Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Business Concepts 2 **May/June 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 May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U 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 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.
1, 2, 3, 4, 5, 6	Indicates the number of K, APP, AN and EVAL marks awarded.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> element of the marketing mix.** **Indicative content** Identification of an element ✔ may include: • Place • Price • Product • Promotion 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 *consumer market*.

<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 consumer market may include:
- Somebody who buys goods or services.
- For their own personal use/is the end user/final consumer.

AO2 Application
Limited application
- applies knowledge of consumer market to a product **OR** business.

Developed application +
- applies knowledge of consumer market to a product **AND** a business.

Application can be made to FM or any other scenario/context/business/product.

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>Sells products directly to consumers ✓ rather than businesses ✗ FM sells instruments to customers ✗.</td><td>3</td><td>An answer which starts with the knowledge and then applies it to FM.</td></tr>
<tr><td>Sell to the final user ✓ known as B2C ✗, FM sell musical instruments to musicians and students who are the final users ✗.</td><td>3</td><td>Again, knowledge first, followed by application to a business scenario (B2C) and to a product (musical instruments).</td></tr>
<tr><td>Selling musical instruments to students ✗ not to other businesses ✗ as musicians and students are the final consumers ✓.</td><td>3</td><td>A different way of answering the question. There is application of both elements of consumer markets (the product and businesses) as well as clear knowledge of the concept by the end of the response (final consumers)</td></tr>
<tr><td>Goods sold to end user ✓, not sold to other businesses ✗.</td><td>2</td><td>Clear knowledge. Some application to businesses, but not a product.</td></tr>
<tr><td>The buyers are the final consumers ✓.</td><td>1</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>Market for consumers to buy something and uses branding to promote product to wholesalers ✗.</td><td>0</td><td>Starts with a tautology. No knowledge of consumer market. Too vague.</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 and other information. Calculate FM's labour turnover rate for 2022.

Numbers leaving = 4 + 6 + 5 + 3 + 6
= 24 (1)
Total staff = 108
Labour turnover = 24 / 108 × 100 (1) = 22.2%. Accept 22 (3) **OFR**
Exemplar

<table>
<tr><td>3 marks</td><td>Correct answer 22.2% allow 22</td><td>Working and % do not matter.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Two of the following:
• Correct formula
• Correct calculation of numbers left (24)
• Correct identification of data 24/108
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 calculation of numbers left (24)
• Correct identification of data 24/108</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> method of reducing FM's labour turnover.
<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 method to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant method is used to answer the question.</td><td>1 mark
Limited application of one relevant method 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

Responses may include:

AO1 Knowledge and understanding
Knowledge of a method that may affect reduce labour turnover :
• Financial methods e.g. commission, bonus etc.
• Non-financial methods e.g. training, job enrichment etc.
• Reference to theorists e.g. Taylor, Mayo etc.

AO2 Application
Limited application , applies knowledge to FM once.
Developed application + applies knowledge to FM twice OR applies once to FM AND develops answer to explain a benefit of the method given.

• Pay a major factor 25% of those leaving did so for higher pay at a competitor
• Opportunities for promotion/job enrichment,5 left because of lack of opportunities and 4 for better jobs in another industry
• Team working/job-redesign, as 3 unhappy at work
</td><td>3</td></tr>
</table>

Question	Answer	Marks
1(b)(ii)	Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
Non-financial methods such as job enrichment ✓, e.g. one of the reasons employees left is lack of promotion APP job enrichment would improve their skills and increase their opportunity of promotion APP.	3	A non-financial method explained in the specific context of FM by using the information in Table 1.1 and develops answer to explain a benefit of the method.
Increase employee salary ✓, 6 employees left FM because of higher pay at a competitor APP if FM increase wages employees will be more satisfied APP and less likely to leave.	3	A financial method in this one ✓ and there is context from the data in Table 1.1, also how the method given is linked to the issue, so two APP. .
Some workers are unhappy with the work environment APP. Group working could be used ✓ Group working will ensure a good communications environment APP.	3	Although the APP appears first, it cannot be awarded until the ✓ has been found. However, there is obvious ✓, so you can go back and award the APP.
Training for new processes ✓ because employees are having difficulties in adapting to the new production method APP.	2	Training is a non-financial method ✓. The context of new production method linked to this is reasonable APP, but only one point of application.
Increase employee salary ✓ because the more workers are paid the more motivated they become NAQ.	1	Knowledge of a method. The rest of the answer is not applying it to the context so NAQ (Not Answering Question).
Labour turnover refers to the number of workers leaving over the total number of workers NAQ 4 people left for better jobs ?.	0	Although there is some relevant context, there is no knowledge of a method, so no marks can be awarded.

