



Cambridge International AS & A Level

BUSINESS

9609/33

Paper 3 Case Study

October/November 2023

MARK SCHEME

Maximum Mark: 100

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **23** printed pages.

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:

- 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)
- DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- 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 ...).
- 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.)
- DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- 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).
- 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	Analyse <u>two</u> constraints on HP of changes in its external environment.			8
	Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
	2			<p>3–4 marks Developed analysis</p> <ul style="list-style-type: none"> 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.
	1	<p>1–2 marks</p> <ul style="list-style-type: none"> Knowledge of two relevant points is used to answer the question. Knowledge of one relevant point is used to answer the question. 	<p>1–2 marks</p> <ul style="list-style-type: none"> Application of two relevant points to a business context. Application of one relevant point to a business context. 	<p>1–2 marks Limited analysis</p> <ul style="list-style-type: none"> 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.
	0	<p>0 marks No creditable response.</p>	<p>0 marks No creditable response.</p>	<p>0 marks No creditable response.</p>

Question	Answer	Marks
1	<p>Indicative content Responses may include:</p> <p>AO1 Knowledge and understanding</p> <ul style="list-style-type: none"> • Definition of external environment: those factors outside the control of a business. • Constraints: those external factors that might hold the business back or put limitations on its activities. • Meaning of external factors such as economic and political factors and competition. • Impact of external factors such as: <ul style="list-style-type: none"> – laws limiting business activity – cost (inflation) – limiting HP's growth – limiting demand for HP's products. <p>AO2 Application <i>Max one APP for application for the first constraint and max one APP for application for the second constraint.</i></p> <ul style="list-style-type: none"> • HP is facing more competition from multi-national companies who have entered the market in response to increased demand for pet products, this is likely to continue (link to labour turnover). • Many pet care products, especially organic pet food may be regarded as 'luxury' items, the same may be said of pet ownership to some extent (link to demand if real incomes decrease due to inflation). • Increasing inflation (link to costs of organic inputs for HP). • Central bank decision to increase interest rates in the near future (link to demand for pet food or plans to borrow for factory modernisation). • Plans to automate production (link to employment law). • Competition law and takeovers such as Organic Pet Foods. 	

Question	Answer	Marks
1	<p>AO3 Analysis</p> <p><i>Limited analysis</i> AN – candidate shows one link in the chain of analysis.</p> <p><i>Developed analysis</i> L2AN – candidate shows two or more links in the chain of analysis.</p> <ul style="list-style-type: none"> • The entry of multi-national companies into the market for pet-care products may well offer lower prices due to their economies of scale AN, leading to lower sales and profits for HP. • Inflation and higher interest rates will reduce HP's growth because consumer disposable incomes and confidence will decrease, AN leading to lower demand, L2AN especially for highly income elastic products such as organic pet food. • Higher interest rates may make expansion plans more expensive therefore delaying factory modernisation AN and resulting in lower growth for HP. L2AN • Increasing competition from multinational competitors will impact labour costs as labour turnover increases AN and this may force HP to increase wages to retain employees. L2AN <p>Accept all valid responses.</p>	

Question	Answer				Marks
2	Analyse <u>two</u> benefits to HP of its coordinated marketing strategy.				8
	Level AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks		
	2		3–4 marks Developed analysis <ul style="list-style-type: none"> 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. 		
	1 1–2 marks <ul style="list-style-type: none"> Knowledge of two relevant points is used to answer the question. Knowledge of one relevant point is used to answer the question. 	1–2 marks <ul style="list-style-type: none"> Application of two relevant points to a business context. Application of one relevant point to a business context. 	1–2 marks Limited analysis <ul style="list-style-type: none"> 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. 		
	0 0 marks No creditable response.	0 marks No creditable response.	0 marks No creditable response.		
Note: <ul style="list-style-type: none"> If more than two benefits are referred to, reward the best two. 					

