CAMBRIDGE
International Education

# Cambridge International AS & A Level

**BUSINESS** **9609/32**

Paper 3 Case Study **October/November 2024**

MARK SCHEME

Maximum Mark: 100

**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 2024 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:<br><br>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:<br><br>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.

- L2 and L3 must be clearly annotated on the response at the point where the level is achieved.

**Assessment objectives**

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

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

**AO3 Analysis**
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

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

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**Annotations and their Use**

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

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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> impacts on HCC of the increase in competition in country E.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding<br>2 marks</th><th>AO2 Application<br>2 marks</th><th>AO3 Analysis<br>4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks<br>Developed analysis<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks<br>• Knowledge of two relevant points is used to answer the question.<br>• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks<br>• Application of two relevant points to a business context.<br>• Application of one relevant point to a business context.</td><td>1–2 marks<br>Limited analysis<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td></tr>
</table>
</td><td>8</td></tr>
</table>

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| Question | Answer | Marks |
|---|---|---|
| 1 | **Note:**<br>• If more than two impacts are referred to, reward the best two.<br><br>All annotation (K APP AN L2) should be in the left margin<br><br>**AO1 Knowledge and understanding**<br>• Customers will have greater choice.<br>• Competition may reduce sales.<br>• Competition may impact pricing decisions.<br>• HCC may need to reduce costs.<br>• Encourage HCC to innovate to differentiate its product.<br>• HCC may need to increase promotion.<br>• Reduction in profit.<br>• Reduction in market share.<br>• Could threaten HCC's survival.<br><br>**AO2 Application**<br>*Limited application, APP applies knowledge to HCC once.*<br>*Developed application, APP+APP applies knowledge to HCC twice.*<br>*Max one APP for application for the first impact and max one APP for application for the second impact.*<br><br>• CA benefits from greater economies of scale – potentially lower prices than HCC.<br>• HCC customers have low incomes.<br>• Profit has decreased in 2023/24.<br>• Sales are increasing.<br>• HCC is a social enterprise – this could impact how HCC responds to competition.<br>• HCC's expenses have increased in 2023. | |

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| Question | Answer | Marks |
|---|---|---|
| 1 | **AO3 Analysis**<br>*Limited analysis* AN *– candidate shows one link in the chain of analysis.*<br>*Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.*<br><br>• Greater choice for customers may lead to reduced sales volume for HCC AN and therefore reduce revenue and profits L2 AN.<br>• As CA has economies of scale APP, its prices can be lower which will attract customers from HCC AN as customers are on low incomes, thus reducing market share L2 AN.<br>• Market will become more saturated slowing possible growth of HCC sales AN.<br>• HCC may need to change policies such as looking to new markets or increasing promotion to maintain sales in the future AN.<br>• HCC may need to reduce costs to compete and therefore be forced to reduce benefits given to employees AN resulting in higher labour turnover L2 AN.<br><br>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> factors influencing HCC’s method of entry into international markets.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding<br>2 marks</th><th>AO2 Application<br>2 marks</th><th>AO3 Analysis<br>4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks<br>Developed analysis<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.<br>• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks<br>• Knowledge of two relevant points is used to answer the question.<br>• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks<br>• Application of two relevant points to a business context.<br>• Application of one relevant point to a business context.</td><td>1–2 marks<br>Limited analysis<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.<br>• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td></tr>
</table>
</td><td>8</td></tr>
</table>

