



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.

Question	Answer	Marks																										
1(a)(i)	<p data-bbox="316 248 895 282">Define the term ‘labour intensive’ (line 8).</p> <table border="1" data-bbox="331 315 1299 573"> <thead> <tr> <th data-bbox="336 315 1166 376">Knowledge</th> <th data-bbox="1166 315 1294 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 376 1166 443">A correct definition</td> <td data-bbox="1166 376 1294 443">2</td> </tr> <tr> <td data-bbox="336 443 1166 510">A partial, vague or unfocused definition</td> <td data-bbox="1166 443 1294 510">1</td> </tr> <tr> <td data-bbox="336 510 1166 573">No creditable content</td> <td data-bbox="1166 510 1294 573">0</td> </tr> </tbody> </table> <p data-bbox="316 611 440 645">Content:</p> <p data-bbox="316 645 1278 712">Production based on a high level of employee input compared with capital equipment.</p> <p data-bbox="316 745 1050 779">A correct definition will include the following points:</p> <ul data-bbox="316 779 1257 853" style="list-style-type: none"> • use of a <u>high number</u> of employees/manual/workers • as opposed to a high level of capital (no/limited machinery involved) <table border="1" data-bbox="331 887 1299 1406"> <thead> <tr> <th data-bbox="336 887 863 947">Exemplar</th> <th data-bbox="863 887 999 947">Marks</th> <th data-bbox="999 887 1294 947">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 947 863 1048">Using a higher proportion of employees than capital.</td> <td data-bbox="863 947 999 1048">2</td> <td data-bbox="999 947 1294 1048">Both elements covered</td> </tr> <tr> <td data-bbox="336 1048 863 1149">When something is made by people instead of capital.</td> <td data-bbox="863 1048 999 1149">2</td> <td data-bbox="999 1048 1294 1149">Both elements covered</td> </tr> <tr> <td data-bbox="336 1149 863 1211">A hand made product.</td> <td data-bbox="863 1149 999 1211">1</td> <td data-bbox="999 1149 1294 1211">One element</td> </tr> <tr> <td data-bbox="336 1211 863 1346">Where more labour than capital is used.</td> <td data-bbox="863 1211 999 1346">1</td> <td data-bbox="999 1211 1294 1346">One element – ‘labour’ is a tautology.</td> </tr> <tr> <td data-bbox="336 1346 863 1406">The intensity of the labour used.</td> <td data-bbox="863 1346 999 1406">0</td> <td data-bbox="999 1346 1294 1406">A tautology.</td> </tr> </tbody> </table> <p data-bbox="316 1440 384 1473">ARA</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	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.	2
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1(a)(ii)	<p>Explain the term ‘co-operative’ (line 1).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="325 383 1305 992"> <tbody> <tr> <td data-bbox="325 383 403 584">C</td> <td data-bbox="403 383 1161 584">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 data-bbox="1161 383 1305 584">1 mark</td> </tr> <tr> <td data-bbox="325 584 403 860">B</td> <td data-bbox="403 584 1161 860"> Knowledge of the operation of a co-operative: <ul style="list-style-type: none"> • Responsibilities are shared • Owners may contribute to the running/operation/control of the business • Shared decision-making • All members have one vote • Profits are shared </td> <td data-bbox="1161 584 1305 860">1 mark</td> </tr> <tr> <td data-bbox="325 860 403 992">A</td> <td data-bbox="403 860 1161 992"> Knowledge of the ownership of a co-operative: <ul style="list-style-type: none"> • Owned / financed by workers / customers / members </td> <td data-bbox="1161 860 1305 992">1 mark</td> </tr> </tbody> </table> <p><i>Note: Using the case as an example is repetition and not rewardable as the C mark</i></p> <p>A and B must be awarded before C mark can be given.</p> <p>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.</p> <table border="1" data-bbox="336 1361 1294 1892"> <thead> <tr> <th data-bbox="336 1361 869 1429">Exemplar</th> <th data-bbox="869 1361 1002 1429">Mark</th> <th data-bbox="1002 1361 1294 1429">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 1429 869 1594">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 data-bbox="869 1429 1002 1594">3</td> <td data-bbox="1002 1429 1294 1594">A, B and C</td> </tr> <tr> <td data-bbox="336 1594 869 1796">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 data-bbox="869 1594 1002 1796">3</td> <td data-bbox="1002 1594 1294 1796">A, B and C</td> </tr> <tr> <td data-bbox="336 1796 869 1892">A co-operative has shared ownership by workers (A) and responsibilities (B)</td> <td data-bbox="869 1796 1002 1892">2</td> <td data-bbox="1002 1796 1294 1892">A and B</td> </tr> </tbody> </table>	C	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.	1 mark	B	Knowledge of the operation of a co-operative: <ul style="list-style-type: none"> • Responsibilities are shared • Owners may contribute to the running/operation/control of the business • Shared decision-making • All members have one vote • Profits are shared 	1 mark	A	Knowledge of the ownership of a co-operative: <ul style="list-style-type: none"> • Owned / financed by workers / customers / members 	1 mark	Exemplar	Mark	Rationale	Members (A) own a co-operative and share the running (B) of the business. Co-operatives can be slow when making decisions (C).	3	A, B and C	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).	3	A, B and C	A co-operative has shared ownership by workers (A) and responsibilities (B)	2	A and B	3
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Question	Answer			Marks
1(a)(ii)	Exemplar	Mark	Rationale	
	Members (A) who join together to benefit from bulk buying	1	A only – cannot award C without both A and B	
	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.	1	Three points but all from B, so only one mark.	
ARA				