Question	Answer	Marks
2	<p>Indicative content Responses may include:</p> <p>AO1 Knowledge and understanding Definition of relevant terms (max K1 mark)</p> <ul style="list-style-type: none"> • Meaning of coordinated marketing strategy – different elements of marketing strategy working in tandem to achieve marketing objectives. • Meaning of customer relationship marketing – using marketing activities to build and establish good customer relationships. <p>Benefits of a coordinated marketing strategy (max K2 marks):</p> <ul style="list-style-type: none"> • 4Ps aligned with each other to avoid an inconsistent message to customers. • Promotion tactics will be coordinated with the promotion budget. • Marketing mix will be coordinated with marketing budget. <p>AO2 Application <i>Max one APP for application for the first element and max one APP for application for the second element.</i></p> <ul style="list-style-type: none"> • The coordinated marketing strategy includes a wide range of pet related products, knowledgeable sales assistants the 'Happy Pet Club' and buy in store or online and click and collect. • Different products in mix, including 'premium' organic pet food. • The Happy Pet Club is a good way to keep record of customers and their pet care spending patterns. • Link coordinated marketing mix with HP's 'one stop shop for pet products' mission. • The benefits to customers such as advice, special offers and vouchers will keep pet owners returning to HP. • It will be easy to promote 'new' products or services to pet owners, as the target market is already identified. • The Happy Pet Club card can be used for in-store sales and 'click and collect'. 	

Question	Answer	Marks
2	<p>AO3 Analysis</p> <p><i>Limited analysis</i> AN – candidate shows one link in the chain of analysis.</p> <p><i>Developed analysis</i> L2AN – candidate shows two or more links in the chain of analysis.</p> <ul style="list-style-type: none"> Knowledgeable sales assistants will increase customer's confidence and trust in HP resulting in higher sales AN and therefore profit may increase. L2AN Happy Pet Club loyalty card records can be used to personalise marketing communications, for example sending cat owners special offers for cat food, which should lead to more customers using their vouchers and increased sales. AN Tracking loyalty card sales will be a useful way of spotting demand trends, such as increasing sales of organic products. This means that HP can react to these trends quickly, AN gaining 'first mover advantage' and increased sales. L2AN Coordinated marketing strategy will ensure that different elements of the marketing mix support each other which will lead to a more efficient use of resources such as budget AN resulting in more sales for each dollar spent. L2AN <p>Accept all valid responses.</p>	

Question	Answer	Marks									
3(a)	<p>Refer to Table 1.1 and lines 49 to 51. Calculate the forecast capacity utilisation in 2024.</p> <p>Table 1.1 HP's capacity and output data</p> <table border="1" data-bbox="339 314 1343 541"> <thead> <tr> <th></th><th>Actual 2023</th><th>Forecast 2024</th></tr> </thead> <tbody> <tr> <td>Maximum capacity (units)</td><td>15 million</td><td></td></tr> <tr> <td>Output (units)</td><td>14 million</td><td>16 million</td></tr> </tbody> </table> <p>Responses may include:</p> <p>(Forecast) capacity utilisation = (Forecast) output / maximum output × 100 (1 mark if no relevant calculation)</p> <p>The maximum capacity in 2024 is 15 million + 20% = 18 million (1)</p> <p>Forecast output is 16 million so 16million / 18 million × 100 (2)</p> <p>= 88.89% or 88.9% or 89% (3)</p> <p>Alternative answers:</p> <p>$14/15 \times 100 = 93.3\%$ (2)</p> <p>$16/15 \times 100 = 106.7\%$ (2)</p> <p>Note: % not needed for full marks.</p>		Actual 2023	Forecast 2024	Maximum capacity (units)	15 million		Output (units)	14 million	16 million	3
	Actual 2023	Forecast 2024									
Maximum capacity (units)	15 million										
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3(b)	<p>Refer to lines 57 to 58 and assume no other changes. Calculate the forecast percentage change in sales for 2025 if average incomes increase by 1.5%.</p> <p>The market research has allowed HP to estimate the income elasticity of demand for organic pet food as +2.</p> <p>If average incomes go up by 1.5%, then demand will increase by $1.5 \times 2 = 3\%$ (1)</p> <p>Note: % not needed for full marks.</p>	1									

