Cambridge Assessment International Education

# Cambridge International AS & A Level

**BUSINESS** **9609/22**

Paper 2 Data Response **May/June 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 May/June 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **30** 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.

**PREPARATION FOR MARKING**

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

**MARKING PROCESS**

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

**MARKING SPECIFICS**

**Crossed out work**

1 **All of a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

**0 (zero) marks or NR (no response)**

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

**Annotation**

1 Every question must have at least one annotation e.g. < NAQ > if it is an NR and < X > or < seen > if 0 marks are awarded.
2 Every page of a script must have at least one annotation e.g. < BP > for a blank page.

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

**Define the term 'labour intensive' (line 8).**

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

**Content:**
Production based on a high level of employee input compared with capital equipment.

**A correct definition will include the following points:**
- use of a high number of employees/manual/workers
- as opposed to a high level of capital (no/limited machinery involved)

| Exemplar | Marks | Rationale |
|---|---|---|
| Using a higher proportion of employees than capital. | 2 | Both elements covered |
| When something is made by people instead of capital. | 2 | Both elements covered |
| A hand made product. | 1 | One element |
| Where more labour than capital is used. | 1 | One element – 'labour' is a tautology. |
| The intensity of the labour used. | 0 | A tautology. |

**ARA**

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

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

**Explain the term 'co-operative' (line 1).**

Award one mark for each point of explanation:

<table>
<tr><td>C</td><td>Example or some other way of showing good understanding, e.g. bulk buying, common in agriculture, motivational, slow decision-making, allows the achievement of economies of scale, mutual benefit, types of co-operative (worker and customer) etc.</td><td>1 mark</td></tr>
<tr><td>B</td><td>Knowledge of the operation of a co-operative:<br>• Responsibilities are shared<br>• Owners may contribute to the running/operation/control of the business<br>• Shared decision-making<br>• All members have one vote<br>• Profits are shared</td><td>1 mark</td></tr>
<tr><td>A</td><td>Knowledge of the ownership of a co-operative:<br>• Owned / financed by workers / customers / members</td><td>1 mark</td></tr>
</table>

*Note: Using the case as an example is repetition and not rewardable as the C mark*
***A and B must be awarded before C mark can be given.***

**Content:**
A co-operative is a business structure where the workers are the owners. The profits are shared with workers. Workers (owners) do not have to manage the business: they may vote for Directors. In smaller co-operatives, such as worker co-operatives, workers may also manage the business.

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Members (A) own a co-operative and share the running (B) of the business. Co-operatives can be slow when making decisions (C).</td><td>3</td><td>A, B and C</td></tr>
<tr><td>A co-operative can be owned by customers or workers (A) who will each have a vote (B). Because they own it, they are motivated for it to do well (C).</td><td>3</td><td>A, B and C</td></tr>
<tr><td>A co-operative has shared ownership by workers (A) and responsibilities (B)</td><td>2</td><td>A and B</td></tr>
</table>

