Cambridge International AS & A Level

Cambridge Assessment International Education
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/21**

Paper 2 Data Response **October/November 2019**

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.

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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.

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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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>
Define the term ‘fixed costs’ (line 22).
<table>
<tr><th>Knowledge</th><th>Marks</th></tr>
<tr><td>A correct definition</td><td>2</td></tr>
<tr><td>A partial, vague or unfocused definition</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
Content
Money paid by a business where the amount does not change (1) as output changes (1).

Award one mark for each element of a correct definition:
• does not change/stays the same
• as output changes/varies
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Costs that don’t vary (1) with output (1)</td><td>2</td><td>Both elements, costs don’t change as output changes</td></tr>
<tr><td>The cost doesn’t change</td><td>1</td><td>Only one element</td></tr>
<tr><td>Unchanging costs</td><td>1</td><td>Only one element</td></tr>
<tr><td>costs change with output</td><td>0</td><td>Confused with variable costs</td></tr>
</table>
</td><td>2</td></tr>
</table>

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

Explain the term 'channels of distribution' (line 3).

Award one mark for each point of explanation:

<table>
<tr><th></th><th>Rationale</th><th>Mark</th></tr>
<tr><td>C</td><td>Example or some other way of showing good understanding, i.e. examples of intermediaries, channels</td><td>1</td></tr>
<tr><td>B</td><td>Stages/intermediaries/different ways of selling/chain of businesses</td><td>1</td></tr>
<tr><td>A</td><td>From producer to consumer/sell products to consumers</td><td>1</td></tr>
</table>

Content

- A chain of stages which a product or service goes through on the way from the producer to the consumer.
- Can be direct, using the internet, or through intermediaries such as a warehouse, agent or retailer.

ARA

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Different ways of selling (B mark) products to consumers (A mark) e.g. supplier to wholesaler to consumer (C mark)</td><td>3</td><td>Point from each category</td></tr>
<tr><td>A chain of intermediaries (B) a good passes through until it reaches the final buyer (A) e.g. wholesalers, retailers, direct (C)</td><td>3</td><td>Point from each category</td></tr>
<tr><td>Chain of businesses (B) that sell products to consumers (A)</td><td>2</td><td>Only two categories covered</td></tr>
<tr><td>The ways in which (B) producers sell to consumers (A)</td><td>2</td><td>Only two categories covered</td></tr>
<tr><td>Stages a product passes through (B)</td><td>1</td><td>A bit vague but BOD for 'stages'</td></tr>
<tr><td>Selling products to consumers (A)</td><td>1</td><td>Again a bit vague but fits the A category</td></tr>
<tr><td>The production process</td><td>0</td><td>No understanding shown</td></tr>
</table>

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

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

Calculate the profit CE will make from production line B if it sorts, packages and sells 150 000 eggs in a month.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working</td><td>4</td></tr>
<tr><td>Formulae or correct calculation of two from TVC or TFC or TR OR Correct calculation of TVC, TFC and TR</td><td>3</td></tr>
<tr><td>Formulae and correct calculation of one from TVC or TFC or TR OR Correct calculation of two from TVC, TFC or TR</td><td>2</td></tr>
<tr><td>Formulae or correct calculation of one from TVC or TFC or TR</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>

NB Can award a mark for OFR where relevant

Profit = (P × Q) – ((VC × Q) + FC)) **or** TR – TC **or** TR – (TVC + TFC)

$\frac{150\,000}{6 \text{ per box}}$ = 25 000 boxes

25 000 × \$0.45 = \$11 250 (TVC)

$\frac{\$10\,000}{2}$ = \$5000 (TFC)

\$0.90 × 25 000 = \$22 500 (TR)