Question	Answer					Marks																					
3(c) Evaluate whether the factory modernisation will be sufficient to improve efficiency.	<table border="1" data-bbox="332 274 1882 1402"> <thead> <tr> <th data-bbox="343 282 444 409">Level</th><th data-bbox="444 282 736 409">AO1 Knowledge and understanding 2 marks</th><th data-bbox="736 282 1062 409">AO2 Application 2 marks</th><th data-bbox="1062 282 1343 409">AO3 Analysis 2 marks</th><th data-bbox="1343 282 1870 409">AO4 Evaluation 6 marks</th></tr> </thead> <tbody> <tr> <td data-bbox="343 409 444 687">3</td><td data-bbox="444 409 736 687"></td><td data-bbox="736 409 1062 687"></td><td data-bbox="1062 409 1343 687"></td><td data-bbox="1343 409 1870 687"> 5–6 marks Developed evaluation in context <ul style="list-style-type: none"> 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 data-bbox="343 687 444 981">2</td><td data-bbox="444 687 736 981"> 2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question. </td><td data-bbox="736 687 1062 981"> 2 marks Developed application of relevant point(s) to the business context. </td><td data-bbox="1062 687 1343 981"> 2 marks Developed analysis that identifies connections between causes, impacts and/or consequences. </td><td data-bbox="1343 687 1870 981"> 3–4 marks Developed evaluation <ul style="list-style-type: none"> A developed judgement/conclusion is made. Developed evaluative comments which balance some key arguments. </td></tr> <tr> <td data-bbox="343 981 444 1259">1</td><td data-bbox="444 981 736 1259"> 1 mark Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question. </td><td data-bbox="736 981 1062 1259"> 1 mark Limited application of relevant point(s) to the business context. </td><td data-bbox="1062 981 1343 1259"> 1 mark Limited analysis that identifies connections between causes, impacts and/or consequences. </td><td data-bbox="1343 981 1870 1259"> 1–2 marks Limited evaluation <ul style="list-style-type: none"> A judgement/conclusion is made with limited supporting comment/evidence. An attempt is made to balance the arguments. </td></tr> <tr> <td data-bbox="343 1259 444 1402">0</td><td data-bbox="444 1259 736 1402"> 0 marks No creditable response. </td><td data-bbox="736 1259 1062 1402"> 0 marks No creditable response. </td><td data-bbox="1062 1259 1343 1402"> 0 marks No creditable response. </td><td data-bbox="1343 1259 1870 1402"> 0 marks No creditable response. </td></tr> </tbody> </table>	Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks	3				5–6 marks Developed evaluation in context <ul style="list-style-type: none"> A developed judgement/conclusion is made in the business context. Developed evaluative comments which balance some key arguments in the business context. 	2	2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.	2 marks Developed application of relevant point(s) to the business context.	2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.	3–4 marks Developed evaluation <ul style="list-style-type: none"> A developed judgement/conclusion is made. Developed evaluative comments which balance some key arguments. 	1	1 mark Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.	1 mark Limited application of relevant point(s) to the business context.	1 mark Limited analysis that identifies connections between causes, impacts and/or consequences.	1–2 marks Limited evaluation <ul style="list-style-type: none"> A judgement/conclusion is made with limited supporting comment/evidence. An attempt is made to balance the arguments. 	0	0 marks No creditable response.	12			
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Question	Answer	Marks
3(c)	<p>Indicative content Responses may include:</p> <p>AO1 Knowledge and understanding</p> <ul style="list-style-type: none"> Efficiency: maximum output from available inputs. Knowledge of automated production systems such as (CAM) use of computer software to control machine tools and equipment in manufacturing products. Impacts of automated machinery: <ul style="list-style-type: none"> less labour increased maximum output lower unit costs more consistent standards of output. <p>AO2 Application</p> <p><i>Limited application, APP applies knowledge to HP once.</i> <i>Developed application, APP +APP applies knowledge to HP twice.</i></p> <ul style="list-style-type: none"> Automation will lead to capital intensive manufacturing, a change from the current labour intensive batch production. The high (\$15m) initial cost will require finance. There will be less need for production workers in the factory, the trade union representative is threatening to resist job losses. The trend of rising demand suggests the need for greater capacity at the pet food factory. Modernisation will increase the forecast capacity in 2024 to 18 million units. The forecast for capacity utilisation in 2024 is high (89%). 	