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

Analyse <u>two</u> impacts on FM's costs if it enters international markets.

<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>

Question	Answer	Marks
1(c)	**Indicative content** Knowledge of impacts on costs (max 2 s), may include: **AO1 Knowledge and understanding** • Increased costs – labour, delivery, capital, documents, marketing, research etc. • Reduced costs – bulk buying, cheaper labour/land costs in other country. **AO2 Application** *Max one for application for the first impact on costs and a second for application for the second impact on costs.* Application of knowledge of an impact on costs to FM (max 2 s), including: Increased costs might occur, due to: • The change to mass customisation • Not a well-known brand in other countries • After sales customer service improvement as product tailored to customer wants • Import/export taxes • Translation of documents into other languages Reduced costs could come in the long term from: • Mass customisation • Increase in market size allowing economies of scale • Labour/land in another country cheaper than country Z **AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Extra distribution costs – require extra delivery drivers • High costs in the short term – such as promotion costs • Lower in the long term – become established in new country allow reduced marketing • Mass customisation – benefit from economies of scale • High cost of investment – if take out a loan interest will add to costs. Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>Exemplar and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>There will be an increase in costs.
Annotations for the first impact should be placed in the left-hand margin.</td><td>FM will deliver the instruments over a longer distance</td><td>So, FM will need to pay more in delivery costs as the delivery driver will take a longer time and there will be higher fuel costs.</td></tr>
<tr><td>It will increase labour costs
Annotations for the second impact should be placed in the right-hand margin.</td><td>For example, translation employees</td><td>Because the firm may not understand other countries languages and will need advertising and documents in the language of that country.</td></tr>
</table></td><td></td></tr>
</table>

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

Evaluate the impact on FM's stakeholders of a change from batch production to mass customisation.

<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>
</table>

</td><td>12</td></tr>
</table>

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

<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>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>

Indicative content

Responses may include:

AO1 Knowledge and understanding
Knowledge of one of the key terms (max 2 s), including:
- Batch production – manufacturing process in which items or products are produced in groups.
- Mass customisation – manufacturing process that combines the flexibility and personalisation of custom-made products with the low unit costs associated with mass production.
- Stakeholders – A stakeholder is a person/organisation that has an interest in a company and can either affect or be affected by the business/ examples of stakeholders.

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

Question	Answer	Marks
1(d)	**AO2 Application** *Limited application* [AP] *applies knowledge of batch/customisation/stakeholders of FM once.* *Developed application* [AP]+[AP] *applies knowledge of batch/customisation/stakeholders of FM twice.* • Shareholders (a limited company) • Change of working practices/environment • Change in production methods • Move into international market • Increase in the volume of output **AO3 Analysis** *Limited analysis* [AN] *– candidate shows one link in the chain of analysis.* *Developed analysis* [AN+] *– candidate shows two or more links in the chain of analysis.* Analysis marks can be awarded without context. Employees: • Change of working practices – employees must learn new skills • Redundancies could be an issue – arising from the shift to mass customisation • Short term incomes could reduce – as profits may initially fall • Shareholders: • Forego dividends in the short term – due to the costs of the investment • Long-term gains – from increased profits • Risk increased – if the expansion fails and profits fall • Government: • Potential for more taxes – due to higher profits/output • Community: • Employees likely from the local area – if redundancies occur, it will increase unemployment in the community • Suppliers: • More business/more profits – but might need different suppliers • Customers: • Better choice – tailored to customer wants • Higher prices – due to increase in costs/quality of the product • Bank etc.: • Borrowing for investment – may require a bank loan	