\$22 500 – (\$11 250 + \$5000) = \$6250

Correct answer is \$6250

NB Formulae can be implied through use of relevant figures

</td><td>**4**</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Common incorrect answers
<table>
<tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>22 500 – (11 250 + 10 000) = 1250 (OFR)</td><td>3</td><td>Correct calculation of TR and TVC but didn’t divide FC/2 but under OFR rule mark for the final answer</td></tr>
<tr><td>Profit = TR-TC (1)
= (0.90 × 150 000) – ((0.45 × 150 000) + 5000 (1)) = 62 500 (OFR)</td><td>3</td><td>Correct formula and calculation of TFC but didn’t divide eggs/6 to arrive at boxes but under OFR rule mark for the final answer as this is the correct product of their calculation</td></tr>
<tr><td>22 500 – 16 250</td><td>3</td><td>Correct formula implied (1) Correct calculation of TR (1) and TC (1)</td></tr>
<tr><td>Profit = TR – TC (1)
= (0.90 × 150 000) – ((0.45 × 150 000) + 10 000)) = 57 500 (OFR)</td><td>2</td><td>Correct formula but didn’t divide FC/2 and didn’t divide eggs/6 to arrive at boxes but under OFR rule mark for the final answer as this is the correct product of their calculation</td></tr>
<tr><td>28 500 – 25 300 = 3200 (OFR)</td><td>2</td><td>This is both production lines so 1 mark for correct (implied) formula and OFR for answer as this is the correct product of their calculation</td></tr>
<tr><td>Profit = TR – TC</td><td>1</td><td>Correct formula</td></tr>
<tr><td>TR = P × Q</td><td>1</td><td>Correct formula for TR</td></tr>
<tr><td>62 500</td><td>0</td><td>No working to show how arrived at this answer</td></tr>
<tr><td><u>1250</u></td><td>0</td><td>No working to show how arrived at this answer</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>1(b)(ii)</td><td>

Explain <u>one</u> problem of CE's allocation of fixed costs.

<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2 (APP)</td><td>Explanation of a problem of allocating fixed costs for CE in context</td><td>2</td></tr>
<tr><td>1 (K)</td><td>Identification of a problem with allocating fixed costs</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Content

- The two production lines have different revenues - $0.04 per egg (A) compared to $0.15 per egg (B) – should both lines pay the same.
- Production line B has a much larger gross profit margin (50% compared for B to 32.5% for A) – paying the same fixed costs may make production line A seem unprofitable.
- Production line A would seem to have less processing (no sorting, bigger quantities) so should it need to pay the same as line B?
- We do not know how many eggs are processed by each line so it is difficult to know if the allocation is appropriate.
- We do not know how employees are paid, could be salaries, so line B has more employees so higher costs

ARA

Example of how responses should be marked

<table>
<tr><th>Identification of a problem (K)
(1 mark)</th><th>Explanation of a problem in context (APP)
(2 marks)</th></tr>
<tr><td>The two lines do not have the same level of output so allocation unfair</td><td>May be unfair if the two lines have different outputs but we don't know how many eggs each line produces</td></tr>
<tr><td>One line might have higher fixed costs than the other, e.g. salaries</td><td>Employees may be paid a salary and line B has more employees so could have higher fixed costs</td></tr>
<tr><td>One line could have less processes than the other</td><td>Line A has less processing as they don't have to sort into sizes so unfair that they have the same fixed costs as line B</td></tr>
<tr><td>Not accurate</td><td>CE have not identified relevant fixed costs for each line, just divided total fixed costs between the two lines</td></tr>
</table>

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

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

Analyse <u>two</u> ways in which CE adds value to its products.

<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows understanding of two ways in which CE adds value to its products in context</td><td>4</td><td>Good analysis of two ways in which CE adds value to its products in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one way in which CE adds value to its products in context</td><td>3</td><td>Good analysis of one way in which CE adds value to its products in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of two ways of adding value</td><td>2</td><td>Limited analysis of two ways in which CE adds value to its products</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one way of adding value</td><td>1</td><td>Limited analysis of one way in which CE adds value to its products</td><td>1</td></tr>
<tr><td>0</td><td colspan="3">no creditable content</td><td>0</td></tr>
</table>

Content

- Packaging (boxes and trays) – a cost for the firm, but has a double benefit to consumer market – protects and advertises.
- Sorting – consumers obviously see value in different sized eggs and therefore CE can probably have higher prices for large eggs and therefore gain more profit.
- Money back guarantee – little cost for the firm but builds up trust for the brand.
- Branding – food product so trust in the brand will be important.
- Convenience – availability through retailers for the consumer market – more likely to purchase than coming to the farm.
- Best before date – both in consumer and producer markets this will help to avoid wastage when purchased and again builds trust in the brand.

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>ARA
<table>
<tr><td>Example of a way (K)</td><td>Examples of application/context (APP)</td><td>Examples of possible analysis (AN + DEV)</td></tr>
<tr><td>Branding</td><td>CE has built a brand with a reputation for high quality eggs</td><td>customers are prepared to pay higher prices for a quality product (AN) which means that CE can charge a premium price for the eggs therefore increasing the added value resulting in higher profits (DEV)</td></tr>
<tr><td>Increase the price whilst keeping costs the same</td><td>The costs of production are the same for each box but CE could charge more for the larger eggs</td><td>as customers are getting more egg in the larger sizes they won’t mind paying a higher price (AN). This is also a way of segmenting their market into those who will only pay a lower price compared to those who will pay a higher price therefore maximizing CE’s revenue from each segment (DEV)</td></tr>
<tr><td>Decrease costs whilst keeping price the same</td><td>CE could use cheaper packaging for the eggs by e.g. using cheaper materials in the boxes and trays</td><td>This could damage their reputation for quality (AN) and customers may stop buying the eggs and buy those of CE’s competitors instead, therefore reducing the revenue CE receives (DEV)</td></tr>
</table></td><td></td></tr>
</table>

