



Cambridge International AS & A Level

BUSINESS

9609/22

Paper 2 Data Response

February/March 2022

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 February/March 2022 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **24** printed pages.

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.

**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).

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.

Question	Answer	Marks																													
1(a)(i)	<p data-bbox="304 241 916 280">Define the term ‘mission statement’ (line 7).</p> <table border="1" data-bbox="320 315 1310 573"> <thead> <tr> <th data-bbox="328 327 1177 376">Knowledge</th> <th data-bbox="1177 327 1302 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 376 1177 443">A correct definition</td> <td data-bbox="1177 376 1302 443">2</td> </tr> <tr> <td data-bbox="328 443 1177 510">A partial, vague or unfocused definition</td> <td data-bbox="1177 443 1302 510">1</td> </tr> <tr> <td data-bbox="328 510 1177 573">No creditable content</td> <td data-bbox="1177 510 1302 573">0</td> </tr> </tbody> </table> <p data-bbox="304 611 421 645">Content</p> <ul data-bbox="304 647 1326 748" style="list-style-type: none"> • One mark for understanding of the concept of aims and values (mission) • One mark for understanding that it defines a company or organisation’s reason for being (statement) <table border="1" data-bbox="320 781 1310 1541"> <thead> <tr> <th data-bbox="328 792 796 842">Exemplar</th> <th data-bbox="796 792 930 842">Mark</th> <th data-bbox="930 792 1302 842">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 842 796 981">A statement of a company’s vision (1) which helps to set objectives (1).</td> <td data-bbox="796 842 930 981">2</td> <td data-bbox="930 842 1302 981">Both elements covered.</td> </tr> <tr> <td data-bbox="328 981 796 1149">Is the goal of a company (1). Corporate objectives are used to achieve the mission statement (1).</td> <td data-bbox="796 981 930 1149">2</td> <td data-bbox="930 981 1302 1149">Clearly defined.</td> </tr> <tr> <td data-bbox="328 1149 796 1211">A kind of business target (1).</td> <td data-bbox="796 1149 930 1211">1</td> <td data-bbox="930 1149 1302 1211">Vague definition.</td> </tr> <tr> <td data-bbox="328 1211 796 1350">Something a business aims for (1), in this case to ‘make waste beautiful’.</td> <td data-bbox="796 1211 930 1350">1</td> <td data-bbox="930 1211 1302 1350">Vague definition but example copied from the case, so do not award.</td> </tr> <tr> <td data-bbox="328 1350 796 1442">The vision of the business owners (1)</td> <td data-bbox="796 1350 930 1442">1</td> <td data-bbox="930 1350 1302 1442">Vague definition.</td> </tr> <tr> <td data-bbox="328 1442 796 1541">A statement of a business’s mission</td> <td data-bbox="796 1442 930 1541">0</td> <td data-bbox="930 1442 1302 1541">Tautological.</td> </tr> </tbody> </table> <p data-bbox="304 1576 740 1610">Accept any reasonable answer</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	A statement of a company’s vision (1) which helps to set objectives (1).	2	Both elements covered.	Is the goal of a company (1). Corporate objectives are used to achieve the mission statement (1).	2	Clearly defined.	A kind of business target (1).	1	Vague definition.	Something a business aims for (1), in this case to ‘make waste beautiful’.	1	Vague definition but example copied from the case, so do not award.	The vision of the business owners (1)	1	Vague definition.	A statement of a business’s mission	0	Tautological.	2
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1(a)(ii)	<p>Explain the term ‘democratic leadership style’ (line 13).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 349 1310 611"> <tr> <td data-bbox="320 349 397 450">C</td> <td data-bbox="397 349 1177 450">Example or some other way of showing good understanding</td> <td data-bbox="1177 349 1310 450">1 mark</td> </tr> <tr> <td data-bbox="320 450 397 551">B</td> <td data-bbox="397 450 1177 551">Understanding that it is to do with direction/guidance/coordination etc.</td> <td data-bbox="1177 450 1310 551">1 mark</td> </tr> <tr> <td data-bbox="320 551 397 611">A</td> <td data-bbox="397 551 1177 611">Understanding of the concept of participation</td> <td data-bbox="1177 551 1310 611">1 mark</td> </tr> </table> <p>C marks dependent on A and B mark being present</p> <p>Content</p> <p>All members of the business (1) take part in the decision-making process, often by voting (1). If Rehana is a democratic leader then she will ask for the local artists to help her make decisions (1).</p> <table border="1" data-bbox="320 913 1310 1641"> <thead> <tr> <th data-bbox="320 913 798 981">Exemplar</th> <th data-bbox="798 913 932 981">Mark</th> <th data-bbox="932 913 1310 981">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 981 798 1182">All employees’ views are considered (1) when making decisions and every employee has one vote (1). Sometimes called participative leadership (1).</td> <td data-bbox="798 981 932 1182">3</td> <td data-bbox="932 981 1310 1182">A, B and C</td> </tr> <tr> <td data-bbox="320 1182 798 1384">The leader takes other people’s views into account (1) when making decisions (1), however the leader makes the final decision (1).</td> <td data-bbox="798 1182 932 1384">3</td> <td data-bbox="932 1182 1310 1384">A, B and C</td> </tr> <tr> <td data-bbox="320 1384 798 1514">All members of the business take part (1) in the decision-making process (1).</td> <td data-bbox="798 1384 932 1514">2</td> <td data-bbox="932 1384 1310 1514">A and B only</td> </tr> <tr> <td data-bbox="320 1514 798 1579">All employees are involved (1).</td> <td data-bbox="798 1514 932 1579">1</td> <td data-bbox="932 1514 1310 1579">A mark only</td> </tr> <tr> <td data-bbox="320 1579 798 1641">Decisions are made by voting (1).</td> <td data-bbox="798 1579 932 1641"></td> <td data-bbox="932 1579 1310 1641">B mark only</td> </tr> </tbody> </table> <p>Accept any reasonable answer</p>	C	Example or some other way of showing good understanding	1 mark	B	Understanding that it is to do with direction/guidance/coordination etc.	1 mark	A	Understanding of the concept of participation	1 mark	Exemplar	Mark	Rationale	All employees’ views are considered (1) when making decisions and every employee has one vote (1). Sometimes called participative leadership (1).	3	A, B and C	The leader takes other people’s views into account (1) when making decisions (1), however the leader makes the final decision (1).	3	A, B and C	All members of the business take part (1) in the decision-making process (1).	2	A and B only	All employees are involved (1).	1	A mark only	Decisions are made by voting (1).		B mark only	3
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1(b)(i)	<p>Refer to table 1.1. Calculate the acid test ratio for RR.</p> <p>*May be implied</p> <table border="1" data-bbox="320 349 1310 674"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or \$</td> <td>3</td> </tr> <tr> <td>Attempt with correct figures</td> <td>2</td> </tr> <tr> <td>Formula*/attempt to calculate</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p> $\frac{\text{Current assets – stock}}{\text{Current liabilities}}$ [1 mark – formula] </p> <p> $\frac{(14\,000 - 12\,000)}{8\,000}$ [1 mark – use of correct figures] </p> <p> Answer = 0.25:1 [3 marks – correct answer] </p> <p>Common incorrect answers</p> <table border="1" data-bbox="320 1032 1310 1877"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>25%</td> <td>3</td> <td>A percentage is a ratio.</td> </tr> <tr> <td>1/4</td> <td>3</td> <td>A fraction is close enough to a ratio.</td> </tr> <tr> <td>0.25 (no working)</td> <td>3</td> <td>Allow as a correct answer with or without working shown.</td> </tr> <tr> <td>25 (no working)</td> <td>0</td> <td>Do not award any marks for an incorrect answer without working.</td> </tr> <tr> <td> $\frac{\text{CA}}{\text{CL}}$ $\frac{14\,000}{8\,000} = 1.75:1$ </td> <td>1</td> <td>Attempt to correctly calculate using one correct figure (CL).</td> </tr> <tr> <td> $\frac{2\,000}{14\,000}$ </td> <td>1</td> <td>Attempt to correctly calculate using one correct figure (CA).</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer with or without correct working or \$	3	Attempt with correct figures	2	Formula*/attempt to calculate	1	No creditable content	0	Answer	Mark	Rationale	25%	3	A percentage is a ratio.	1/4	3	A fraction is close enough to a ratio.	0.25 (no working)	3	Allow as a correct answer with or without working shown.	25 (no working)	0	Do not award any marks for an incorrect answer without working.	$\frac{\text{CA}}{\text{CL}}$ $\frac{14\,000}{8\,000} = 1.75:1$	1	Attempt to correctly calculate using one correct figure (CL).	$\frac{2\,000}{14\,000}$	1	Attempt to correctly calculate using one correct figure (CA).	3
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Question	Answer			Marks
1(b)(i)	Answer	Mark	Rationale	
	1.75:1 (no working)	0	Do not award any marks for an incorrect answer without working.	
	$\frac{\text{CL}}{\text{CA} - \text{inventory}}$ $\frac{8000}{2000}$ $= 4:1 \text{ (400\%)}$	2	Incorrect formula (but right elements – inverted) and subsequent results are OFR	
	$\frac{8000}{2000}$ $= 4$	0	Without formula these are 'random' numbers	