</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</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Members (A) who join together to benefit from bulk buying</td><td>1</td><td>A only – cannot award C without both A and B</td></tr>
<tr><td>A co-operative is made up of people who share the responsibilities of the business (B). Each person has a vote, and the decision-making is shared.</td><td>1</td><td>Three points but all from B, so only one mark.</td></tr>
</table>
ARA
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Refer to Table 1.2. Calculate the profit made by FP in April 2022.
<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or $</td><td>4</td></tr>
<tr><td>Three correct stages in calculation</td><td>3</td></tr>
<tr><td>Two correct stages in calculation</td><td>2</td></tr>
<tr><td>Formula (may be implied) or one correct stage in calculation</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
<table>
<tr><td>Method 1<br>TR – TVC – TFC<br><br>400 × $10 = $4000<br>300 × $20 = $6000<br>150 × $35 = $5250<br>TR = $15 250 (1)<br><br>400 × $8 = $3200<br>300 × $10 = $3000<br>150 × $15 = $2250<br>TVC = $8450 (1)<br><br>$2000 + $2000 + $2000 = $6000 (1)<br>(TFC)<br><br>$15 250 – $8450 – $6000 = $800 (1)<br><br>Answer = $800 (4)</td><td>Method 2<br>Small<br>($10 × 400) – ($8 × 400) – $2000<br>= $4000 – $3200 – $2000<br>= -$1200 (1)<br>Medium<br>($20 × 300) – ($10 × 300) – $2000<br>= $6000 – $3000 – $2000<br>= $1000 (1)<br>Large<br>($35 × 150) – ($15 × 150) – $2000<br>= $5250 – $2250 – $2000<br>= $1000 (1)<br>–$1200 + $1000 + $1000 = $800 (1)<br><br>Method 3<br>Small: $2 × 400 = $800 (1)<br>Medium: $10 × 300 = $3000 (1)<br>Large $20 × 150 = $3000 (1)<br>Answer = $6800 – $6000 = $800 (1)</td></tr>
</table></td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Common incorrect answers
<table>
<tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>800 (with or without working)</td><td>4</td><td>Does not need $</td></tr>
<tr><td>TR=$15250<br>FC = $6000<br>VC = $8 + $10 + $5=$33<br><br>$15250 – $6000 – $33 = $9217</td><td>3</td><td>There is only one mistake. The candidate has used VC per box, not TVC. In all other ways this is correct, so 3 marks.</td></tr>
<tr><td>$9217 (no working)</td><td>0</td><td>A wrong answer, without working is always 0 marks.</td></tr>
<tr><td>$4000 – $3200 = $800 (small)<br>$6000 – $3000 = $3000 (medium)<br>$5250 – $2250 = $3000 (large)<br><br>$800 + $3000 + $3000 – $2000<br>=$4800</td><td>3</td><td>One mistake – only one share of FC has been subtracted. In all other ways this is correct, so 3 marks.</td></tr>
<tr><td>$4800 (no working)</td><td>0</td><td>A wrong answer, without working is always 0 marks.</td></tr>
<tr><td>TR=$15250<br>FC = $6000<br>VC = ($8 × 10) + $10 × $20) + ($15 × 35) = $805<br><br>$15250 – $6000 – $805 = $8445</td><td>3</td><td>There is only one mistake. The candidate has multiplied the VC per box by the price, not output. In all other ways this is correct, so 3 marks.</td></tr>
<tr><td>TR = 15250<br>Answer = $8445</td><td>1</td><td>Although we can guess how the candidate got to this number, we do not know for sure. Only mark what is there, so this is only 1 mark (for correct calculation of TR).</td></tr>
<tr><td>$8445</td><td>0</td><td>A wrong answer, without working is always 0 marks.</td></tr>
</table></td><td></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> problem FP may have when deciding how to allocate fixed costs to each box size.**

| Level | Knowledge and Application | Marks |
|---|---|---|
| 2 (APP) | Explanation of one problem of allocating fixed costs in context | 2 |
| 1 (K) | Identification of one problem of allocating fixed costs | 1 |
| 0 | No creditable content | 0 |

**Content:**

**Knowledge of problems of allocating fixed costs (FC):**
- Takes time to allocate the FCs
- Takes money to allocate the FCs
- Separation of FCs by the box sizes
- Consequence of separation of the FCs, such as:
  – makes a product appear unprofitable
  – leads to a pricing mistake.

**Application may include:**
- Three box sizes
- Same FC ($2000) for each box size
- Different prices ($10, $20, $35) for each box size
- Different variable cost ($8, $10, $15) for each box size
- Different sales for each box size (400, 300, 150).
- OFR from **Q1(b)(i)** – allow for wrong numbers if used incorrectly in **Q1(b)(i)**.