Question	Answer	Marks
1(d)	**Evaluate the likely impact on the stakeholders of CE of the planned expansion.**	**11**

Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks
		Justified evaluation based on argument in context	7
		Developed evaluation based on argument in context	6
		An evaluative statement based on argument in context	5
Shows understanding of more than one stakeholder in context	4	Argument based on an impact of the planned expansion on **two** (or more) stakeholders of CE	4
Shows understanding of one stakeholder in context	3	Argument based on an impact of the planned expansion on **one** stakeholder of CE	3
Shows knowledge of more than one stakeholder	2	Limited analysis of an impact of expansion on **two** (or more) stakeholders	2
Shows knowledge of one stakeholder	1	Limited analysis of an impact of expansion on **one** stakeholder	1

Content

- Lian (owner) – Lian may need to fund the investment but the reward of more sales should outweigh this cost. May depend on the market growth of the retail market.
- Employees – Expansion is likely to make the current employees feel more secure – some may get promoted to supervise the new production line or training new workers.

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

Consumers – More retail eggs may make CE's products more accessible, which is good for the customers. The extra investment may be recouped with higher prices, alternatively in the long run, economies of scale may lead to lower average costs/prices
Local residents – more noise, pollution – might reduce house prices. More trucks picking up eggs?
Business customers – Will the allocated fixed costs increase on Production Line A, increasing costs/prices on the eggs – alternatively there could be savings from economies of scale passed on to business customers.
Shareholders – Might be asked to invest more to fund the expansion or the costs of the expansion could increase costs and reduce dividends.
Competitors – CE's expansion will mean that they can supply more to the market which could reduce the demand for competitors' eggs.

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An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>Owner</td><td>Lian the owner</td><td>Needs a loan to finance the expansion</td><td>The new product line will require investment in more machinery and more employees. The employees will need to be trained. This might mean that Lian will need a bank loan, which will increase the costs and possibly reduce profit.</td><td>However, the profit from the new production line should outweigh the costs (EVAL) and allow greater distribution of the product thereby increasing market share and revenue (EVAL) so the owner will feel the greater impact from the expansion (EVAL)</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>ARA

An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>Customer</td><td>CE have two types of customers – the industrial market and the consumer market and are to expand to retailers</td><td>Expanding to retailers will be more convenient for the customer.</td><td>Customers can get their eggs closer to home, which will cut down on travel time and cost as they no longer have to go to the farm but still can get high quality fresh eggs.</td><td>However the eggs may increase in price (EVAL) as the retailer will add a mark-up to the cost to them so customers may still travel to the farm to get the lower price (EVAL) therefore not as great an impact on the customer (EVAL)</td></tr>
</table></td><td></td></tr>
</table>

Question	Answer	Marks
2(a)(i)	**Define the term 'overdraft' (line 21).**	**2**

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content
A banking facility which allows a person/business to go below zero in their account. In essence, money has been lent to the person/business. The amount borrowed is controlled by the overdraft holder – they take what they need as they need it – usually a short-term source of finance

Award one mark for each element of a correct definition:
- Short term source of finance
- Often high rates of interest
- Flexible (can be used when needed)
- Allows an account to go below zero
- Helps solve cash-flow problems
- Current liability

Exemplar	Mark	Rationale
A flexible (1) short term source of finance (1)	2	two elements
A business can take more money out of their bank account than they have in it (1) to help with cash flow problems (1)	2	two elements
A person can take more money out of their bank account than they have in it	1	Only one element
A flexible source of finance	1	Only one element
A source of finance	0	Does not distinguish an overdraft from other sources of finance
A loan from the bank	0	Again does not distinguish from a bank loan