Question	Answer	Marks															
1(b)(ii)	<p data-bbox="304 248 1118 282">Explain <u>one</u> method Rehana may use to improve liquidity.</p> <table border="1" data-bbox="320 315 1310 674"> <thead> <tr> <th data-bbox="320 315 472 376">Level</th> <th data-bbox="472 315 1174 376">Knowledge and Application</th> <th data-bbox="1174 315 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 376 472 479">2 (APP)</td> <td data-bbox="472 376 1174 479">Explanation of a method of improving liquidity, in context</td> <td data-bbox="1174 376 1310 479">3</td> </tr> <tr> <td data-bbox="320 479 472 539">2a (K+K)</td> <td data-bbox="472 479 1174 539">Explanation of a method of improving liquidity</td> <td data-bbox="1174 479 1310 539">2</td> </tr> <tr> <td data-bbox="320 539 472 607">1a (K)</td> <td data-bbox="472 539 1174 607">Identification of a method of improving liquidity</td> <td data-bbox="1174 539 1310 607">1</td> </tr> <tr> <td data-bbox="320 607 472 674">0</td> <td data-bbox="472 607 1174 674">No creditable content</td> <td data-bbox="1174 607 1310 674">0</td> </tr> </tbody> </table> <p data-bbox="304 707 421 741">Content</p> <p data-bbox="304 775 560 808">Indicative content</p> <p data-bbox="304 808 807 842">AO1 Knowledge and understanding</p> <p data-bbox="304 875 687 909">Liquidity can be improved by:</p> <ul data-bbox="304 909 1318 1312" style="list-style-type: none"> • A method of increasing current assets (cash, inventory, trade receivables etc.): <ul style="list-style-type: none"> – Sell fixed assets – for cash. – Take out a long-term loan – to increase cash. – Encourage prompt payment – to decrease trade receivables (debtors). – Sell inventory – to increase cash (can improve liquidity if measured using the acid test). • A method of decreasing current liabilities (overdraft, trade receivables, dividend payable etc.) <ul style="list-style-type: none"> – Take out a long-term loan – to pay off the overdraft. – Retain more profit – to avoid paying dividends <p data-bbox="304 1346 536 1379">AO2 Application</p> <ul data-bbox="304 1413 576 1480" style="list-style-type: none"> • Context of RR. • Use of Table 1.1 <p data-bbox="304 1514 855 1547">ACCEPT ANY REASONABLE ANSWER</p>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of a method of improving liquidity, in context	3	2a (K+K)	Explanation of a method of improving liquidity	2	1a (K)	Identification of a method of improving liquidity	1	0	No creditable content	0	3
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Question	Answer			Marks
1(b)(ii)	Exemplar	Mark	Rationale	
	Rehana could sell the machine that melts down bottles to increase RR's cash.	3	Explanation of a method in context	
	Rehana could sell \$5000 of the inventory so that the business can pay off its overdraft.	3	Explanation of a factor not in context. Allow based on acid test measure of liquidity.	
	Rehana could take out a long-term loan for \$5000 to pay off the overdraft.	3	Explanation of a method in context	
	Take out a long-term loan to pay off the overdraft.	2	Explanation of a method.	
	Take out a bank loan.	1	BOD that a bank loan is a long-term liability.	
Borrow some money.	1	Too vague – could be short-term or long-term debt.		