Question	Answer	Marks
1(d)	**AO4 Evaluation** *Limited evaluation* *unsupported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* *supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* *supported judgement in context and/or reasonable evaluative comment in context.* • Weighing up of risks v reward • Short term costs v long term costs • Costs v benefits • Judgement on stakeholder(s) it will most likely impact • Judgement on overall impact on a stakeholder(s) Accept all valid responses. **Exemplar and annotations** A change from batch production to mass customisation will have different impacts on FM's stakeholders, such as customers, employees, suppliers, and shareholders . Shareholders are the owners of FM who invest their money in the company . They may benefit from mass customisation if it increases the sales and profits of FM by attracting more customers and creating a competitive advantage . Mass customisation may also increase the value and reputation of FM as a customer-oriented and innovative company . However, mass customisation may also reduce the returns and dividends for shareholders if it increases the cost and risk of production for FM . Mass customisation may also require more investment in research and development, technology, and marketing for FM , which may reduce the cash flow and liquidity for shareholders and may also result in a decrease their returns. To conclude, mass customisation can have both positive and negative impacts on FM's shareholders. Therefore, FM should carefully weigh the benefits and costs of this change and implement it in a way that maximises the value, profits and dividends for the shareholders . AO1 – 2 marks AO2 – 2 marks AO3 – 2 marks AO4 – 6 marks TOTAL – 12 marks	

Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> advantage to a business of using job production.** **Indicative content** Identification of an advantage ✔ may include: • (High) quality product • Can customise orders/wants. • Workers involved in the entire process. Accept all valid responses.	**1**

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

Explain the term *just in time* (JIT).

<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.
Just-in-time production **minimises the time, labour, and materials in a manufacturing process**. It does so by only producing goods as they are needed. The desired outcome is a streamlined production system that maintains a minimal amount of on-site raw materials, minimal wait times in the production process and small batch sizes.

Knowledge of JIT  may include:
- Inventory control system/production system
- Buying inventory occurs when needed for production rather than using buffer stock (production).
- JIT conditions need to be met e.g., reliable suppliers.

AO2 Application
Limited application  applies knowledge of JIT to
- An example of inventory **OR** an example of when it is needed.

Developed application  +  applies knowledge of JIT to
- An example of inventory **AND** an example of when it is needed.

</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>

Application can be made to GD or any other scenario/context/business.

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Order raw materials when needed . For example, a manufacturer requires 1000 pieces of wood to produce a product would order when there is 1000 pieces of wood left .This could reduce waste and employees would know that there is not any spare materials so they can’t make mistakes. </td><td>3</td><td>An answer which starts with the knowledge and then applies it to a business context.</td></tr>
<tr><td>Holding zero buffer inventories . Components for making desks will be ordered when GD needs them . This will reduce storage costs for GD .</td><td>3</td><td>In the context of the business, GD.</td></tr>
<tr><td>Inventory would come just when needed , but the company may need expensive IT systems to manage orders .</td><td>2</td><td>Clear knowledge. Some application but not developed.</td></tr>
<tr><td>Not keeping any inventory, just ordering when needed. .</td><td>1</td><td>A reasonable definition but no application.</td></tr>
</table>

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

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

Refer to Table 2.1. Calculate GD's forecast closing balance in 2025.

Indicative content

Responses may include:

Formula/implied formula: closing balance = net cash flow +opening balance (1)

Net cash flow = 9 – 12 (1) = –3 (1)
Closing balance 2020 = –3 + 1 = **–2** (3) Accept 2 in brackets in place of – sign OFR

<table>
<tr><th>Marks</th><th>Answer</th><th>Rationale</th></tr>
<tr><td>3 marks</td><td>Correct answer
–2 or (2)</td><td>Working and $ sign do not matter.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct/implied formula (net cash flow +opening balance)
• Correct calculation of net cash flow (-3)
OR
An incorrect answer with one mistake allowing OFR for final stage.
OR
2 (has not included – sign)</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/implied formula (net cash flow + opening balance)
• Correct calculation of net cash flow (–3)</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>2(b)(ii)</td><td>

Explain <u>one</u> disadvantage to GD's employees of it being a co-operative.

<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 disadvantage [1] may include:
- Complex decisions = uncertainty = poor performance
- Workers and worker directors might not have skills for decisions
- Management roles unclear and therefore inefficiencies can occur
- Unpredictable income for employees
- Conflict/disagreements between employees

AO2 Application
Limited application [1]*, applies knowledge to GD once.*
Developed application [1] + [1] *applies knowledge to GD twice.*
- Ownership by workers who may be more interested in high profits.
- Low wages compensated by profit share.
- Poor decision making by manager.
- Take decisions on votes not valid arguments.