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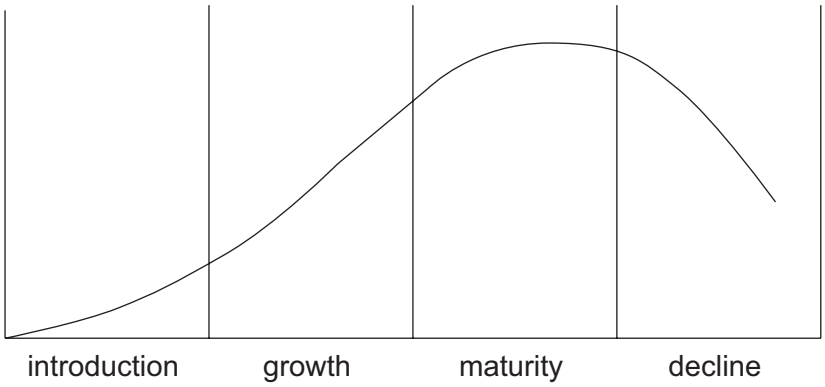
Question	Answer	Marks
2(a)(ii)	**Explain the term 'maturity in the product life cycle' (lines 10–11).**	**3**

Award one mark for each point of explanation:

	Rationale	Marks
C	Example or some other way of showing good understanding, i.e. point to start extension strategy, sales start to decline after maturity stage	1
B	Lack of growth, slow or no growth	1
A	Sales at highest point/maximum sales/product life cycle peaks	1

Content
The maturity phase of the plc is when sales are at their highest and growth has slowed or stopped. Sales may start to decline after this.
The diagram below could get all 3 marks as it shows sales peaking in the maturity stage, sales growth slowing, then declining.

Product life cycle



ARA

Answer	Mark	Rationale
Sales are at their highest (A) but growth starts to slowdown (B) and is followed by the decline stage (C)	3	A + B + C
Sales growth slows (B) and firms use extension strategies (C)	2	B + C
Stage of maximum sales (A) and then the product enters the decline stage (C)	2	A + C
Sales are at their highest (A) but stop growing (B)	2	A + B
Point of peak sales (A)	1	A

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

Refer to Table 2.1 and any other relevant information. Calculate the value of <u>X</u>.

Rationale	Marks
Correct answer with or without correct working	2
Formula or correct calculation of current assets	1
No creditable content	0

Content

Working capital = CA – CL

$18 000 = (11 000 + 20 000) – (5000 + X)
Or (11 + 20) – (5 – X) = 8

Answer = $8000 (accept 8)

Common incorrect answers

Answer	Mark	Rationale
8000	2	Correct answer even without $
31 000	1	Correct calculation of current assets
31	1	Correct calculation of CA without ‘000’
31 000 – X = 1800 = 13 000	1	Wrong answer but correct calculation of current assets
CA – CL	1	Formula
13 000	0	No working so not clear how arrived at this answer

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

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

Explain two possible disadvantages to FF of decreasing working capital.

Level	Knowledge and Application	Marks
2b (APP + APP)	Explanation of two disadvantages in context	4
2a (APP)	Explanation of one disadvantage in context	3
1b (K + K)	Identification of two disadvantages	2
1a (K)	Identification of one disadvantage	1
0	No creditable content	0

Content

- Problems of paying short term debts
- Could FF afford to buy inventory – must be purchased in advanced and has a limited shelf life
- FF's overdraft may start to increase and become a 'long-term' debt which is never paid off
- FF does not have any/many liquid assets – could get to the point where they may run out of cash and have to stop operations. For example unable to pay wages/salary – especially important because of the labour intensive nature of production
- Can be used as a measure of efficiency – shareholders may want the directors to explain why it is falling
- Decreasing the ability of FF to pay debts especially as customers are unlikely to pay for the flowers in advance and trade receivables may increase, again.

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Example of how responses should be marked

Identification of a disadvantage	Explanation of a disadvantage	Explanation of a disadvantage in context
Unable to pay short term debts	If working capital falls then there may not be enough money to pay short term debt	such as suppliers of the flowers which have to be purchased in advance of a customer paying for the order
Unable to pay employees	Employees may be paid weekly or in cash. Less working capital could mean the company cannot pay their employees	CE's employees are paid a commission based on the selling price of the flowers. Lower working capital could mean that the company cannot pay the commissions owed to the employees

</td><td>4</td></tr>
</table>

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

Analyse one advantage and one disadvantage to FF of using job production for its flower arrangements.