*Note: correct use of any one figure is enough for APP. However, there must be a K to be able to award APP.*

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| Exemplar | Mark | Rationale |
|---|---|---|
| Fixed costs are difficult to separate based on each box size (K). FP has allocated the same fixed costs each box size (APP). | 2 | Problem of separation clearly identified and context used. |

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Each box has different fixed costs so it is difficult to separate them (K). However, FP makes each pay a third (APP).</td><td>2</td><td>Problem clearly identified and context used.</td></tr>
<tr><td>FP makes each box pay the same allocation of fixed costs (APP), but each box size may have different overhead costs (K).</td><td>2</td><td>APP cannot be awarded before K, but you can (and should) go back to reward it once K has been found.</td></tr>
<tr><td>It makes the small box look unprofitable (K and APP).</td><td>2</td><td>The small box only looks unprofitable because of the allocated fixed costs, so that is a problem, in context.</td></tr>
</table>
</td><td></td></tr>
</table>

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

**Analyse how <u>two</u> stakeholders of FP might be affected by the decision to stop selling the small box size.**

<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th></th><th>Analysis (4 marks)</th><th>Marks</th><th></th></tr>
<tr><td>2b</td><td>Shows understanding of two stakeholders in context</td><td>4</td><td>APP + APP</td><td>Good analysis of the impact of the decision to stop selling the small box size on two stakeholders of FP</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>2a</td><td>Shows understanding of one stakeholder in context</td><td>3</td><td>APP</td><td>Good analysis of the impact of the decision to stop selling the small box size on one stakeholder of FP</td><td>3</td><td>DEV</td></tr>
<tr><td>1b</td><td>Shows knowledge of two stakeholders</td><td>2</td><td>K + K</td><td>Limited analysis of the impact of stopping selling a product on two stakeholders</td><td>2</td><td>AN + AN</td></tr>
<tr><td>1a</td><td>Shows knowledge of one stakeholder</td><td>1</td><td>K</td><td>Limited analysis of the impact of stopping selling a product on one stakeholder</td><td>1</td><td>AN</td></tr>
<tr><td>0</td><td colspan="6">No creditable content</td></tr>
</table>

*Note: – annotate the first stakeholder in the left margin and the second stakeholder in the right margin.*

**Indicative content**
**AO1 Knowledge and understanding**
Knowledge of stakeholders may include:
- Managers
- Owners/shareholders/members
- Employees
- Customers/consumers
- Suppliers
- Local community
- Government.

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

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

**AO2 Application**

- Managers – of one of the farms
- Owners – members of FP co-operative
- Employees – 26 workers, workers in distribution centre, labour intensive
- Customers/consumers – 400 boxes (weekly so may be 100 customers). May be individual (living on own) customers – highest sales, most in demand by customers.
- Suppliers – of farm equipment and consumables
- Competitors – who provide seasonal fruit and vegetables, such as other farms and supermarkets
- Local community – around FP's farms and/or distribution centre.
- Government – of country G which promotes eating fruit and vegetables

**AO3 Analysis**

- Customers – will they have to move to competitors or pay for a larger box – increased price – less disposable income – lower quality of life
- Owners/shareholders/members of FP co-operative – if customers move to competitors, then less sales revenue (fixed costs will need to be allocated across two box sizes not three) – lower profitability
- Government – less tax revenue (or lower need for subsidies)
- Competitors – customers may move from FP (assuming they sell a similar small box size) – decreased revenue – profit
- Employees – possibility of less work through loss of sales or possibility of increased work through gain of sales revenue of larger boxes – effect on income and living standards.
- Local community – as customers, but also may be affected by pollution (noise and air) from the transportation – fewer small boxes may mean less transportation – lower pollution.