Question	Answer				Marks																														
1(c)	Analyse <u>two</u> benefits for RR of having a unique selling point (USP).				8																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="320 315 456 450">Level</th> <th data-bbox="456 315 759 450">Knowledge and Application (4 marks)</th> <th data-bbox="759 315 892 450">Marks</th> <th data-bbox="892 315 1176 450">Analysis (4 marks)</th> <th data-bbox="1176 315 1310 450">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 450 456 611">2b</td> <td data-bbox="456 450 759 611">Shows knowledge of two benefits of having a USP in context</td> <td data-bbox="759 450 892 611" style="text-align: center;">4</td> <td data-bbox="892 450 1176 611">Developed analysis of two benefits of having a USP in context</td> <td data-bbox="1176 450 1310 611" style="text-align: center;">4</td> </tr> <tr> <td data-bbox="320 611 456 779">2a</td> <td data-bbox="456 611 759 779">Shows knowledge of one benefit of having a USP in context</td> <td data-bbox="759 611 892 779" style="text-align: center;">3</td> <td data-bbox="892 611 1176 779">Developed analysis of one benefit of having a USP in context</td> <td data-bbox="1176 611 1310 779" style="text-align: center;">3</td> </tr> <tr> <td data-bbox="320 779 456 909">1b</td> <td data-bbox="456 779 759 909">Shows knowledge of two benefits of having a USP</td> <td data-bbox="759 779 892 909" style="text-align: center;">2</td> <td data-bbox="892 779 1176 909">Limited analysis of two benefits of having a USP</td> <td data-bbox="1176 779 1310 909" style="text-align: center;">2</td> </tr> <tr> <td data-bbox="320 909 456 1039">1a</td> <td data-bbox="456 909 759 1039">Shows knowledge of one benefit of a USP</td> <td data-bbox="759 909 892 1039" style="text-align: center;">1</td> <td data-bbox="892 909 1176 1039">Limited analysis of one benefit of having a USP</td> <td data-bbox="1176 909 1310 1039" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="320 1039 456 1108" style="text-align: center;">0</td> <td colspan="4" data-bbox="456 1039 1310 1108" style="text-align: center;">No creditable content</td> </tr> </tbody> </table>						Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	2b	Shows knowledge of two benefits of having a USP in context	4	Developed analysis of two benefits of having a USP in context	4	2a	Shows knowledge of one benefit of having a USP in context	3	Developed analysis of one benefit of having a USP in context	3	1b	Shows knowledge of two benefits of having a USP	2	Limited analysis of two benefits of having a USP	2	1a	Shows knowledge of one benefit of a USP	1	Limited analysis of one benefit of having a USP	1	0	No creditable content			
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0	No creditable content																																		
<p>AO1 Knowledge and understanding Knowledge of benefits may include:</p> <ul style="list-style-type: none"> • To sell more • To increase the price • Increase customer loyalty / repeat purchases • Brand recognition • To differentiate from competition • To give a focus for the marketing mix <p>AO2 Application</p> <ul style="list-style-type: none"> • RR is a sole trader / small business and is likely to have limited resources • RR makes unique vases and glassware products • RR’s mission statement ‘to make waste beautiful’. • Markets products as ‘lovely for the planet, lovely for you’. • RR has a strong <u>local</u> brand image. • RR’s USP is recycling waste (assumption can be made that no other competitors do this). • RR employs two local artists, who are environmentally aware. • Employees are skilled. • RR uses job production. • Table 1.1. • Demand has grown and Rehana needs to increase output. • Rehana wants to increase output by either employing more artists or changing to batch production. 																																			