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| Question | Answer | Marks |
|---|---|---|
| 2 | **Note:**<br>• This question is about the factors that influence methods of entry to international markets NOT about the marketing strategy that should/should not be used in country K<br>• If more than two factors are referred to, reward the best two.<br><br>**AO1 Knowledge and understanding**<br>• Methods of entry include direct export, use of agents, franchising and joint ventures.<br><br>Factors influencing decision<br>• Cultural differences between country K and E<br>• Cost of alternative methods.<br>• Availability of finance.<br>• Desire to maintain control over marketing.<br>• Knowledge of the market.<br>• Market size.<br>• Competition in the market.<br>• Infrastructure available.<br><br>**AO2 Application**<br>*Limited application,* APP *applies knowledge to HCC once.*<br>*Developed application,* APP + APP *applies knowledge to HCC twice.*<br>*Max one* APP *for application for the first problem and max one* APP *for application for the second problem.*<br><br>• Current marketing depends on demonstrations of products to potential customers using regional sales agents. (using agents with knowledge of the local market might be appropriate)<br>• Objective is to enter the market ahead of competition in January 2025. (direct export might be quickest way of entering the market)<br>• Social mission of HCC. (direct investment as jobs will be created)<br>• High gearing ratio. Has increased from 60% to 70%. (lower cost option of entry such as franchising or joint venture)<br>• Low profit margin. (lower cost option favoured rather than direct investment)<br>• Declining liquidity. (might suggest joint venture would be appropriate) | |

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| Question | Answer | Marks |
|---|---|---|
| 2 | **AO3 Analysis**<br>*Limited analysis* AN *– candidate shows one link in the chain of analysis.*<br>*Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.*<br><br>• High gearing ratio and low profitability may mean that HCC needs to consider cost of method of entering the market due to lack of finance AN. This may favour a joint venture to share costs L2 AN.<br>• Country K may be culturally different to country E, making it more difficult for HCC to replicate its marketing mix AN It may be beneficial to use an agent with greater knowledge of the market to gain entry L2 AN.<br>• Licensing production could reduce costs of selling products making them more competitive AN. However, this could result in a loss of control over quality and brand image of HCC L2 AN.<br>• Producing in country K could avoid economic barriers to trade AN therefore increasing the probability of success L2 AN<br><br>Accept all valid responses. | |

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>Refer to Table1.1. Calculate annual labour productivity for 2023.<br><br>Labour productivity = 60 000 / 8 = 7500 (units) (1)<br>Do not accept $7500<br>To award zero marks, there must be<br>One ✗</td><td>1</td></tr>
<tr><td>3(b)</td><td>Refer to Table 1.1. Calculate the rate of absenteeism for 2023.
<table>
<tr><th>Note</th><th>Answer</th><th>Marks</th></tr>
<tr><td>Correct answer<br>No working required, % not required</td><td>1.7021% OR 1.7%</td><td>3</td></tr>
<tr><td>Correct equation AND total number of workdays<br>OR<br>Correct equation and days absence per employee<br>OR<br>OFR based on incorrect number of total days</td><td>32 / 1880 × 100<br><br>4 / 235 × 100<br><br>32 / 235 × 100 = 13.62% OR 13.6% OR 14% (Allow 13.61%)</td><td>2</td></tr>
<tr><td>Total number of workdays<br>OR<br>Days of absence per employee<br>OR<br>Correct equation</td><td>8 × 235 = 1880<br><br>32 / 8 = 4<br><br>Rate of absenteeism = number of days of employee absence / total number of workdays × 100<br>OR<br>Rate of absenteeism = average number of days per employee absent / work days per employee × 100</td><td>1</td></tr>
<tr><td>To award zero marks, there must be<br>One ✗</td><td>No creditable content</td><td>0</td></tr>
</table></td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>Evaluate HCC’s approach to human resource management (HRM).
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding<br>2 marks</th><th>AO2 Application<br>2 marks</th><th>AO3 Analysis<br>2 marks</th><th>AO4 Evaluation<br>6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks<br>Developed evaluation in context<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks<br>Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks<br>Developed application of relevant point(s) to the business context.</td><td>2 marks<br>Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks<br>Developed evaluation<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark<br>Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark<br>Limited application of relevant point(s) to the business context.</td><td>1 mark<br>Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks<br>Limited evaluation<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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| Question | Answer | Marks |
|---|---|---|
| 3(c) | All annotation (K APP AN L2 EVAL L2 EVAL L3 EVAL ) should be in the left margin.<br><br>**AO1 Knowledge and understanding**<br>*Limited knowledge* K *will be demonstrated through knowledge of HRM or knowledge of the impact of HCC's approach to HRM.*<br>*Developed knowledge* K + K *will be demonstrated through knowledge of HRM and knowledge of the impact of HCC's approach to HRM.*<br>• Knowledge of hard and/or soft approaches to HRM<br>Hard – focus on cutting costs<br>Soft – focus on developing workers<br><br>Benefits of HCC approach:<br>• Increased motivation of workers.<br>• Reduced labour turnover.<br>• More satisfied workers.<br><br>Disadvantages of approach:<br>• Higher labour costs.<br>• Slows decision making.<br><br>**AO2 Application**<br>*Limited application,* APP *applies knowledge to HCC once.*<br>*Developed application,* APP + APP *applies knowledge to HCC twice.*<br>• HCC takes a soft approach to management of HR<br>Use of quality circles<br>Negotiation of targets<br>Investment in training (5 days per employee per year) and facilities (new canteen and rest room)<br>Good pay<br>Discusses plans with employees<br>Reviews employee satisfaction regularly | |

