Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **October/November 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 October/November 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

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

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

1 Components using point-based marking:

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

From this it follows that we:

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

2 Presentation of mark scheme:

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

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3 Calculation questions:

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

4 Annotation:

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

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Guidance on using levels-based 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

To award	Proposed annotation	Comment
Correct		For objective points that are right or wrong.
Incorrect		For objective points that are wrong.
Unclear		When there is a misunderstanding in a response.
Too Vague	TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlight	Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
Benefit of doubt	BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	On page comment	Rarely used in live marking. Very useful for practice scripts. To communicate with the supervisor.
Not using text	NUT	When the context has not been used.
Seen	SEEN	To show a page/section has been seen/read.
Not answering question	NAQ	When the response is not focussed on answering the question.
Repetition	REP	The repetition of a previous point in a response Or Candidate is copying the case study/data.

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To award	**Proposed annotation**	**Comment**
Own figure rule	OFR	The own figure rule applies – acts as a mark/tick.
Knowledge (AO1) L1	K	When AO1 has been awarded. Number of Ks should match the mark awarded.
Knowledge (AO1) L2		
Application (AO2) L1	APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
Application (AO2) L2		
Analysis (AO3) L1	AN	When AO3 at Level 1 has been awarded.
Analysis (AO3) L2	DEV	When AO3 at Level 2 has been awarded.
Evaluation (AO4) L1	EVAL	When AO4 at Level 1 has been awarded.
Evaluation (AO4) L2	E	When AO4 at Level 2 has been awarded.
Evaluation (AO4) L3	EE	When AO4 at Level 3 has been awarded.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> element of a business plan.** Identification of a business plan element may include: (✓) • executive summary • business objectives • description of the business opportunity • marketing and sales strategy • management team and personnel • operations • financial forecasts Accept all valid responses.	**1**

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

Explain the term *variable costs*.

<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 variable costs APP may include:
- Costs that vary with output

AO2 Application
Limited application APP applies knowledge of variable costs to one of the factors:

Developed application APP + APP applies knowledge of variable costs to two of the factors
- Any relevant example e.g. raw materials, packaging
- Increase or decrease with the production volume
- Increase or decrease with the sales volume

Application can be made to the source material or any other scenario/context/business/person

Accept all valid responses.

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

<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>Expenses that change with the level of output K such as raw materials APP for example the flour used for cakes. APP</td><td>3</td><td>There is developed application of raw materials (flour) as well as clear knowledge of the concept at the start of the response.</td></tr>
<tr><td>Expenses that change with the level of output K such as raw materials APP.</td><td>2</td><td>Knowledge first, followed by application to an example</td></tr>
<tr><td>Expenses which vary with output K.</td><td>1</td><td>Knowledge mark. No attempt to apply.</td></tr>
<tr><td>Expenses which do not stay the same TV</td><td>0</td><td>No link to output</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)(i)</td><td>

Refer to Table 1.1. Calculate the forecast closing balance in March 2024.

Indicative content:

<table>
<tr><th></th><th>Calculation</th><th>Value</th><th>3 marks</th></tr>
<tr><td>Net cash flow</td><td>Total cash in – Total cash out</td><td>2.7</td><td>1 mark ✓</td></tr>
<tr><td>Opening balance</td><td>Closing balance (Feb)</td><td>(0.5)</td><td>1 mark ✓</td></tr>
<tr><td>Closing balance</td><td>Net cash flow + Opening balance</td><td>2.2</td><td>1 mark ✓ (or✓✓)3</td></tr>
</table>

OFR applies **ONLY** if calculation is explicit and correct data values used in calculation

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer (3)</td><td>**Working is not required**.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>**EITHER**
• Correct formula AND
• Correct identification of figures

OR
• An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓, one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula
• Correct identification of figures in an incorrect formula</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>3</td></tr>
</table>

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

Explain <u>one</u> of Jake's human needs that may be satisfied by operating JC.