Question	Answer	Marks
1(c)	<p>AO3 Analysis</p> <ul style="list-style-type: none">• Increase customer loyalty / repeat purchases: gives RR an established customer base and revenue stream – more likely to make Rehana’s growth strategies successful.• Brand recognition: means that customers who are looking for recycled products are more likely to purchase RR’s vases – increasing Rehana’s incomes/profit.• To differentiate from competition: likely to be a competitive market and RR may need customers to recognise their recycled products so that sales increase – so that Rehana can reinvest more profit and grow the business.• To give a focus for the marketing mix: the ‘lovely for the planet, lovely for you’ marketing slogan shows a double benefit to making a purchase, meaning that Rehana may be able to charge a higher price – increasing her income/profit. <p>Accept any reasonable answer</p>	

Question	Answer						Marks
1(d)	Evaluate whether RR should change to batch production.						11
Knowledge and Application (4 marks)		Marks	Annotation	Analysis and Evaluation (7 marks)		Marks	Annotation
				Justified evaluation based on argument in context.		7	EVAL + EVAL + EVAL
				Developed evaluation based on argument in context.		6	EVAL + EVAL
				An evaluative statement based on argument in context.		5	EVAL
Applies context to understanding of two pieces of knowledge about job/batch production.		4	APP + APP	Argument based on two pieces of developed analysis about RR's decision to change production method.		4	DEV + DEV
Applies context to understanding of one piece of knowledge about job/batch production.		3	APP	Argument based on one piece of developed analysis about RR's decision to change production method.		3	DEV

Question	Answer						Marks		
1(d)	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation			
	Shows two pieces of knowledge about job/batch production	2	K + K	Limited analysis of two factors influencing job/batch production	2	AN + AN			
	Shows one piece of knowledge about job/batch production	1	K	Limited analysis of one factor influencing job/batch production	1	AN			
	No creditable content								
	<p>Content</p> <p>AO1 Knowledge and understanding Knowledge of job production may include:</p> <ul style="list-style-type: none"> • On-off unique products • Produced one at a time <p>Knowledge of batch production may include:</p> <ul style="list-style-type: none"> • Production in groups, not individual or mass/flow • Whole batch passes through each stage of production at the same time • Use of machinery <p>AO2 Application</p> <ul style="list-style-type: none"> • RR is a sole trader / small business and is likely to have limited resources • RR makes unique vases and glassware products • RR's mission statement 'to make waste beautiful'. • Markets products as 'lovely for the planet, lovely for you'. • RR has a strong local brand image. • RR's USP is recycling waste (assumption can be made that no other competitors do this). • RR employs two local artists, who are environmentally aware. • Employees are skilled. • RR uses job production. • Table 1.1. • Demand has grown and Rehana needs to increase output. • Rehana wants to increase output by either employing more artists or changing to batch production. 								