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| Question | Answer | Marks |
|---|---|---|
| 3(c) | Benefits identified from the case:<br>• High levels of worker satisfaction<br>• Attract workers from competitors<br>• Increase in productivity from 7100 to 7500 Cook Bags<br>• Low rate of absenteeism; 1.7% compared to country E average of 5%<br><br>Disadvantages from the case:<br>• Increased competition faced<br>• Falling profitability<br><br>**AO3 Analysis**<br>*Limited analysis* AN *– candidate shows one link in the chain of analysis.*<br>*Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.*<br>• HCC's soft approach managing human resources will result in a satisfied workforce will reduce labour turnover AN and therefore costs of recruitment resulting in HCC being more competitive in the market L2 AN<br>• Productivity has increased which could result in lower unit costs AN and more competitive pricing L2 AN<br>• Low rate of absenteeism due to satisfied workforce will increase efficiency AN<br>• Good pay and better working conditions result in higher costs ANand decrease competitiveness of HCC so could lose sales to CA L2 AN<br>• May be difficult for HCC to respond to market changes because of time spent consulting employees AN therefore losing competitive advantage L2 AN<br><br>**AO4 Evaluation**<br>*Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.*<br>*Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.*<br>*Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.*<br>• A judgement about HCC's approach to HRM.<br>• Evaluation of the relative importance of different advantages/disadvantages of HCC's approach to HRM.<br>• Elements that the evaluation/judgement might depend on – financial cost to HCC of its soft approach to HRM, impact on motivation and productivity of employees, impact on quality of HCC's products and link to customer satisfaction, ethical considerations given that HCC operates as a social enterprise, significance of profit v other objectives.<br>• HCC faces increased competition and therefore needs to control costs to remain competitive as customers have low incomes so price will be a significant factor in customer purchasing decisions. | |

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| Question | Answer | Marks |
|---|---|---|
| 3(c) | Accept all valid responses.<br><br>**Exemplar evaluation and levels**<br>L1 Limited evaluation<br>A satisfied workforce will be more productive and in the long term this will outweigh the additional costs of the soft HR approach.<br>OR<br>HCC's HRM approach has benefits for employee satisfaction, but in a competitive market, the high costs of this strategy may limit its ability to keep prices low for customers.<br><br>Comment: Judgement made but with limited supporting comment even though there is context.<br><br>L2 Developed evaluation<br><br>Overall, a soft HRM strategy is good as the staff will be more loyal to the business which means even though it is more expensive, due to cost and time of involving staff, they can reap the benefits through higher productivity and a lower absenteeism which means it is effective.<br><br>Comment: EVAL is sufficiently developed, but could apply to any business as there is no context, so limit to L2.<br><br>L3 Developed evaluation in context.<br>In the short term a soft HRM approach will be more costly to the business, for example spending $500 000 on new staff facilities may prevent them from investing in new products. In the longer term, maintaining a satisfied workforce should keep absenteeism below the industry average of 5% which allows production to continue, and therefore meeting the targets set for production. Overall, as a social enterprise HCC is not primarily concerned with profit and the treatment of workers may be more important to Abeba than profit.<br><br>Comment: Balanced EVAL with points firmly in the context of the case material leading to an overall supported judgement.<br><br>**In awarding EVAL marks examiners should take a holistic approach to the answer considering its balance and judgement.** | |