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>They may have limited capital [K] as need $2m to open their own retail shop [APP], as the members (employees) accept low salaries [APP] and the investment may mean a lower share of profits for each of them.</td><td>3</td><td>A disadvantage using the context of opening a retail shop and that members accept low wages.</td></tr>
<tr><td>They may face conflicts among members, as all have a vote, due to differences in opinions [K], interests or planning, especially regarding the plan to open their own retail shop [APP] or the management style of Steve [APP].</td><td>3</td><td>Conflict is reasonable [K] and two references to the case study for 2 [APP]s.</td></tr>
<tr><td>Part of the income employees earn comes from profit-share. [APP] This may mean that the employees could face lower income if sales fall or costs rise. [K]</td><td>2</td><td>As there is knowledge of a disadvantage so can go back and award the APP.</td></tr>
<tr><td>They may lack secrecy as the affairs of the co-operative are open to all members [K] and sometimes to the public, which may expose them to competition.</td><td>1</td><td>Lack of secrecy a reasonable disadvantage, but the rest is not specifically related to GD.</td></tr>
<tr><td>They may have inefficient management [TV] as Steve, the Managing Director, spends too much time trying to make people happy rather than solving problems and responds to opinions rather than setting long-term plans. [NAQ]</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a disadvantage specific to a co-op (inefficient management could be in any business structure), so no marks can be awarded.</td></tr>
</table></td><td></td></tr>
</table>

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

Analyse <u>two</u> sources of finance GD could use to open its new shop.

<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>

Question	Answer	Marks
2(c)	**Indicative content** Knowledge of sources of finance (max 2 s), may include: **AO1 Knowledge and understanding.** • Bank loan • Open own shop so mortgage • Owners' capital • Sale of unused assets • Venture capital can be awarded for knowledge of any source of finance. **AO2 Application** *Max one for application for the first source and another for application for the second source* Application of knowledge of a source of finance for GD (max 2 s), including: • $2m needed • Retained profits not known but could make useful contribution if available • Few current assets (JIT) so not suitable to convert into cash • No loan payments shown so no debts • Employees are the owners, low paid • Cash balance reducing **AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis candidate shows two or more links in the chain of analysis or a two-sided analysis.* Analysis of sources of finance may include: • Long term loan may be suitable – but would banks lend to a co-operative? • Unlikely to be any unused assets – even if there were it may not be enough for such a large sum. • Owners/employees/members may not agree with the plan – so may not be willing to contribute more • Effect on liquidity – interest payments will increase cash outflow. and can be awarded for analysis of any source of finance. Accept all valid responses.	

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

Exemplar and annotations

<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar of an advantage
Annotations for the first source should be placed in the left-hand margin.</td><td>Retained profit</td><td>Employees would receive less through profit-sharing at the end of the year.</td><td>This option would allow GD to use its own money without increasing its debt or giving up any ownership. However, it would also mean that the employees would receive less profit-sharing at the end of the year, which could affect their motivation and satisfaction.</td></tr>
<tr><td>Exemplar of a disadvantage
Annotations for the second source should be placed in the right-hand margin.</td><td>Venture capital</td><td>Might be attractive to an investor as have 5 years of rapid growth with a forecast of higher demand for desks.</td><td>This option would not require GD to repay or pay interest on the money received but may come with some conditions or expectations from the investors. This could limit GD’s autonomy or flexibility in running the business or pursuing its social or environmental mission. It could also create a dependency on external funding, which may not be sustainable or reliable in the long term.</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 Steve’s management style will contribute to GD’s future success.
<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>
</table></td><td>12</td></tr>
</table>

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

<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>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>

Indicative content

AO1 Knowledge and understanding
Knowledge of management styles (max 2 s), including:

- Democratic – The manager shares the decision-making power and authority with their employees. The manager encourages and facilitates collaboration and teamwork among the employees and allows them to have a say in how they work.
- Laissez-faire – The manager gives their employees complete freedom and autonomy to make their own decisions and manage their own work. The manager provides minimal guidance and supervision and trusts the employees to perform well.
- Autocratic – The manager dictates exactly what they require their subordinates to do and how they should do it. Sets targets. The manager has all the power and authority and does not tolerate any deviation or feedback from the employees.
- Paternalistic – The manager acts like a parent or a guardian to their employees, providing them with guidance, support, and protection. The manager has all the power and authority, but also cares about the welfare and personal development of the employees.
- Functions of management – Planning, organising, directing, controlling.