Question	Answer	Marks
1(d)	<p>AO3 Analysis</p> <p>For batch:</p> <ul style="list-style-type: none"> • will meet the increase in demand boosting revenue • The only way to cost effectively increase her output • Costs of recruiting skilled artists may be too expensive <p>Against batch:</p> <ul style="list-style-type: none"> • Amount of raw materials (waste bottles) available may not be sufficient for expansion • Impact on recent marketing focusing on USP may be negative • Batch production/machinery skills of two local artists/herself may not be sufficient leading to waste • Amount of liquidity available for investment (0.25:1 acid test ratio) may be too low for investment <p>For job:</p> <ul style="list-style-type: none"> • Maintain USP of RR • Utilise skilled workers who are already employed by RR <p>Against job:</p> <ul style="list-style-type: none"> • High cost of skilled workers • High unit cost for production of handmade products • May not be able to meet demand <p>AO4 Evaluation</p> <ul style="list-style-type: none"> • A recommendation about a whether RR should introduce batch production (or not). • A judgement over the relative suitability of production methods. • Elements that the recommendation/judgement could depend upon. • Weighing up of the impacts on RR of the change. • Weighing up of the likely advantages/disadvantages of batch production. <p>Accept any reasonable answer</p>	

Question	Answer	Marks																													
2(a)(i)	<p data-bbox="304 241 858 280">Define the term ‘market share’ (line 14).</p> <table border="1" data-bbox="320 315 1310 573"> <thead> <tr> <th data-bbox="328 327 1177 376">Knowledge</th> <th data-bbox="1177 327 1302 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 376 1177 443">A correct definition</td> <td data-bbox="1177 376 1302 443">2</td> </tr> <tr> <td data-bbox="328 443 1177 510">A partial, vague or unfocused definition</td> <td data-bbox="1177 443 1302 510">1</td> </tr> <tr> <td data-bbox="328 510 1177 566">No creditable content</td> <td data-bbox="1177 510 1302 566">0</td> </tr> </tbody> </table> <p data-bbox="304 607 421 640">Content</p> <ul data-bbox="304 678 1289 779" style="list-style-type: none"> • One mark for a portion/section of a market (or comparison with other businesses / whole market) • One mark for controlled by a business or product <p data-bbox="304 815 1310 913">The section of a market (1) controlled by a business. (1) Allow formula (sales of business / sales in market X 100) for 2 marks – either expressed as a formula or in words.</p> <p data-bbox="304 949 740 983">Accept any reasonable answer</p> <table border="1" data-bbox="320 983 1310 1686"> <thead> <tr> <th data-bbox="328 994 798 1043">Exemplar</th> <th data-bbox="798 994 932 1043">Mark</th> <th data-bbox="932 994 1302 1043">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 1043 798 1144">Section of a market controlled by a company</td> <td data-bbox="798 1043 932 1144">2</td> <td data-bbox="932 1043 1302 1144">Clear understanding</td> </tr> <tr> <td data-bbox="328 1144 798 1256">$\frac{\text{Sales of business}}{\text{Total sales}} \times 100$</td> <td data-bbox="798 1144 932 1256">2</td> <td data-bbox="932 1144 1302 1256">Clear understanding</td> </tr> <tr> <td data-bbox="328 1256 798 1391">The sales of one business compared to the sales of another business.</td> <td data-bbox="798 1256 932 1391">2</td> <td data-bbox="932 1256 1302 1391">Sales of one business = controlled by business Compared = portion</td> </tr> <tr> <td data-bbox="328 1391 798 1514">$\frac{\text{Sales of business}}{\text{Total sales}}$</td> <td data-bbox="798 1391 932 1514">2</td> <td data-bbox="932 1391 1302 1514">Comparison of one business to the whole market.</td> </tr> <tr> <td data-bbox="328 1514 798 1615">Market controlled by a company/product</td> <td data-bbox="798 1514 932 1615">1</td> <td data-bbox="932 1514 1302 1615">No portion/section</td> </tr> <tr> <td data-bbox="328 1615 798 1686">How big a company is</td> <td data-bbox="798 1615 932 1686">0</td> <td data-bbox="932 1615 1302 1686">Too vague</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	Section of a market controlled by a company	2	Clear understanding	$\frac{\text{Sales of business}}{\text{Total sales}} \times 100$	2	Clear understanding	The sales of one business compared to the sales of another business.	2	Sales of one business = controlled by business Compared = portion	$\frac{\text{Sales of business}}{\text{Total sales}}$	2	Comparison of one business to the whole market.	Market controlled by a company/product	1	No portion/section	How big a company is	0	Too vague	2
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2(a)(ii)	<p data-bbox="304 248 815 282">Explain the term ‘efficiency’ (line 21)</p> <p data-bbox="304 315 906 349">Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 349 1310 674"> <thead> <tr> <th data-bbox="320 349 400 416"></th> <th data-bbox="400 349 1177 416"></th> <th data-bbox="1177 349 1310 416">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 416 400 510">C</td> <td data-bbox="400 416 1177 510">Example or some other way of showing good understanding</td> <td data-bbox="1177 416 1310 510">3</td> </tr> <tr> <td data-bbox="320 510 400 607">B</td> <td data-bbox="400 510 1177 607">Understanding that it leads to the highest amount of outputs</td> <td data-bbox="1177 510 1310 607">2</td> </tr> <tr> <td data-bbox="320 607 400 674">A</td> <td data-bbox="400 607 1177 674">Understanding of the concept of least amount of inputs</td> <td data-bbox="1177 607 1310 674">1</td> </tr> </tbody> </table> <p data-bbox="304 707 979 741">C marks dependent on A and B mark being present</p> <p data-bbox="304 775 419 808">Content</p> <p data-bbox="304 842 1262 909">The least amount of inputs (1) to make the maximum output (1) to reduce waste (1)</p> <table border="1" data-bbox="320 943 1310 1368"> <thead> <tr> <th data-bbox="320 943 799 1010">Exemplar</th> <th data-bbox="799 943 932 1010">Mark</th> <th data-bbox="932 943 1310 1010">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1010 799 1111">Least inputs for the highest output to reduce waste</td> <td data-bbox="799 1010 932 1111">3</td> <td data-bbox="932 1010 1310 1111">All three elements</td> </tr> <tr> <td data-bbox="320 1111 799 1211">Least amount of inputs used to gain the highest output</td> <td data-bbox="799 1111 932 1211">2</td> <td data-bbox="932 1111 1310 1211">No expansion</td> </tr> <tr> <td data-bbox="320 1211 799 1267">Highest output possible</td> <td data-bbox="799 1211 932 1267">1</td> <td data-bbox="932 1211 1310 1267">Only output</td> </tr> <tr> <td data-bbox="320 1267 799 1368">Reduction of waste</td> <td data-bbox="799 1267 932 1368">0</td> <td data-bbox="932 1267 1310 1368">No understanding of inputs or outputs</td> </tr> </tbody> </table> <p data-bbox="304 1402 738 1435">Accept any reasonable answer</p>			Marks	C	Example or some other way of showing good understanding	3	B	Understanding that it leads to the highest amount of outputs	2	A	Understanding of the concept of least amount of inputs	1	Exemplar	Mark	Rationale	Least inputs for the highest output to reduce waste	3	All three elements	Least amount of inputs used to gain the highest output	2	No expansion	Highest output possible	1	Only output	Reduction of waste	0	No understanding of inputs or outputs	3