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>Refer to Table 1.2. Calculate for 2023–24, the operating profit margin.
<table>
<tr><th>Note</th><th>Answer</th><th>Marks</th></tr>
<tr><td>Correct answer<br>Working and % not required. Correct rounding must be applied</td><td>0.5 / 10.8 × 100 = 4.63% OR 4.6% OR 4.629%</td><td>4</td></tr>
<tr><td>Calculation of operating profit AND statement of equation for operating profit margin<br>OR<br>Incorrect rounding<br>OR<br>Operating profit margin for 2022–23<br>OR<br>Statement of equation for operating profit margin AND OFR for answer including an error in calculating operating profit</td><td>$0.5 m AND Operating profit margin = operating profit / revenue × 100<br><br>e.g. 4.62% OR 4.7%<br><br>0.6 / 10 × 100 = 6%<br><br>4.4 / 10.8 × 100 = 40.74% (GPM)<br>0.2 / 10.8 × 100 = 1.85% (NPM)</td><td>3</td></tr>
<tr><td>Calculation of operating profit</td><td>10.8 – 6.4 – 3.9 = $0.5 m<br>OR 10.8 – 10.3 = $0.5 m</td><td>2</td></tr>
<tr><td>Equation for calculating operating profit<br>OR<br>Equation for operating profit margin<br>OR<br>Error in calculating operating profit</td><td>Operating profit = Revenue – (cost of sales + expenses)<br><br>Operating profit margin = operating profit / revenue × 100<br><br>4.4 m (GP) OR 0.2 m (NP)</td><td>1</td></tr>
<tr><td>To award zero marks, there must be One ✗</td><td>No creditable content</td><td>0</td></tr>
</table></td><td>4</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>Evaluate methods HCC could use to increase profitability.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding<br>2 marks</th><th>AO2 Application<br>2 marks</th><th>AO3 Analysis<br>2 marks</th><th>AO4 Evaluation<br>6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks<br>Developed evaluation in context<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks<br>Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks<br>Developed application of relevant point(s) to the business context.</td><td>2 marks<br>Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks<br>Developed evaluation<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark<br>Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark<br>Limited application of relevant point(s) to the business context.</td><td>1 mark<br>Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks<br>Limited evaluation<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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| Question | Answer | Marks |
|---|---|---|
| 4(b) | **AO1 Knowledge and understanding**<br>*Limited knowledge* K *will be demonstrated through knowledge of <u>one</u> method to increase profitability OR knowledge of profitability.*<br>*Developed knowledge* K + K *will be demonstrated through knowledge of <u>two</u> or more methods to increase profitability OR knowledge of profitability and one method to increase profitability.*<br>• Profitability measures the relationship between profit and sales, or profit and capital employed.<br>• Need to increase revenue with a less than proportionate increase in costs.<br>• Reducing costs without a corresponding loss of sales or reduction in price.<br><br>Possible methods:<br>• Increasing price/Adding value<br>• Reducing cost of sales (direct costs) e.g. cheaper materials<br>• Reducing expenses e.g. reducing indirect employees<br>• Reduce promotion costs<br>• Reduce long-term borrowing<br>• Increasing sales through promotion<br><br>**AO2 Application**<br>*Limited application,* APP *applies knowledge to HCC once.*<br>*Developed application,* APP + APP *applies knowledge to HCC twice*<br>• ROCE has decreased by 0.4%<br>• OPM in 2023/24 is 4.6% (reduced from 6% in 2022/23).<br>• Revenue has increased $0.8 m but COS as increased by $0.85 m.<br>• Premium recycled materials used for CookBag.<br>• HR policy increasing direct labour costs – 'pay is good'<br>• HCC is a social enterprise.<br>• Increased competition. | |