Question	Answer	Marks
3(c)	<p>AO3 Analysis</p> <p><i>Limited analysis</i> AN – candidate shows one link in the chain of analysis.</p> <p><i>Developed analysis</i> L2AN – candidate shows two or more links in the chain of analysis.</p> <ul style="list-style-type: none"> Automation can lead to precise manufacturing which will reduce quality problems AN and therefore making more efficient use of inputs. L2AN Machinery can replace labour and therefore reduce the labour force whilst maintaining or increasing output. AN. Therefore, there is an increase in labour productivity. L2AN Automated machinery can enable more flexible production which allows a quicker changeover from one product to another AN thus reducing downtime and increasing productivity. L2AN The high forecast capacity utilisation in 2024 means there is little, if any spare capacity, so modernisation may enable an increase in output and sales AN and therefore an increase in market share. L2AN Favourable current economic conditions mean the market for this luxury pet food product is growing, AN potential for higher sales and market share if capacity is available. L2AN The change from batch production could result in lower levels of inventory and therefore increase efficiency. AN <p>However:</p> <ul style="list-style-type: none"> Introducing the new machinery may be resisted by trade unions resulting in disruption to production AN causing a decrease production and efficiency. L2AN Economic conditions may not continue to be favourable, which could lead to pet owners switching to lower priced products and sales not increasing so fast, AN this would lead to excess capacity in future. L2AN The change to capital intensive will lead to job losses and redundancy payments increasing costs in the short term AN and possibly resulting in negative publicity impacting sales. L2AN 	

Question	Answer	Marks
3(c)	<p>AO4 Evaluation</p> <p><i>Limited evaluation</i> EVAL – <i>limited supported judgement and/or a weak attempt at evaluative comment.</i></p> <p><i>Developed evaluation</i> L2 EVAL – <i>supported judgement and/or reasonable evaluative comment.</i></p> <p><i>Developed evaluation in context</i> L3 EVAL – <i>supported judgement in context and/or reasonable evaluative comment in context.</i></p> <ul style="list-style-type: none"> • Factors that increasing efficiency might depend on: <ul style="list-style-type: none"> – How accurate might sales forecasts turn out to be? <ul style="list-style-type: none"> ○ If sales don't increase then efficiency will decrease as there will be an increase in excess capacity. ○ Possible impact of external factors, such as changes in economic conditions. – Reliability of machinery. Hardware failure and breakdowns can be complex and time-consuming to fix. – Response of trade union to modernisation. – Need for employee training following modernisation. – Quality assurance is still needed. Errors in programs can produce faults that have to be identified and corrected. • Evaluation of alternative approaches to increasing efficiency/output, such as out sourcing. <p>Accept all valid responses.</p>	