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2(b)(i)	<p data-bbox="304 248 1294 315">Refer to Table 2.1 and other information. Calculate BB's total annual cost if it uses the proposed new machinery.</p> <table border="1" data-bbox="320 349 1310 741"> <thead> <tr> <th data-bbox="320 349 1177 412">Rationale</th> <th data-bbox="1177 349 1310 412">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 412 1177 474">Correct answer, with or without working and \$ sign</td> <td data-bbox="1177 412 1310 474">3</td> </tr> <tr> <td data-bbox="320 474 1177 577">Attempt to calculate with correct figures / correct calculation of TVC (\$300 000) and TFC (\$450 000)</td> <td data-bbox="1177 474 1310 577">2</td> </tr> <tr> <td data-bbox="320 577 1177 680">Formula/ correct calculation of TVC (\$300 000) or TFC (\$450 000)</td> <td data-bbox="1177 577 1310 680">1</td> </tr> <tr> <td data-bbox="320 680 1177 741">No creditable content</td> <td data-bbox="1177 680 1310 741">0</td> </tr> </tbody> </table> <p data-bbox="304 775 419 808">Content</p> <p data-bbox="304 842 954 947"> Total variable costs + fixed costs [1 mark] $(40 \times 7500) + (500\,000 \times 0.9)$ [2 marks] Answer = (\$)750 000 [3 marks] </p> <p data-bbox="304 981 667 1014">Common incorrect answers</p> <table border="1" data-bbox="320 1014 1310 1507"> <thead> <tr> <th data-bbox="320 1014 798 1077">Answer</th> <th data-bbox="798 1014 930 1077">Mark</th> <th data-bbox="930 1014 1310 1077">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1077 798 1180">750 000</td> <td data-bbox="798 1077 930 1180">3</td> <td data-bbox="930 1077 1310 1180">Correct answer. \$ not required.</td> </tr> <tr> <td data-bbox="320 1180 798 1283">$300\,000 + 500\,000 = 800\,000$</td> <td data-bbox="798 1180 930 1283">2</td> <td data-bbox="930 1180 1310 1283">No attempt to reduce FC by 10%</td> </tr> <tr> <td data-bbox="320 1283 798 1408">\$800 000 (no working)</td> <td data-bbox="798 1283 930 1408">0</td> <td data-bbox="930 1283 1310 1408">Do not award any marks for an incorrect answer without working.</td> </tr> <tr> <td data-bbox="320 1408 798 1507">$\\$250\,000 + \\$450\,000 = \\$700\,000$</td> <td data-bbox="798 1408 930 1507">2</td> <td data-bbox="930 1408 1310 1507">One mistake – incorrect calculation of TVC</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer, with or without working and \$ sign	3	Attempt to calculate with correct figures / correct calculation of TVC (\$300 000) and TFC (\$450 000)	2	Formula/ correct calculation of TVC (\$300 000) or TFC (\$450 000)	1	No creditable content	0	Answer	Mark	Rationale	750 000	3	Correct answer. \$ not required.	$300\,000 + 500\,000 = 800\,000$	2	No attempt to reduce FC by 10%	\$800 000 (no working)	0	Do not award any marks for an incorrect answer without working.	$\$250\,000 + \$450\,000 = \$700\,000$	2	One mistake – incorrect calculation of TVC	3
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2(b)(ii)	<p>Explain <u>one</u> possible limitation to BB of using the proposed new machinery.</p> <table border="1" data-bbox="320 349 1310 775"> <thead> <tr> <th>Level</th> <th>Knowledge and Application</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>2a (App)</td> <td>Explains one possible limitation to BB of using the proposed new machinery</td> <td>3</td> </tr> <tr> <td>1b (K+K)</td> <td>Explains one possible limitation of using new machinery with no application to BB</td> <td>2</td> </tr> <tr> <td>1a (K)</td> <td>Identifies one or more possible limitation of using new machinery with no application to BB</td> <td>1</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Indicative content AO1 Knowledge and understanding</p> <p>Limitations may include:</p> <ul style="list-style-type: none"> • Capital cost – opportunity cost of spending in other areas • Retraining – may reduce cashflow / increase costs • Space requirements – may require a new factory /extension • Risk – compared to ‘known’ machinery <p>AO2 Application</p> <ul style="list-style-type: none"> • BB has a reputation for quality • Beds – large product (large machinery) • Use of Table 2.1 (in comparison to increased costs) • Market is growing rapidly • Wide range of consumer (online) styles required • Decreasing staff morale and welfare. <p>Accept any reasonable answer</p> <table border="1" data-bbox="320 1469 1310 1827"> <thead> <tr> <th>Exemplar</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Increased retraining costs will mean reducing prices to hotels will be difficult</td> <td>3</td> <td>Explanation of a factor in context</td> </tr> <tr> <td>Increased training costs reduces cashflow</td> <td>2</td> <td>Explanation of a factor not in context</td> </tr> <tr> <td>Increased training costs</td> <td>1</td> <td>Identification of a factor</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2a (App)	Explains one possible limitation to BB of using the proposed new machinery	3	1b (K+K)	Explains one possible limitation of using new machinery with no application to BB	2	1a (K)	Identifies one or more possible limitation of using new machinery with no application to BB	1	0	No creditable content	0	Exemplar	Mark	Rationale	Increased retraining costs will mean reducing prices to hotels will be difficult	3	Explanation of a factor in context	Increased training costs reduces cashflow	2	Explanation of a factor not in context	Increased training costs	1	Identification of a factor	3
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2(c)	Analyse two possible disadvantages to BB of decreased staff morale and welfare.				8																														
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<p>Content</p> <p>AO1 Knowledge and understanding</p> <p>Knowledge of morale – the confidence, enthusiasm, and discipline of a person or group at a particular time.</p> <p>Knowledge of welfare – a working environment that's healthy and safe for everyone in the workplace.</p> <p>Disadvantages could include:</p> <ul style="list-style-type: none"> • Increased labour turnover • Increased recruitment costs • Increased training costs • Decreased efficiency • Increased trade union action. 																																			