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| Question | Answer | Marks |
|---|---|---|
| 4(b) | **AO2 Analysis**<br>*Limited analysis* AN *– candidate shows one link in the chain of analysis.*<br>*Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.*<br>• The increase in COS has caused profitability to decrease AN , this could be linked to the human resources approach indicating that HCC should take a harder HR approach to control costs L2 AN<br>• Increasing price to customers to increase profit margin AN as HCC may have good branding and therefore sales would be largely unaffected L2 AN<br>• Switching from premium recycled materials to reduce material costs AN to reduce COS and therefore increase gross profit margin L2 AN.<br>• Reducing wages to reduce COS and therefore increase profit AN however this could result in higher labour turnover and lower productivity and therefore cause profits to decrease L2 AN.<br>• Set higher productivity targets to increase output per employee and therefore reduce unit costs AN which would result in higher profit L2 AN<br>• Expand product range to increase revenue AN by targeting new market segments L2 AN<br>• Target a higher income market so that HCC can increase prices AN and therefore increase the profit margin L2 AN.<br><br>**AO3 Evaluation**<br>*Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.*<br>*Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.*<br>*Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.*<br>• A judgement about how to increase profitability<br>• Evaluation of the relative advantages/disadvantages of different methods of increasing profitability.<br>• Elements that the evaluation/judgement might depend on – impact on workers, alignment with social objectives of HCC, ease and speed of implementation, impact on branding of HCC impact on customers, price elasticity of demand.<br>• As a social enterprise HCC should consider impact of any change on customers. Higher prices may be unacceptable as key objective is to help customers cut cooking costs.<br>• Although a reduction in material costs by using non-recycled materials will be beneficial this might be at the expense of HCC's concerns for reducing CO2 emissions.<br><br>Accept all valid responses. | |

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| Question | Answer | Marks |
|---|---|---|
| 4(b) | **Exemplar evaluation and levels**<br>L1 Limited evaluation<br>Overall, the best way of increasing profitability is by reducing costs, such as lowering wages but this could impact employee satisfaction.<br><br>Comment: Judgement made but with limited supporting comment.<br><br>L2 Developed evaluation<br>The best method to increase profits would be to lower the cost of sales so that gross profit increases. HCC could find a cheaper supplier. However, HCC would need to ensure that a change in supplier does not impact quality as this could result in less sales or having to reduce price and therefore not achieving an increase in profitability.<br><br>Comment: EVAL is sufficiently developed, but could apply to any business as there is no context, so limit to L2.<br><br>L3 Developed evaluation in context.<br>In the short term reducing costs through a reduction in material costs by using non-recycled materials might be the quickest way to improve profitability. However, this may be at the expense of HCC's long term aims for reducing CO2 emissions which as a social enterprise is important. Overall, HCC must decide whether increasing profit is important as a social enterprise or whether their current profit levels allow them to achieve their aims and objectives successfully without making any changes.<br><br>OR<br><br>Overall, I believe the best way to improve profitability is to reduce their cost of sales. These have increased by 16% in the last two years and therefore is something they should look at to minimise cost and increase profit. As competition is increasing with the entry of CA it is critical they become as efficient as possible however lowering their staffing costs might have a significant impact on employee morale and productivity. Of course, they do need to make sure that using cheaper supplies doesn't affect their social enterprise credentials and quality as this could impact their brand position.<br><br>Comment:<br>Well balanced answers using the case context to development argument. | |