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4(a)	<p>Refer to Table 1.2. Calculate the gearing ratio for 2023.</p> <p>Table 1.2 Financial data for HP, 2023</p> <table border="1" data-bbox="339 314 1230 716"> <thead> <tr> <th></th> <th>\$</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>95m</td> </tr> <tr> <td>Profit for the year</td> <td>12m</td> </tr> <tr> <td>Non-current liabilities</td> <td>100m</td> </tr> <tr> <td>Shareholders' equity (issued shares + reserves)</td> <td>110m</td> </tr> <tr> <td>Total dividend paid</td> <td>7m</td> </tr> <tr> <td>Dividend per share</td> <td>2.50</td> </tr> <tr> <td>Share price</td> <td>8.00</td> </tr> </tbody> </table> <p>Responses may include:</p> <table border="1" data-bbox="339 822 1484 1399"> <thead> <tr> <th data-bbox="339 822 833 881">Answer given</th><th data-bbox="833 822 1484 881">Notes</th><th data-bbox="1484 822 1484 881">Mark</th></tr> </thead> <tbody> <tr> <td data-bbox="339 881 833 955">47.62% OR 47.6% OR 48%</td><td data-bbox="833 881 1484 955">Correct answer % not required for full marks</td><td data-bbox="1484 881 1484 955">4</td></tr> <tr> <td data-bbox="339 955 833 1032">Gearing = 100m / 210m × 100</td><td data-bbox="833 955 1484 1032">Correct method and values for NCL & CE but no correct final answer</td><td data-bbox="1484 955 1484 1032">3</td></tr> <tr> <td data-bbox="339 1032 833 1160">Gearing = NCL / CE × 100 AND CE = \$110m</td><td data-bbox="833 1032 1484 1160">Correct equation AND correct calculation of CE</td><td data-bbox="1484 1032 1484 1160">2</td></tr> <tr> <td data-bbox="339 1160 833 1351">Gearing = NCL / CE × 100 OR CE = \$210m AND/OR CE = Shareholders' Equity + NCL</td><td data-bbox="833 1160 1484 1351">Correct formula for gearing OR Correct calculation of CE AND/OR Correct formula for CE</td><td data-bbox="1484 1160 1484 1351">1</td></tr> <tr> <td data-bbox="339 1351 833 1399">No Creditable Content</td><td data-bbox="833 1351 1484 1399"></td><td data-bbox="1484 1351 1484 1399">0</td></tr> </tbody> </table>		\$	Revenue	95m	Profit for the year	12m	Non-current liabilities	100m	Shareholders' equity (issued shares + reserves)	110m	Total dividend paid	7m	Dividend per share	2.50	Share price	8.00	Answer given	Notes	Mark	47.62% OR 47.6% OR 48%	Correct answer % not required for full marks	4	Gearing = 100m / 210m × 100	Correct method and values for NCL & CE but no correct final answer	3	Gearing = NCL / CE × 100 AND CE = \$110m	Correct equation AND correct calculation of CE	2	Gearing = NCL / CE × 100 OR CE = \$210m AND/OR CE = Shareholders' Equity + NCL	Correct formula for gearing OR Correct calculation of CE AND/OR Correct formula for CE	1	No Creditable Content		0	4
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4(b)	<p>Evaluate whether the financial data provided will enable HP to decide how to finance the factory modernisation.</p> <table border="1" data-bbox="332 282 1882 1394"> <thead> <tr> <th data-bbox="345 292 435 419">Level</th><th data-bbox="435 292 727 419">AO1 Knowledge and understanding 2 marks</th><th data-bbox="727 292 1064 419">AO2 Application 2 marks</th><th data-bbox="1064 292 1356 419">AO3 Analysis 2 marks</th><th data-bbox="1356 292 1873 419">AO4 Evaluation 6 marks</th></tr> </thead> <tbody> <tr> <td data-bbox="345 419 435 689">3</td><td data-bbox="435 419 727 689"></td><td data-bbox="727 419 1064 689"></td><td data-bbox="1064 419 1356 689"></td><td data-bbox="1356 419 1873 689"> <p>5–6 marks Developed evaluation in context</p> <ul style="list-style-type: none"> • 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 data-bbox="345 689 435 975">2</td><td data-bbox="435 689 727 975"> <p>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p> </td><td data-bbox="727 689 1064 975"> <p>2 marks Developed application of relevant point(s) to the business context.