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

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th></tr>
<tr><td>Customers</td><td>might live on their own,</td><td>so may find it difficult to afford a bigger box,</td><td>and leads to a lower standard of living.</td></tr>
<tr><td>Shareholders</td><td>who are the members of the co-operative</td><td>will make more/less profit*</td><td>which may decrease/increase their income.</td></tr>
</table>

**The small box only looks unprofitable because of the allocation of fixed costs. It makes a positive contribution, so if FP stops selling it, the owners get less profit. Allow answers which state that the owners will make more or less profit*

**ARA**

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

| Question | Answer | Marks |
|---|---|---|
| 1(d) | **Evaluate the most important factor affecting the supply of FP's boxes of fruit and vegetables to customers.** | **11** |

| Knowledge and Application (4 marks) | Marks | Annotation | Analysis and Evaluation (7 marks) | Marks | Annotation |
|---|---|---|---|---|---|
| | | | Justified evaluation based on arguments in context | 7 | EVAL + EVAL + EVAL |
| | | | Developed evaluation based on arguments in context | 6 | EVAL + EVAL |
| | | | An evaluative statement based on arguments in context | 5 | EVAL |
| Shows understanding of two factors affecting supply in context | 4 | APP + APP | Arguments based on two factor affecting supply in context | 4 | DEV + DEV |
| Shows understanding of one factor affecting supply in context | 3 | APP | Argument based on one factor affecting supply in context | 3 | DEV |
| Knowledge of two factors affecting supply | 2 | K + K | Limited analysis of two factors affecting supply | 2 | AN + AN |
| Shows knowledge of one factor affecting supply | 1 | K | Limited analysis of one factor affecting supply | 1 | AN |
| No creditable content | | | | 0 | |

*Note: this is a supply question – do not allow any factors which affect demand.*

| Question | Answer | Marks |
|---|---|---|
| 1(d) | **Knowledge may include:**<br>• Any factor affecting supply<br>– price (accept as affecting quantity sold)<br>– costs<br>– indirect tax<br>– subsidies (government grant)<br>– legislation<br>– capacity<br>– weather<br>– technology<br>– productivity<br>– factors of production<br>o land<br>o labour<br>o capital<br>o enterprise.<br><br>**Application may include:**<br>• Agriculture<br>• Annual government grant<br>• Minimum wage set to increase<br>• 26 workers across farms and distribution centre<br>• Food products<br>• Labour intensive production<br>• Use of Table 1.1<br>• Use of Table 1.2.<br><br>**Analysis may include:**<br>• Price:<br>– an increase in price may lead FP to an increase in (quantity) supplied – gain more revenue and increase the profitability of the boxes.<br>– A decrease in price may lead FP to a decrease in (quantity) supplied – gain less revenue and decrease the profitability of the boxes.<br>• Costs:<br>– increase may lead to lower quantity of boxes and/or increase in price – lower profit/profitability.<br>– decrease may lead to high quantity of boxes and/or decrease in price – higher profit/profitability.<br>• Indirect tax:<br>– increase may lead to lower quantity of boxes and/or increase in price – lower profit/profitability.<br>– decrease may lead to high quantity of boxes and/or decrease in price – higher profit/profitability.<br>• Subsidies/grant: a subsidy to the farm is likely to increase the quantity of boxes FP produces and/or decrease the price of FP's boxes – increased profit. | |

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

- Legislation: such as planning laws which could make it easier for FP to expand and increase production – increasing revue/profit.
- Capacity: an increase in FP's capacity is likely to lead to an increase in the quantity produced of FP's boxes – increased sales and profit.
- Weather: poor weather may adversely affect FP's ability to produce fruit and vegetables reducing the contents of boxes – decreased revenue/profit.
- Technology: more advanced production technology or advances in administration automation may reduce FP's costs – increasing profitability.
- Productivity: increased productivity may lead to an increase in supply – increasing FP's revenue.
- Labour availability: the more workers who are available the more FP can supply fruit and veg – increased profit.

**Evaluation may include:**

- A judgement over importance of factors affecting supply of FP's products
- Evaluation of the relative impact of different factors
- Elements that the evaluation/judgement might depend upon: level of competition, current pay of workers, elasticity, complements, substitutes etc.