<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows understanding of two elements of job production in context</td><td>4</td><td>Good analysis of one disadvantage and one advantage of using job production in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one element of job production in context</td><td>3</td><td>Good analysis of one disadvantage or one advantage of using job production in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of two elements of job production</td><td>2</td><td>Limited analysis of one disadvantage and one advantage of using job production</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one element of job production</td><td>1</td><td>Limited analysis of one disadvantage or one advantage of using job production</td><td>1</td></tr>
<tr><td>0</td><td colspan="3">No creditable content</td><td>0</td></tr>
</table>

Content
Elements of job production:
- Unique
- Hand made
- Made to order/bespoke
- One at a time
- Each is finished before the next is started
- Often labour intensive
- Requires skilled labour
- Satisficing customer – Allows FF to charge higher prices and retain loyal customers
- Premium prices – FF can charge a higher price for customised flower arrangements

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

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

Must be advantage and disadvantage to FF

Advantages
- USP– already in a competitive market so specialist flower arrangements could give FF a USP
- Increased brand reputation– FF producing specialist flower arrangements which are ready in 24 hours which will be attractive to customers

Disadvantages
- Lower productivity - increased costs of production/slower speed of production compared to batch production
- Labour intensive – higher labour costs
- Cost – Already got decreasing working capital, no cash and an overdraft – job production is more expensive than batch
- Difficult future recruitment – higher level of skills needed because of the specialist nature of job production
- Training – job production is highly skilled and any new employees would require specialist training, increasing costs

NB annotate advantages on the LHS and disadvantages on the RHS

ARA

Advantage

<table>
<tr><th>Example of an element (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>Made to customer order</td><td>Flowers are arranged according to customer internet order</td><td>Customer satisfaction (AN) if customers are satisfied with the product they will repeat order on other occasions which will increase customer loyalty, increase FF’s revenue and lead to higher profit (DEV)</td></tr>
</table>

Disadvantage

<table>
<tr><th>Example of an element (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>Expensive</td><td>Job production means that each worker does a flower arrangement each time so the process is labour intensive</td><td>leading to higher labour costs (AN). This will reduce FF’s profits or could mean that they have to charge a high price and could reduce FF’s competitiveness and market share (DEV)</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>
Recommend non-financial motivators which FF could put in place to motivate the employees who make the low-price flower arrangements. Justify your recommendation.
<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>Justified recommendation(s) based on argument in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed recommendation(s) based on argument in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative recommendation/ statement based on argument in context</td><td>5</td></tr>
<tr><td>Shows understanding of two non-financial motivators in context</td><td>4</td><td>Argument based on the use of two (or more) non-financial motivators in context</td><td>4</td></tr>
<tr><td>Shows understanding of one non-financial motivator in context</td><td>3</td><td>Argument based on the use of one non-financial motivator in context</td><td>3</td></tr>
<tr><td>Shows knowledge of two non-financial motivators</td><td>2</td><td>Limited analysis of the use of two (or more) non-financial motivators</td><td>2</td></tr>
<tr><td>Shows knowledge of one non-financial motivator</td><td>1</td><td>Limited analysis of the use of one non-financial motivator</td><td>2</td></tr>
</table>
Content
• Training/development – as this is a lower skilled job, training is unlikely to be successful and may de-motivate if the skilled workers feel patronised by the new production process.
• Induction – Not about new workers, so the current workforce is unlikely to be motivated by induction.
• Opportunities for promotion – this may be a motivator is there are more supervision opportunities on the product production line
• Status – Will the workers who remain on the job production line fee superior to the others. This could have two effects – to motivate the job production workers and demotivate the batch production workers
• Job re-design – the workers could be involved in re-designing the new production process – this may motivate them and empower them
</td><td>11</td></tr>
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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

- Team working – The job production process was working alone, but there may be motivation from working as a group on batch production. Link to Herzberg, Maslow etc.
- Empowerment – workers may be given some control over their working practices.
- Participation – Could workers be given some input into the decision making at the firm?
- Fringe benefits/perks – Increased holidays, perks etc. may make up for reduced commission form the lower price flowers.
- Team away days – Allows team bonding which could help improve job satisfaction
- Job enrichment/job enlargement/job rotation – Increase skills/empowerment/interest

ARA

An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>Team away day</td><td>The low-price flower arrangements will be produce using batch production. This requires team work</td><td>So an away day could help with team bonding</td><td>This will increase loyalty to other members of the team. Employees will not want to let the team down so will work harder and less likely to take time off e.g. in sick days. Productivity will be higher and cost, therefore lower leading to higher profit.</td><td>Job rotation is more effective than a team away day (EVAL) because the employee can have better skills through higher training (EVAL) and won’t disrupt the production or require time away from the job (EVAL)</td></tr>
</table>

ARA

An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>Job rotation</td><td>There are 10 flower arrangements to be made so employees could rotate between each arrangement</td><td>Improving their skills</td><td>Higher level of skills will make employees feel better trained. If a worker is absent from one arrangement can easily be covered by other employees if demand is greater for that particular arrangement so less disruption to the production process.</td><td></td></tr>
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