<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 satisy a human need K
- Social connections
- Challenge
- Significance
- Certainty
- Maslow's hierarchy of needs

AO2 Application
Limited application APP, applies knowledge of one factor that satisfies Jakes needs once.
Developed application APP + APP applies knowledge of one factor that satisfies Jakes needs twice.
- via followers on social media
- unique cakes
- creating customer designed unique cakes/orders
- sole business owner/sole trader/owns 100% of business
- of praise from local celebrity (sharing JC social media posts
- garage conversion plan
- he is an entrepreneur

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Social connections K via followers on social media APP increases pride in bakery APP</td><td>3</td><td>Knowledge plus two specific elements from the case study</td></tr>
<tr><td>The challenge K of creating customer designed unique cakes/orders APP</td><td>2</td><td>A challenge is a human need with specific reference to the case material once</td></tr>
<tr><td>Esteem needs K</td><td>1</td><td>One of Maslow’s Needs identified only</td></tr>
<tr><td>Hygiene factors</td><td>0</td><td>Incorrect theory</td></tr>
</table>
Accept all valid responses.
</td><td></td></tr>
</table>

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

Analyse <u>two</u> benefits to JC of using digital promotion.

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

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

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** • Digital promotion: the use of advertising, sales promotion, personal selling, direct mail, trade fairs, sponsorship and public relations *online* • ***Methods*** of digital promotion (without reference to JC) e.g. Twitter, hashtags, Facebook, YouTube Knowledge of the benefits of using digital promotion (max 2 K), may include: • wide customer reach • inform consumers and persuade them to buy. • promotional objectives: – increased sales/awareness; – demonstrating abilities/showcasing products • creating or reinforcing a brand image • correcting misleading reports • cheaper than non-digital promotion	

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Question	Answer	Marks
1(c)	**AO2 Application** Max one APP for application to each benefit of using digital promotion. • Jakes uses social media as a source of digital promotion • Use of website to enable customers to design and order cakes • Celebrity share of JC social media posts • Attracting potential investor with $25 000 capital offer **AO3 Analysis** Limited analysis AN candidate shows one link in the chain of analysis. Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis. • (Costs) low cost and does not require the use of external agencies who may charge a fee – reduces overheads • (Viral marketing) ease to attract the target audience – brand can grow quickly and reach new markets • (Message and image) taken and uploaded regularly without the need to use marketing agencies–increases personal interaction and brand loyalty • (Allows for feedback and direct contact) improve customer loyalty – increases chance of return custom/sales Accept all valid responses. **Exemplar and annotations** **AO1 Knowledge** / **AO2 Application** / **AO3 Analysis** Wide customer reach online K / From cake pictures on social media APP / Attracts target audience AN and increases number of orders DEV. Reinforcing brand image K / Of customer designed cakes APP / Which increase the number of social media shares AN increases profit margins DEV.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether a bank loan is the most appropriate source of finance for JC’s growth.
<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
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of Bank loans (max 2 K s) • set amount • fixed period of time • fixed interest rate • requires good credit/reputation Knowledge of other internal and external sources of finance; (max 2 K s) • retained earnings • owners investment • mortgage • hire purchase • overdraft • partner **AO2 Application** *Limited application* APP *applies knowledge of appropriateness of sources of finance to DC once.* *Developed application* APP + APP *applies knowledge of appropriateness of sources of finance twice.* • retention of 100% stake, not a 50% stake • $25 000 investment offered requires a 50% sale of JC • capital investment to rent business premises/a kitchen, employ staff and invest in promotion • current gearing ratio of 0	

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Question	Answer	Marks
1(d)	**AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV – candidate shows two or more links in the chain of analysis. Bank loan as an appropriate source of finance • retains full control – is able to make investment decisions in his own long term best interest • keeps all future profits for own benefit – no risk of externals hindering future expansion • liable for interest and loan repayments – may reduce cashflow which is already poor and will require an alternative short term SoF such as an overdraft or owners investment Investor as an appropriate source of finance • loss of complete ownership – may have negative implications on Jake's motivation levels • ability to control finances would be reduced (as he would have to gain agreement from the investor on any financial decisions) – investor may not want to invest capital on non-owned property • able to invest to improve marketing/employ staff – no financial repayment risk – all future profits can be reinvested or taken as dividends Any alternative source of finance compared with the business loan/suitability for JC to be accepted **AO4 Evaluation** Limited evaluation EVAL – unsupported judgement and/or a weak attempt at evaluative comment Developed evaluation E – supported judgement and/or reasonable evaluative comment Developed evaluation in context EE – supported judgement in context and/or reasonable evaluative comment in context. • does JC need the investment as he was able to keep up with demand, invest in his equipment and as the closing balance is positive and growing each month? • does Jake have the necessary ability to manage the risk of an external source of finance? • the most important benefits and drawbacks of a bank loan as a source of finance • weighing up the objectives and risks of choosing a bank loan • a judgement on whether a business loan is most appropriate for JC based on the evidence	