**ARA**

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

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>Weather</td><td>Is likely to affect the amount of fruit and vegetables that FP can grow.</td><td>If the weather is good, FP will increase the number of products to sell</td><td>which increases the supply.</td><td rowspan="2">Overall, the most important factor is the weather (EVAL) because FP cannot plan for it in advance (EVAL). However, this depends how much the climate in country G is likely to change each year (EVAL).</td></tr>
<tr><td>Labour costs</td><td>because the minimum wage is set to increase by 10%.</td><td>This is likely to reduce the supply of products</td><td>Which means that FP will make less revenue.</td></tr>
</table>

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

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

**Define the term 'redundant' (line 16).**

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

**Content:**
An employee loses their job when a business no longer has the need for their job role.

**A correct definition will include the following points:**
- A form of dismissal e.g. they lose their job, 'let go' etc…
- When the job role is no longer needed

| Exemplar | Marks | Rationale |
|---|---|---|
| When an employee loses their job because their role is no longer needed | 2 | Both elements covered |
| Redundancy is when a job is not necessary and the worker is dismissed. | 2 | Both elements covered |
| When a contract is terminated due to not being able to afford the wages. | 1 | Only one element |
| When an employee is dismissed from a job. | 1 | One element |
| When something is no longer needed. | 1 | One element – must be an idea of losing a job or dismissal. |
| When an employee is made redundant. | 0 | A tautology. |

**ARA**

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

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

**Explain the term 'joint venture' (line 25).**

**Award one mark for each point of explanation:**

<table>
<tr><td>C</td><td>Example or some other way of showing good understanding, i.e. formal contract. To award C there must be understanding that this is not a merger (i.e. remain separate businesses).</td><td>1 mark</td></tr>
<tr><td>B</td><td>Shared risk/reward/facilities/staff/capital/knowledge/experience/ promotion etc…</td><td>1 mark</td></tr>
<tr><td>A</td><td>Two or more businesses/parties agreeing to work together</td><td>1 mark</td></tr>
</table>

*Note: A joint venture is not a merger.*
*Using the case as an example is repetition and not rewardable as the C mark*
***A and B must be awarded before C mark can be given.***

**Content:**
This is normally when two (or more) businesses agree to work together to share expertise/finance/rewards from a project. Example, two companies working together to create a new product. Will be formalised in a contractual agreement.

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A joint venture is when two business come together to do a certain project. They might share their resources. For example, if Nissan and Toyota worked together to make a new electric car.</td><td>3</td><td>Both elements included and an example.</td></tr>
<tr><td>When more than one party work together and they share the profits. This may require a contract to show who gets what.</td><td>3</td><td>Both elements and a way of showing good understanding</td></tr>
<tr><td>When two or more businesses come together, share the risk and reward. An example is the joint venture of SH to use their restaurant facilities.</td><td>2</td><td>Both elements BUT the example is copied form the data, so only two marks.</td></tr>
</table>

</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>
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>When two or more business work together for example if Nissan and Toyota work together to produce a new electric car.</td><td>1</td><td>One element – do not award C mark if A and B not awarded.</td></tr>
<tr><td>When more than one party works together on a project.</td><td>1</td><td>One element.</td></tr>
</table>
</td><td></td></tr>
</table>

| Question | Answer | Marks |
|---|---|---|
| 2(b)(i) | **Refer to Table 2.2 and any other information. Calculate the average margin of safety from April to September 2021.** | **2** |

| Rationale | Marks |
|---|---|
| Correct answer with or without correct working or units | 2 |
| Formula or correct calculation of current level of production | 1 |
| No creditable content | 0 |

**Content:**
Level of production – break-even level of production

(120 / 100) × 95 = 114 rooms (1)

114 rooms – 72 rooms = 42 (1) rooms (OFR)

Answer = 42 rooms is the average margin of safety (2)
accept 35% (must include % sign)

Alternative route:
BE level = 60% (1)
Current level = 95%
Margin of safety = 35% (2)