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2(c)	<p>AO2 Application</p> <ul style="list-style-type: none"> • Large manufacturer of beds. • Strong brand image for quality. • Main distribution channel is B2B, but entering the B2C market (becoming more important as online orders are increasing). • Old machinery currently used, but proposition to introduce new machinery (at a cost). • Increased demand in the market – market is growing rapidly. • Increased demand (online) for a wider range of styles – requires retraining. • Pressure to reduce prices (and costs). • BB uses non-financial motivators. • Motivation was good until recently. • Efficiency is falling – long hours due to increased demand (but no financial compensation?). <p>AO3 Analysis</p> <p>Disadvantages could include;</p> <ul style="list-style-type: none"> • Increased labour turnover; increase in BB’s recruitment costs – may mean that producing beds for the online market, where profit margins are lower, is unprofitable. • Increased recruitment costs; increase in BB’s FC’s – may reduce the impact of the 10% saving of the new machinery and make the business unprofitable. • Increased training costs; lowers the ability of BB to compete in the online market – BB cannot take advantage of this growing market. • Decreased efficiency; less beds being produced – may mean that BB cannot match the demands of the growing online market and lose market share. • Increased trade union action; may lead to industrial action – reduce productivity so that BB cannot produce enough to meet the online demand and sales fall. <p>Accept any reasonable answer</p> <table border="1" data-bbox="320 1451 1310 2040"> <thead> <tr> <th data-bbox="320 1451 568 1603">Identification of disadvantage (K)</th> <th data-bbox="568 1451 815 1603">Understanding in context (APP)</th> <th data-bbox="815 1451 1062 1603">Limited analysis (AN)</th> <th data-bbox="1062 1451 1310 1603">Developed analysis in context (Dev)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1603 568 1789">Increased labour turnover</td> <td data-bbox="568 1603 815 1789">Due to workers leaving because of increased workload from online orders</td> <td data-bbox="815 1603 1062 1789">Which increases recruitment costs</td> <td data-bbox="1062 1603 1310 1789">And reduces profit margins.</td> </tr> <tr> <td data-bbox="320 1789 568 2040">Decreased efficiency</td> <td data-bbox="568 1789 815 2040">From working long hours, without financial compensation, to fulfil the growing market needs</td> <td data-bbox="815 1789 1062 2040">Increases unit costs of the beds</td> <td data-bbox="1062 1789 1310 2040">Which increases selling prices.</td> </tr> </tbody> </table>	Identification of disadvantage (K)	Understanding in context (APP)	Limited analysis (AN)	Developed analysis in context (Dev)	Increased labour turnover	Due to workers leaving because of increased workload from online orders	Which increases recruitment costs	And reduces profit margins.	Decreased efficiency	From working long hours, without financial compensation, to fulfil the growing market needs	Increases unit costs of the beds	Which increases selling prices.	
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Question	Answer						Marks
2(d)	Recommend whether BB should focus on the producer market (B2B) or the consumer market (B2C). Justify your recommendation.						11
	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation	
				A justified recommendation based on arguments	7	EVAL + EVAL + EVAL	
				A developed recommendation based on developed arguments	6	EVAL + EVAL	
				A basic recommendation based on developed arguments	5	EVAL	
	Applies context to knowledge of consumer (B2C) and producer (B2B) market	4	APP + APP	Argument based on focusing on both markets in context	4	DEV + DEV	
	Applies context to knowledge of consumer (B2C) or producer (B2B) market	3	APP	Argument based on focusing on one market in context	3	DEV	