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

Question	Answer	Marks
2(d)	**AO2 Application** *Limited application* [1] *applies knowledge of management styles to GD once.* *Developed application* [2] *applies knowledge of management styles to GD twice.* • There are suggestions that Steve is too democratic/laissez faire or may be described as paternalistic as wants people to be happy. • Theory Y manager • Managers need to make effective decisions and be responsive, but employees don't think that Steve makes effective decisions. • Steve does not see threats to the business. • Steve does not make-long term plans. • Steve does not consider the merits of an argument but relies on votes of members. • Rapid growth in sales and profits over the past 5 years but negative cash flow recently • Evidence of planning as aim to open own retail shop. • Motivated employees as Steve concerned about their welfare/demotivated as evidenced by concerns about Steve's style. ***AO3 Analysis*** *Limited analysis* [1] *– candidate shows one link in the chain of analysis.* *Developed analysis* [2] *– candidate shows two or more links in the chain of analysis.* • Builds good relationships – particularly as owners are the employees. • Some workers may feel that the Steve has the right approach – so feel secure as a result of this; for example, they have a vote and key role in decision making. • Suitable for GD's highly skilled and motivated staff – but could lead to power struggles. • There is a lack of strategy for the future of the business – so there is a risk to the security and stability of GD. • If threats are not being monitored – then GD is at risk and could fail. • Motivated workers – greater productivity • Lack of long-term planning – less potential for future growth • Plans to open retail shop – evidence of planning.	

Question	Answer	Marks
2(d)	***AO4 Evaluation*** *Limited evaluation – unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation – supported judgement and/or reasonable evaluative comment* *Developed evaluation in context - supported judgement in context and/or reasonable evaluative comment in context.* An evaluation is likely to come from candidates making a judgment and justification on the effectiveness of Steve's management style e.g. It may be suggested that the Steve need to be more 'hands on' and autocratic, due to the change from batch production to mass customisation. Is this suitable for a co-operative? It may result in conflict which reduces productivity, output and sales. • Any changes that might need to be made to make it more effective. • Suitability of management styles for a co-operative • In relation to the change in production process • Judgement on most likely effects on success Accept all valid responses.	

Question	Answer	Marks
2(d)	**Exemplar and annotations** Steve's management style seems to be a **democratic** one , which is a type of **participative** management style . This means that he values the input and opinions of his employees and tries to involve them in decision-making and problem-solving. He also tends to be flexible, adaptable, and responsive to feedback which might suit a co-operative organisation . Some of the advantages of this management style are that it can increase employee engagement, motivation, creativity, and satisfaction . It can also foster a positive work culture, where employees feel respected and valued . It can also lead to better decisions, as more perspectives and ideas are considered . However, some of the disadvantages of this management style are that it can be time-consuming, inefficient, and confusing . It can also create conflicts among employees, or between employees and managers. It can also make it difficult to implement changes or deal with crises, as there may be too much debate or uncertainty . It can also undermine the authority and credibility of the manager, if they appear indecisive, weak, or dependent on others . Therefore, Steve's management style may not contribute to GD's future success, unless he can balance it with other styles when needed. For example, he may need to adopt a more **authoritative** or persuasive style when he needs to set clear goals, communicate expectations, or motivate employees to achieve results . He may also need to adopt a more **transformational** or **visionary** style when he needs to inspire employees with a shared vision, foster innovation, or cope with change. He may also need to adopt a more **coaching** style when he needs to develop the skills and potential of his employees. In conclusion, Steve's management style has its strengths and weaknesses, but it may not be enough to ensure GD's future success. He should be able to adapt his style according to the situation, the goals, and the people involved . AO1 – 2 marks AO2 – 2 marks AO3 – 2 marks AO4 – 6 marks TOTAL – 12 marks	

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