Common incorrect answers

| Answer | Mark | Rationale |
|---|---|---|
| 42 (no working) | 2 | 'Rooms' not needed. |
| 35 (no working) | 1 | If candidate has used this method, then they must include % for both marks. |
| 95% of 120 = 114<br>120 – 114 = 6 rooms | 1 | If there is a correct calculation of the current level of output, award 1 mark. |
| $\frac{114}{72}$ = 1.583 | 1 | Correct calculation of current level of output. |
| 1.583 (no working) | 0 | You must be able to see the calculation of the current level of output to reward a mark, if the answer is wrong. |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Current production – BE level</td><td>1</td><td>Correct margin of safety formula.</td></tr>
<tr><td>Current production = 115<br>115 – 72 = 41</td><td>1</td><td>The candidate miscalculated the current level of production, but the last stage is correct based on their own figure. So OFR and 1 mark.</td></tr>
</table>
</td><td></td></tr>
</table>

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

**Explain <u>two</u> possible limitations to SH of using break-even analysis.**

| Level | Knowledge and Application | Marks |
|---|---|---|
| 2b (APP + APP) | Explanation of two limitations of using break-even analysis in context | 4 |
| 2a (APP) | Explanation of one limitation of using break-even analysis in context | 3 |
| 1b (K + K) | Knowledge of two limitations of using break-even analysis | 2 |
| 1a (K) | Knowledge of one limitation of using break-even analysis | 1 |
| 0 | No creditable content | 0 |

*OFR may be based on calculation in Question **2(b)(i)**.*

*One contextual limitation that is awarded K and APP must always gain **3 marks***

***The answer must be a limitation of break-even, not a generic 'inaccurate' answer.***

**Content:**

- Unrealistic assumptions – assumes each room is sold at the same price, unlikely for a seaside hotel
- Assumes that the fixed costs are constant – such as the market costs when producing promotional materials for the hotel.
- Assumes constant average variable costs – however 42 workers employed at peak season suggests that this is not true
- Based on an average – may not be useful information about peak (busy/holiday) and off-peak times
- Does not include any income from the joint venture with the restaurant.
- Assumes all output will be sold

**ARA**

| Exemplar | Mark | Rationale |
|---|---|---|
| It assumes that variable costs remain constant (K), for example the cleaning may be different for each room (APP). It assumes the price is the same (K) for each room (APP). | 4 | BE does assume constant VC, and the context of cleaning and rooms. Second limitation is also correct and in context. |

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>BE assumes the price does not change (K), which is wrong for a hotel (APP).<br>BE is also based on an estimate (K)</td><td>3</td><td>Clear limitation and context.<br>Second limitation is not in context.</td></tr>
<tr><td>It is only based on an average (K) for peak season (APP).</td><td>3</td><td>Clear limitation and context.</td></tr>
<tr><td>Based on estimates (K)</td><td>1</td><td>Clear limitation but no context</td></tr>
<tr><td>May not be accurate, because it is based on a hotel.</td><td>0</td><td>Not a specific limitation of BE.</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>one</u> possible advantage and <u>one</u> possible disadvantage to SH of Tia’s autocratic leadership style.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th></th><th>Analysis (4 marks)</th><th>Marks</th><th></th></tr>
<tr><td>2b</td><td>Shows knowledge of one advantage <u>and</u> one disadvantage of autocratic leadership in context</td><td>4</td><td>APP + APP</td><td>Good analysis of one advantage <u>and</u> one disadvantage of autocratic leadership in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>2a</td><td>Shows knowledge of one advantage <u>or</u> disadvantage of autocratic leadership in context</td><td>3</td><td>APP</td><td>Good analysis of one advantage <u>or</u> one disadvantage of autocratic leadership in context</td><td>3</td><td>DEV</td></tr>
<tr><td>1b</td><td>Shows knowledge of one advantage <u>and</u> one disadvantage of autocratic leadership</td><td>2</td><td>K + K</td><td>Limited analysis of one advantage <u>and</u> one disadvantage of autocratic leadership</td><td>2</td><td>AN + AN</td></tr>
<tr><td>1a</td><td>Shows knowledge of one advantage <u>or</u> disadvantage of autocratic leadership</td><td>1</td><td>K</td><td>Limited analysis of one advantage <u>or</u> one disadvantage of autocratic leadership</td><td>1</td><td>AN</td></tr>
<tr><td>0</td><td colspan="5">No creditable content</td><td></td></tr>
</table>
Annotate advantage on the left and disadvantage on the right
</td><td>8</td></tr>
</table>