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

**Evaluate the usefulness to HCC of critical path analysis (CPA) as a management tool for operations planning.**

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding<br>2 marks</th><th>AO2 Application<br>2 marks</th><th>AO3 Analysis<br>2 marks</th><th>AO4 Evaluation<br>6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks<br>Developed evaluation in context<br>• A developed judgement/conclusion is made in the business context.<br>• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks<br>Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks<br>Developed application of relevant point(s) to the business context.</td><td>2 marks<br>Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks<br>Developed evaluation<br>• A developed judgement/conclusion is made.<br>• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark<br>Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark<br>Limited application of relevant point(s) to the business context.</td><td>1 mark<br>Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks<br>Limited evaluation<br>• A judgement/conclusion is made with limited supporting comment/evidence.<br>• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td><td>0 marks<br>No creditable response.</td></tr>
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| Question | Answer | Marks |
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| 5 | **AO1 Knowledge and understanding**<br>*Limited knowledge* K *will be demonstrated through knowledge of CPA or knowledge of CPA as a management tool for operations planning.*<br>*Developed knowledge* K + K *will be demonstrated through knowledge of CPA and knowledge of CPA as a management tool for operations planning.*<br>• Understanding of CPA – network diagram, critical path, floats, minimum duration.<br>• Benefits of CPA: knowing minimum project time, start times for activities, progress monitoring, managing resources, reducing costs, assessing significance of delays and if necessary corrective actions.<br>• Limitations of CPA: analysis only as good as input data, planning costs, does not ensure effective management.<br><br>**AO2 Application**<br>*Limited application,* APP *applies knowledge to HCC once.*<br>*Developed application,* APP + APP *applies knowledge to HCC twice.*<br>• Operations Manager produced the CPA.<br>• Six-week minimum time.<br>• Reduces disruption to production during improvements to employee facilities.<br>• Use of CPA for other projects e.g. development and launch of the Wonder Stove, expansion to international market.<br>Wonder Stove launched on schedule<br>Target to export by January 2025<br><br>**AO2 Analysis**<br>*Limited analysis* AN *– candidate shows one link in the chain of analysis.*<br>*Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.*<br>• CPA will help manage resources efficiently to ensure that resources are available when needed which will therefore reduce costs AN of HCC's operational changes and therefore support achievement of HCC's social objectives L2 AN.<br>• Identifying critical tasks of investing in the new employee facilities will ensure that those tasks are completed on time and therefore reduce disruption to production minimised AN which reduce the cost to HCC of the improvements L2 AN.<br>• Important to use CPA so that customers can be kept informed of any potential impact on orders AN. Important to avoid customer dissatisfaction as this could result in loss of sales L2 AN.<br>• Entering international market requires careful planning to get product to market on time AN and ensure products are available for customers to purchase thus increasing sales L2 AN. | |

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| Question | Answer | Marks |
|---|---|---|
| 5 | **AO3 Evaluation**<br>*Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.*<br>*Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.*<br>*Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.*<br>• A judgement about the usefulness of CPA for operations planning.<br>• Evaluation of the relative importance of different advantages/disadvantages of CPA as a tool for operations planning.<br>• Elements that the evaluation/judgement might depend on – accuracy of the data used in CPA, need for constant monitoring of external events<br>• CPA only as good as data – is operations manager capable of completing accurate CPA for the factory development?<br>• Other information is also important e.g. CPA needs to be interpreted<br>• Work progress has to match the CPA plan.<br>• HCC would be wise to maintain constant check on progress before and after work starts.<br><br>Accept all valid responses.<br><br>**Exemplar evaluation and levels**<br>L1 Limited evaluation<br>Overall, CPA could help HCC plan projects more efficiently, but its usefulness depends on having accurate data and skilled staff to interpret it.<br><br>Comment: Judgement made but with limited supporting comment.<br><br>L2 Developed evaluation<br>Overall CPA is useful, especially for large costly projects, to make sure the production remains on time and does not increase unnecessary costs with delays. Any delays or unplanned activities can increase costs and reduce profit. However, it depends on the accuracy of the CPA. If there are errors in the plan then ultimately it would still cost the business money, despite having made one. Its usefulness depends on the quality of the data used.<br><br>Comment: EVAL is sufficiently developed, but could apply to any business as there is no context, so limit to L2. | |

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| Question | Answer | Marks |
|---|---|---|
| 5 | L3 Developed evaluation in context.<br>Critical Path Analysis (CPA) is useful to HCC as it helps ensure that deadlines for the improvements to staff facilities are met. By highlighting the essential sequence of activities, HCC can allocate resources and reduce delays to ensure future orders of their cook bags are still fulfilled. In the long term, without CPA, HCC may fall behind their schedule and disappoint customers leading to a fall in brand image. However, it will rely on the skill of the operations manager to effectively plan the sequence of works.<br><br>Comment:<br>Well balanced conclusion in context of the case L3. | |

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