</p> </td><td data-bbox="1064 689 1356 975"> <p>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</p> </td><td data-bbox="1356 689 1873 975"> <p>3–4 marks Developed evaluation</p> <ul style="list-style-type: none"> • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments. </td></tr> <tr> <td data-bbox="345 975 435 1260">1</td><td data-bbox="435 975 727 1260"> <p>1 mark Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p> </td><td data-bbox="727 975 1064 1260"> <p>1 mark Limited application of relevant point(s) to the business context.</p> </td><td data-bbox="1064 975 1356 1260"> <p>1 mark Limited analysis that identifies connections between causes, impacts and/or consequences.</p> </td><td data-bbox="1356 975 1873 1260"> <p>1–2 marks Limited evaluation</p> <ul style="list-style-type: none"> • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments. </td></tr> <tr> <td data-bbox="345 1260 435 1394">0</td><td data-bbox="435 1260 727 1394"> <p>0 marks No creditable response.</p> </td><td data-bbox="727 1260 1064 1394"> <p>0 marks No creditable response.</p> </td><td data-bbox="1064 1260 1356 1394"> <p>0 marks No creditable response.</p> </td><td data-bbox="1356 1260 1873 1394"> <p>0 marks No creditable response.</p> </td></tr> </tbody> </table>	Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks	3				<p>5–6 marks Developed evaluation in context</p> <ul style="list-style-type: none"> • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context. 	2	<p>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p>	<p>2 marks Developed application of relevant point(s) to the business context.</p>	<p>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</p>	<p>3–4 marks Developed evaluation</p> <ul style="list-style-type: none"> • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments. 	1	<p>1 mark Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p>	<p>1 mark Limited application of relevant point(s) to the business context.</p>	<p>1 mark Limited analysis that identifies connections between causes, impacts and/or consequences.</p>	<p>1–2 marks Limited evaluation</p> <ul style="list-style-type: none"> • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments. 	0	<p>0 marks No creditable response.</p>	12			
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4(b)	<p>Indicative content Responses may include:</p> <p>AO1 Knowledge and understanding <i>Limited knowledge</i> K <i>will be demonstrated through knowledge of financial data or knowledge of sources of finance.</i> <i>Developed knowledge</i> K + K <i>will be demonstrated through knowledge of financial data and knowledge of sources of finance.</i></p> <ul style="list-style-type: none"> • Understanding of gearing ratio. • Understanding of new share issue as a source of finance. • Understanding of bank borrowing as a source of finance. • Meaning of dividend yield ratio. <p>AO2 Application <i>Limited application</i>, APP <i>applies knowledge to HP once.</i> <i>Developed application</i>, APP + APP <i>applies knowledge to HP twice.</i></p> <ul style="list-style-type: none"> • Investment needed is \$15m will increase forecast gearing from 47.62% to 51.11% which would be considered high. • NCL is \$100m. • Current dividend yield is 31.25%, a good return for investors. • The dividend cover ratio is 1.71, HP well able to afford dividends. • Interest rates are likely to be increasing, this will mean bank borrowing is more expensive. • Profit for the year is \$12m and dividend paid is \$7m so retained profit is \$5m. • Profit for the year margin is $12/95 \times 100 = 12.63\%$. • The modernisation will lead to higher output of organic pet food in the future and higher sales revenue and profit. 	