| Question | Answer | Marks |
|---|---|---|
| 2(c) | **Indicative content**<br>**AO1 Knowledge and understanding**<br>Knowledge advantages of autocratic leadership style may include:<br>• Speed of decision-making<br>• Unambiguous objectives/commands<br>• Clear chain of command<br>• May increase productivity<br>• Less need to train/skill employees<br><br>Knowledge of disadvantages of autocratic leadership may include:<br>• Lack of creativity<br>• May cause demotivation<br>• May stifle communication<br>• Subordinates are unable to make any decisions<br><br>**AO2 Application**<br>• Tia is one of three managers at SH<br>• Tia has responsibility for cleaners:<br>– Areas must be cleaned to the required standards<br>– Health and safety issues (chemical cleaners, use of cleaning equipment, etc.)<br>– Coordination over 12 cleaners over 120 rooms<br>– Half of the cleaners are temporary employees only employed during the peak season<br>– Likely to be relatively low-skilled/pay<br>• Tia also has responsibility for the Marketing employees:<br>– Designing (creativity) of promotional materials<br>– 7 marketing employees<br>– Likely to be relatively high-skilled/pay<br>• Most employees are likely to be customer facing in a hotel<br>• Average of 95% capacity utilisation in peak season (busy hotel)<br>• Objective to increase value added to the service that SH provides.<br><br>**AO3 Analysis**<br>Advantages may include:<br>• Speed of decision-making: in peak season, Tia has a large span of control. Autocratic leadership may be a more efficient way of controlling and co-ordinating this number of employees – increased productivity and decreased costs.<br>• Unambiguous objectives/commands: can ensure a standard level of quality 'fit for purpose', essential with cleaning – may help SH to achieve their objective of increasing value added, increase repeat customers.<br>• Clear chain of command: enables the team to clean the 120 rooms efficiently – reduced costs, increased profitability.<br>• May increase productivity: clear commands may allow the Marketing employees to produce standardised promotional material which is more likely to fit the image of SH – increased sales profit.<br>• Less need to train/skill employees: new cleaners are recruited each year (in peak season) so an autocratic style is likely to be appropriate as they may only work for a few weeks/months and need to be trained and supervised quickly. | |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Disadvantages may include:<br>• Lack of creativity: marketing employees are likely to need to be creative, especially with the cross advertising with the hotel. This will have a direct impact on sales – increased revenue and profit for SH.<br>• May cause demotivation: especially for the marketing employees with reduced quality of marketing materials – poor sales/growth.<br>• May stifle communication: Tia may not find out about problems in the hotel reduced quality – lower sales/profit.<br>• Subordinates unable to make any decisions: 19 workers for Tia to manage – how can she be autocratic and directly supervise so many workers – might this lead to them only working hard when Tia is directly observing/supervising them – reduced productivity and increased costs.<br><br>Examples of how an answer could develop and how it should be annotated.<br><br>
<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th></tr>
<tr><td>An advantage could be that it is quick.</td><td>Which means that Tia can make fast decision about what cleaning needs to be done.</td><td>This is likely to lead to better quality rooms for customers.</td><td>Increasing the chance of repeat sales.</td></tr>
<tr><td>However, it may reduce creativity</td><td>in the marketing department.</td><td>This is likely to lead to poor quality promotions,</td><td>reducing SH’s sales revenue.</td></tr>
</table>
</td><td></td></tr>
</table>