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Question	Answer	Marks
1(d)	Accept all valid responses. Bank Loans means a fixed amount of money from the bank but can have high interest rates K which would lead to increased costs/outflows AN and lower profits for the business DEV which means he will not be able to improve his cash flow issues as shown by the negative cash flow forecast. APP Retained earnings K can also be another type of source of finance JC can get from its profits. Which means there are no cash outflows required such as when borrowing money. AN This is a method that JC already used for marketing and new equipment APP This will allow JC to have a better cash flow but he may not have enough capital to invest into the garage conversion straight away. DEV A bank loan is the most appropriate method as a source of finance EVAL as JC requires $15 000 so he can specifically ask for this amount from the bank to be able to reach its aim for growth. EE However, this also depends on whether JC is able to take a loan from the bank or not EVAL and if so whether the interest rate is affordable E because if it is not affordable then the cost will increase drastically which will further affect the poor cash flow forecast negatively EE	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(i)</td><td>Identify one non-financial motivator.

Identification of a non-financial motivator may include: (✔)
Any non-financial motivators
• job rotation/enlargement/enrichment
• job redesign
• training and development
• promotion, status and empowerment
• teamworking
• quality circles

Accept all valid responses.</td><td>1</td></tr>
<tr><td>2(a)(ii)</td><td>Explain the term demand.

<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 demand ✖ may include:
• the number of consumers willing to pay at a given price
• the quantity of a product that consumers are willing/(and able) to buy at a given price (in a specific time period).</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>

AO2 Application
Limited application APP applies knowledge of demand to one of the below
Developed application APP + APP applies knowledge of demand to two of the below

Can change as a result of a change in any of the following factors:
- consumer incomes
- prices of substitute goods and complementary goods
- population size and structure
- fashion and taste
- advertising and promotion

Can affect:
- pricing
- production

- Examples of demand

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>The quantity of products customers are willing and able to buy K. That can affect pricing decisions APP, in response to the price of substitutes APP.</td><td>3</td><td>A clear definition with two elements from the indicative application</td></tr>
<tr><td>The quantity of products customers are willing and able to buy K. Which may change due to consumer incomes APP.</td><td>2</td><td>A clear definition with one element from the indicative application</td></tr>
<tr><td>The quantity of products customers are willing and able to buy K.</td><td>1</td><td>A basic definition</td></tr>
<tr><td>The quantity of products customers want to buy. TV</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 Fig. 2.1. Calculate the total market growth between summer 2022 and summer 2023.**	**3**

Formula: $\frac{\text{total sales in a time period}}{\text{Total sales in a time period}} \times 100$ (1)

$\frac{7.5}{5} \times 100$ (2)

= 150 (%) (3)

$\frac{\text{present value – past value}}{\text{past value}} \times 100$ (1)

$\frac{(7.5-5)}{5} \times 100$ (2)

= 50% (3)

OFR applies
Percentage sign not required
Exemplar and annotations

Marks	Answer	Rationale
3 marks	Correct answer 150 OR 50 (%)	**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 use of figures **OR** An incorrect answer with one mistake allowing OFR for final stage. (eg not multiplying by 100) **OR** A correct answer from an inverted formula (–50% – OFR)	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	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>2(b)(ii)</td><td>
Explain <u>one</u> benefit to CM of using price skimming.
<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 benefit of using price skimming may include:

High (selling) price
High profit margin
Maximises short run profits before competition enters the market
Creates an exclusive image
Covers high development costs

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

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

AO2 Application
Limited application APP, applies knowledge of a benefit of price skimming to CM once.
Developed application APP + APP applies knowledge of a benefit of price skimming to CM twice.

- private limited company
- specialist motorcycle components
- specialist engineers
- job production
- high quality products
- quality unique products

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Higher selling prices K as selling specialist motorcycle parts APP to customers who are happy to wait 10 weeks APP</td><td>3</td><td>One benefit K which is related to the case material APP twice APP.</td></tr>
<tr><td>Higher selling prices K as selling specialist motorcycle parts APP</td><td>2</td><td>One benefit K which is related to the case material APP</td></tr>
<tr><td>Higher selling prices K</td><td>1</td><td>High(er) selling price is a correct answer</td></tr>
<tr><td>Make more money/profit TV</td><td>0</td><td>This is generic and does not show understanding of price skimming as can be achieved in many ways</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> impacts on CM of its employees having a poor work-life balance.

