective method WS could use to improve investor return.

<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>

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Question	Answer	Marks
5	**Indicative content** **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of investor return.* *Developed knowledge* K + K *will be demonstrated through knowledge of investor return and knowledge of how to improve investor return.* • Identification of investors with shareholders • Understanding of investor return measures: dividend cover (Profit for year/annual dividend), earnings (net profit), dividend per share, dividend yield (dividend per share/market share price), P/E ratio • Knowledge that shares may be held for long term or short-term reasons. • Directors decide on dividends. • Methods to increase investor return: - Increase revenue relative to costs - Decrease costs **AO2 Application** *Limited application,* APP *applies knowledge to WS once.* *Developed application,* APP + APP *applies knowledge to WS twice.* • Nature of CP's products: medium to high price, value for money leather footwear. • Shareholders take an active interest. • Recognition of changes in investment indicators in last three years (Table 1.4). • Operating profit has risen • EPS has risen • Share price has increased • P/E ratio has increased • Shareholders intend to use the AGM to seek methods to increase their returns. • Possible changes cited in case: environmental audit, ERP research, marketing plan, increased employee performance.	

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Question	Answer	Marks
5	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis* • WS has plans for investing in ERP which would increase efficiency resulting in a reduction in unit costs and therefore an increase in profit margins. With increased operating profit there would be more profits available for distribution to shareholders as dividends. Effect of possible changes cited in the case: • Strategies to increase profit including investing in ERP, marketing and improving the performance of employees will make WS more attractive to investors resulting in an increase in the share price and therefore a potential capital gain for shareholders. • P/E ratio has risen indicating that shareholders are receiving less value for their shares, but it could mean there is an expectation for future growth. • Possibility of producing products increasingly demanded by the market so revenue and profit increase. • Marketing plan likely to increases sales and profits. • Employee performance increases, lowering costs and raising profit. • Shareholders take an active interest so likely to engage with managers on implementation. Other measures WS might introduce to raise investor return could include: • More machinery/automation to reduce labour costs. • Price increases to raise markup. • Cutting spending where this can be done so lowering costs. • Focusing a marketing plan on highest profitable products.	

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Question	Answer	Marks
5	**AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • Considered judgement based on argument • Short term v long term • Changes in profit ratio in last two years suggest that management strategies are working and indicate that returns to shareholders will continue to increase • Changes being considered/implemented may increase sales and profits and sales. Directors would need to actively use these increases to pay more dividends • Effect of these changes is to make more money available for investors BUT will the cost of implementation actually lead to increased profit? Will WS increase dividends? Will the changes increase the share price? • What timescales are the changes going to occupy? • The changes that benefit investors will also be beneficial to WS, its managers and employees, so high probability of them succeeding. Accept all valid responses	

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