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5	<p>Evaluate the importance to the future success of HP of its HRM strategy.</p> <table border="1" data-bbox="332 282 1882 1427"> <thead> <tr> <th data-bbox="339 287 428 409">Level</th><th data-bbox="428 287 736 409">AO1 Knowledge and understanding 2 marks</th><th data-bbox="736 287 1044 409">AO2 Application 2 marks</th><th data-bbox="1044 287 1352 409">AO3 Analysis 2 marks</th><th data-bbox="1352 287 1875 409">AO4 Evaluation 6 marks</th></tr> </thead> <tbody> <tr> <td data-bbox="339 409 428 716">3</td><td data-bbox="428 409 736 716"></td><td data-bbox="736 409 1044 716"></td><td data-bbox="1044 409 1352 716"></td><td data-bbox="1352 409 1875 716"> <p>5–6 marks Developed evaluation in context</p> <ul style="list-style-type: none"> • 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 data-bbox="339 716 428 1022">2</td><td data-bbox="428 716 736 1022"> <p>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p> </td><td data-bbox="736 716 1044 1022"> <p>2 marks Developed application of relevant point(s) to the business context.</p> </td><td data-bbox="1044 716 1352 1022"> <p>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</p> </td><td data-bbox="1352 716 1875 1022"> <p>3–4 marks Developed evaluation</p> <ul style="list-style-type: none"> • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments. </td></tr> <tr> <td data-bbox="339 1022 428 1287">1</td><td data-bbox="428 1022 736 1287"> <p>1 mark Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p> </td><td data-bbox="736 1022 1044 1287"> <p>1 mark Limited application of relevant point(s) to the business context.</p> </td><td data-bbox="1044 1022 1352 1287"> <p>1 mark Limited analysis that identifies connections between causes, impacts and/or consequences.</p> </td><td data-bbox="1352 1022 1875 1287"> <p>1–2 marks Limited evaluation</p> <ul style="list-style-type: none"> • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments. </td></tr> <tr> <td data-bbox="339 1287 428 1427">0</td><td data-bbox="428 1287 736 1427"> <p>0 marks No creditable response.</p> </td><td data-bbox="736 1287 1044 1427"> <p>0 marks No creditable response.</p> </td><td data-bbox="1044 1287 1352 1427"> <p>0 marks No creditable response.</p> </td><td data-bbox="1352 1287 1875 1427"> <p>0 marks No creditable response.</p> </td></tr> </tbody> </table>	Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks	3				<p>5–6 marks Developed evaluation in context</p> <ul style="list-style-type: none"> • A developed judgement/conclusion is made in the business context. • Developed evaluative comments which balance some key arguments in the business context. 	2	<p>2 marks Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p>	<p>2 marks Developed application of relevant point(s) to the business context.</p>	<p>2 marks Developed analysis that identifies connections between causes, impacts and/or consequences.</p>	<p>3–4 marks Developed evaluation</p> <ul style="list-style-type: none"> • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments. 	1	<p>1 mark Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</p>	<p>1 mark Limited application of relevant point(s) to the business context.</p>	<p>1 mark Limited analysis that identifies connections between causes, impacts and/or consequences.</p>	<p>1–2 marks Limited evaluation</p> <ul style="list-style-type: none"> • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments. 	0	<p>0 marks No creditable response.</p>	12			
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5	<p>AO3 Analysis</p> <p><i>Limited analysis</i> AN – candidate shows one link in the chain of analysis.</p> <p><i>Developed analysis</i> L2AN – candidate shows two or more links in the chain of analysis.</p> <ul style="list-style-type: none"> Soft HRM approaches, such as training, delegation and accepting employee ideas, are likely to lead to greater employee loyalty resulting in lower labour turnover AN which will reduce costs of recruitment and training leading to higher profit. L2AN Well trained employees will be a USP for the business resulting in higher levels of customer satisfaction AN which may increase long term sales through repeat purchase. L2AN Target setting for each store linked with an MBO approach will make it easier to identify stores and individuals who are under and over performing, AN so that rewards can be given or changes made. L2AN Delegation of decision making to store managers will make HP more responsive to changing local needs AN thus increasing customer satisfaction and sales. L2AN Empowering employees will encourage innovation such as the coffee corner which increases revenue AN. Delegation of decisions to store managers could result in poor decision making if managers lack experience leading to a less consistent corporate/brand image in the stores. AN Employee training programmes may be expensive, especially off-the-job training reducing profit AN and there is a risk that employees could be poached by competitors, especially in view of new multi-nationals entering the market. This would lead to a waste of the money spent on training. L2AN <p>AO4 Evaluation</p> <p><i>Limited evaluation</i> EVAL – limited supported judgement and/or a weak attempt at evaluative comment.</p> <p><i>Developed evaluation</i> L2 EVAL – supported judgement and/or reasonable evaluative comment.</p> <p><i>Developed evaluation in context</i> L3 EVAL – supported judgement in context and/or reasonable evaluative comment in context.</p> <ul style="list-style-type: none"> Supported judgement as to whether HP's HRM strategy(s) is likely to lead to future success. Success of any strategy will depend on the extent to which HP employees meet the needs of customers. Success of any strategy will depend on effective leadership from Evana. As HP diversifies and grows, will this become more challenging? What might success mean in this context? Is it more than profit? Reference to 'one stop shop for pet products' mission. <p>Accept all valid responses.</p>	