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

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

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Question	Answer	Marks
2(c)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** • the minimisation of work-related stress, and the establishing of a stable and sustainable way to work while maintaining health and general well-being. • maintaining a harmonious relationship between your work and personal life. • a situation in which employees are able to allocate the right amount of time and effort to work and to their personal life outside work. Knowledge of two impacts of poor work life balance (max 2 K s), may include: • tired employees • lack of motivation • increased staff turnover • increased training costs • longer lead/production times • reputation of the business **AO2 Application** Max one APP for application <u>to each</u> impact of poor work life balance. • private limited company • specialist motorcycle components • specialist engineers • job production • high quality products • quality unique products • highly skilled, trained and motivated and very proud of their high-quality products • lead times increased from 4 to 10 weeks • additional pressure onto CM's engineers who are salaried employees • often have to work evenings and weekends	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
AO3 Analysis
Limited analysis AN – candidate shows one link in the chain of analysis.
Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.

Analysis may include:
• a lack of motivation from pressurised workforce may reduce the current output – further increase the production times
• poor work-life balance may lead to mistakes – reduce the USP/reputation used to justify price skimming approach
• increased staff turnover – may lead to increased production times – may reduce demand/sales

Accept all valid responses.

<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar for one impact of poor work balance
Annotations for the first impact should be placed in the left-hand margin.</td><td>Tired employees K</td><td>As often work evenings and weekends APP.</td><td>This could reduce motivation AN and increase the likelihood of mistakes/low productivity DEV.</td></tr>
<tr><td>Exemplar of a second impact of poor work balance
Annotations for the second impact should be placed in the right-hand margin.</td><td>Increased staff turnover K</td><td>Of the highly skilled, trained and motivated engineers APP.</td><td>Could increase recruitment and training costs AN and reduce profitability 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>Evaluate whether CM should change its method of production.
<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
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of methods of production (max 2 K s), including: • job/batch/flow/mass customisation • factors of production • the nature of economic activity • the dynamic business environment • business risk and uncertainty • business growth **AO2 Application** Limited application APP applies knowledge of methods of production to CM once. Developed application APP + APP applies knowledge of methods of production to CM twice. • CM uses job production • current reputation for CM of handmade, quality products • highly skilled, trained and motivated *mechanic/engineers* (has to be explicit, not e.g. well trained *workforce*) • employees proud of high quality motorcycle products/components • Joyce wants batch and Harry wants more job production • sales have increased by 1.5x in one year • specialist products allow for price skimming • lead times for have increased from 4 weeks to 10 weeks • salaried employees often work evenings and weekends • employ more skilled engineers • invest in new technology for batch production	

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Question	Answer	Marks
2(d)	**AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV – candidate shows two or more links in the chain of analysis. Continue with job production • retain reputation – keep using price skimming – increases profit per unit • customers are happy with 10 week lead times – future demand guaranteed • job production will not allow for economies of scales – profit may be below target • increased pressure on engineers – may leave for a less stressful job – increases training/recruitment costs or lose valuable skills Invest in batch • increase rates of production – reduce production times/increased sales • reduce pressure on high skilled employees which may increase motivation • allow for economies of scale – will reduce the cost per unit – increase profit margins • may damage CM reputation/USP as no longer hand made products – may reduce demand • machine made products may not be as popular – may reduce ability to use price skimming methods – would reduce selling price and profit margin **AO4 Evaluation** Limited evaluation EVAL - unsupported judgement and/or a weak attempt at evaluative comment Developed evaluation E – supported judgement and/or reasonable evaluative comment Developed evaluation in context EE – supported judgement in context and/or reasonable evaluative comment in context • the feasibility and risk of investing into each option • the likely impact on profit/profit margin • weighing up of objectives and risks • the potential consequences of not investing into the future • a judgement on whether or not CM should invest in any or all of the options • an attempt to advise CM on investment decisions and the short and long term impacts on CM Accept all valid responses.	

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Question	Answer	Marks
2(d)	**Exemplar and annotations** Job production K increases demand as products are made to specific customers' needs AN which will allow CM to charge premium prices and gain higher profits DEV CM is already well-known specialist motorcycle parts APP Batch production K can also allow CM to produce a variety of motorcycles to meet more different customer choices AN and increase sales revenue DEV continuing the trend already seen by CM 50% increase in sales in one year. APP CM should not change its production method EVAL as it is already using job production and it will allow JC to continue providing specialist motorcycles to meet the gap in the market and benefit from the increase in sales and profits EE However, this also depends on whether JC is able to maintain competitiveness with only specialist parts EVAL as batch may give it a chance to expand it market E and reduce the 10 week lead time. EE	