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2(d)	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation			
	Knowledge of consumer (B2C) and producer (B2B) market	2	K + K	Limited analysis of focussing on the consumer (B2C) market and limited analysis of focussing on the producer (B2B) market	2	AN + AN			
	Knowledge of consumer (B2C) or producer (B2B) market	1	K	Limited analysis of focussing on the consumer (B2C) market or limited analysis of focussing on the producer (B2B) market	1	AN			
	No creditable content								
	<p>Content</p> <p>AO1 Knowledge and understanding Knowledge of the consumer market (B2C), including:</p> <ul style="list-style-type: none"> • Purchased by the end-user • Direct sales to consumers and through retailers and online • Importance of brand in a competitive market • Sales are likely to be single units. <p>Knowledge of the producer market, including:</p> <ul style="list-style-type: none"> • Purchased by a business who uses the product to produce another product/service • Direct sales to another business, unlikely to be through retailers • Importance of price, added value and durability • Sales are likely to be for multiple units. 								

Question	Answer	Marks
2(d)	<p>AO2 Application</p> <ul style="list-style-type: none"> • Large manufacturer of beds. • Strong brand image for quality. • Main distribution channel is B2B, but entering the B2C market (becoming more important as online orders are increasing). • Old machinery currently used, but proposition to introduce new machinery (at a cost). • Increased demand in the market – B2C market is growing rapidly. • Increased demand (online) for a wider range of styles in B2C market – requires retraining and substantial marketing costs. • Pressure to reduce prices (and costs) in B2B market. • Limited range of styles in B2B market. • Demand in B2B market is constant with low marketing costs. • BB uses non-financial motivators. • Motivation was good until recently. • Efficiency is falling. <p>AO3 Analysis</p> <p>For B2C</p> <ul style="list-style-type: none"> • B2C online sales increasing • Hotels want to reduce prices • No increase in demand from hotels <p>For B2B</p> <ul style="list-style-type: none"> • A constant demand from hotels aids planning • Less marketing needed for hotels • Limited bed range may increase production as less downtime needed for repurposing machines <p>AO4 Evaluation</p> <ul style="list-style-type: none"> • A recommendation about a whether RR should focus on the consumer (B2C) or producer (B2B) market. • A judgement over the relative suitability of each market. • Elements that the recommendation/judgement could depend upon. • Weighing up of the impacts on choosing a market. • Weighing up of the likely advantages/disadvantages of each market. 	