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

**Recommend how SH can increase the value added to its service. Justify your recommendation.**

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Annotation</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th><th>Annotation</th></tr>
<tr><td></td><td></td><td></td><td>Justified recommendation based on arguments in context</td><td>7</td><td>EVAL + EVAL + EVAL</td></tr>
<tr><td></td><td></td><td></td><td>Developed recommendation based on arguments in context</td><td>6</td><td>EVAL + EVAL</td></tr>
<tr><td></td><td></td><td></td><td>An evaluative statement / recommendation based on arguments in context</td><td>5</td><td>EVAL</td></tr>
<tr><td>Shows understanding of two ways of adding value in context</td><td>4</td><td>APP + APP</td><td>Argument based on two ways of adding value in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>Shows understanding of one way of adding value in context</td><td>3</td><td>APP</td><td>Argument based on one way of adding value in context</td><td>3</td><td>DEV</td></tr>
<tr><td>Shows knowledge of two ways of adding value</td><td>2</td><td>K + K</td><td>Analysis of two ways of adding value</td><td>2</td><td>AN + AN</td></tr>
<tr><td>Shows knowledge of one way of adding value</td><td>1</td><td>K</td><td>Analysis of one way of adding value</td><td>1</td><td>AN</td></tr>
<tr><td colspan="4">No creditable content</td><td colspan="2">0</td></tr>
</table>

*Note: the two ways may come from the same piece of knowledge (i.e. new facilities).*

</td><td>11</td></tr>
</table>

| Question | Answer | Marks |
|---|---|---|
| 2(d) | **Indicative content**<br>**AO1 Knowledge**<br>Knowledge of ways of adding value, including:<br>• Branding<br>• Advertising<br>• USP<br>• Additional services<br>• Additional product benefits<br>• Reducing cost<br>• Increasing quality.<br><br>**Application may include:**<br>• Hotel – rooms<br>• Customer service - guests<br>• Cleaning<br>• Promotional materials (SH branding)<br>• Views of the sea<br>• Local tourism<br>• Does not currently have a restaurant<br>• Joint venture with local restaurant<br><br>**Analysis may include:**<br>• Branding: common in the hotel industry, a brand name can increase the price of a room – increasing profit margin.<br>• Advertising: to increase the number of customers who are aware of SH increasing sales of rooms – increased profit.<br>• USP: by adding something unique to SH's hotels it makes the service different from competitors allowing SH to charge a higher price – increased profitability.<br>• Additional services: can differentiate SH from competitors allowing SH to charge a higher room rate – however the additional services can increase costs and reduce profit.<br>• Reducing services: stopping the joint venture to allow higher revenue from a restaurant – higher profit.<br>• Additional product benefits: offering refreshments, for example, can give SH more opportunities for sales, increasing revenue – increased profit.<br>• Reducing costs – being more efficient or getting rid of unnecessary services may allow SH to reduce costs and increase profitability – however customers may demand a lower price to compensate for the reduction in perceived quality.<br>• Increasing quality: increasing the price customers are willing to pay – increased profit.<br><br>**Evaluation may include:**<br>• A judgement/evaluation over the suitability/usefulness of way(s) of adding value<br>• Evaluation of the relative benefits/costs of different ways<br>• Elements that the evaluation/judgement might depend upon: tourism, weather, current perception of SH, response from local competitors.<br><br>**ARA** | |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Example of how an answer could develop and how it should be annotated.
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>DEV</td><td>EVAL</td></tr>
<tr><td>Develop a USP</td><td>for high-quality rooms.</td><td>This means that SH can charge a higher price</td><td>And increases the profit made on each room</td><td rowspan="2">Overall, it would be better for SH to develop a USP (EVAL) because they will maintain their quality standards which is important in a hotel (EVAL). However, it depends on how SH’s competitors respond (EVAL).</td></tr>
<tr><td>Reduce costs</td><td>By making some of the cleaners redundant.</td><td>This could increase the profit of SH</td><td>However, it may mean lower quality rooms and less sales.</td></tr>
</table></td><td></td></tr>
</table>