Question	Answer	Marks																
1(b)(i)	<p data-bbox="316 248 1214 282">Refer to Table 1.2. Calculate the profit made by FP in April 2022.</p> <table border="1" data-bbox="331 315 1300 705"> <thead> <tr> <th data-bbox="338 324 1166 383">Rationale</th> <th data-bbox="1166 324 1294 383">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="338 383 1166 448">Correct answer with or without correct working or \$</td> <td data-bbox="1166 383 1294 448">4</td> </tr> <tr> <td data-bbox="338 448 1166 512">Three correct stages in calculation</td> <td data-bbox="1166 448 1294 512">3</td> </tr> <tr> <td data-bbox="338 512 1166 577">Two correct stages in calculation</td> <td data-bbox="1166 512 1294 577">2</td> </tr> <tr> <td data-bbox="338 577 1166 642">Formula (may be implied) or one correct stage in calculation</td> <td data-bbox="1166 577 1294 642">1</td> </tr> <tr> <td data-bbox="338 642 1166 705">No creditable content</td> <td data-bbox="1166 642 1294 705">0</td> </tr> </tbody> </table> <table border="1" data-bbox="359 739 1273 1624"> <tbody> <tr> <td data-bbox="359 739 815 1384"> <p data-bbox="371 757 504 790">Method 1</p> <p data-bbox="371 790 596 824">TR – TVC – TFC</p> <p data-bbox="371 860 624 893">$400 \times \\$10 = \\4000</p> <p data-bbox="371 896 624 929">$300 \times \\$20 = \\6000</p> <p data-bbox="371 931 624 965">$150 \times \\$35 = \\5250</p> <p data-bbox="371 967 600 1001">TR = \$15 250 (1)</p> <p data-bbox="371 1037 606 1070">$400 \times \\$8 = \\3200</p> <p data-bbox="371 1072 624 1106">$300 \times \\$10 = \\3000</p> <p data-bbox="371 1108 624 1142">$150 \times \\$15 = \\2250</p> <p data-bbox="371 1144 596 1178">TVC = \$8450 (1)</p> <p data-bbox="371 1214 715 1247">$\\$2000 + \\$2000 + \\$2000 =$</p> <p data-bbox="371 1249 504 1283">$\\$6000$ (1)</p> <p data-bbox="371 1285 453 1319">(TFC)</p> <p data-bbox="371 1355 735 1388">$\\$15\,250 - 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Formula (may be implied) or one correct stage in calculation	1																	
No creditable content	0																	
<p data-bbox="371 757 504 790">Method 1</p> <p data-bbox="371 790 596 824">TR – TVC – TFC</p> <p data-bbox="371 860 624 893">$400 \times \\$10 = \\4000</p> <p data-bbox="371 896 624 929">$300 \times \\$20 = \\6000</p> <p data-bbox="371 931 624 965">$150 \times \\$35 = \\5250</p> <p data-bbox="371 967 600 1001">TR = \$15 250 (1)</p> <p data-bbox="371 1037 606 1070">$400 \times \\$8 = \\3200</p> <p data-bbox="371 1072 624 1106">$300 \times \\$10 = \\3000</p> <p data-bbox="371 1108 624 1142">$150 \times \\$15 = \\2250</p> <p data-bbox="371 1144 596 1178">TVC = \$8450 (1)</p> <p data-bbox="371 1214 715 1247">$\\$2000 + \\$2000 + \\$2000 =$</p> <p data-bbox="371 1249 504 1283">$\\$6000$ (1)</p> <p data-bbox="371 1285 453 1319">(TFC)</p> <p data-bbox="371 1355 735 1388">$\\$15\,250 - \\$8450 - \\$6000 =$</p> <p data-bbox="371 1391 488 1424">$\\$800$ (1)</p> <p data-bbox="371 1460 624 1494">Answer = \$800 (4)</p>	<p data-bbox="828 757 960 790">Method 2</p> <p data-bbox="828 790 911 824">Small</p> <p data-bbox="828 826 1171 860">$(\\$10 \times 400) - (\\$8 \times 400) -$</p> <p data-bbox="828 862 911 896">$\\$2000$</p> <p data-bbox="828 898 1166 931">$= \\$4000 - \\$3200 - \\$2000$</p> <p data-bbox="828 934 991 967">$= -\\$1200$ (1)</p> <p data-bbox="828 969 943 1003">Medium</p> <p data-bbox="828 1005 1190 1039">$(\\$20 \times 300) - (\\$10 \times 300) -$</p> <p data-bbox="828 1041 911 1075">$\\$2000$</p> <p data-bbox="828 1077 1166 1111">$= \\$6000 - \\$3000 - \\$2000$</p> <p data-bbox="828 1113 983 1146">$= \\$1000$ (1)</p> <p data-bbox="828 1149 911 1182">Large</p> <p data-bbox="828 1184 1190 1218">$(\\$35 \times 150) - (\\$15 \times 150) -$</p> <p data-bbox="828 1220 911 1254">$\\$2000$</p> <p data-bbox="828 1256 1166 1290">$= \\$5250 - \\$2250 - \\$2000$</p> <p data-bbox="828 1292 983 1326">$= \\$1000$ (1)</p> <p data-bbox="828 1328 1182 1361">$-\\$1200 + \\$1000 + \\$1000 =$</p> <p data-bbox="828 1364 943 1397">$\\$800$ (1)</p>																	
	<p data-bbox="828 1402 960 1435">Method 3</p> <p data-bbox="828 1438 1182 1471">Small: $\\$2 \times 400 = \\800 (1)</p> <p data-bbox="828 1473 1251 1507">Medium: $\\$10 \times 300 = \\3000 (1)</p> <p data-bbox="828 1509 1211 1543">Large $\\$20 \times 150 = \\3000 (1)</p> <p data-bbox="828 1545 1182 1579">Answer = $\\$6800 - \\$6000 =$</p> <p data-bbox="828 1581 943 1615">$\\$800$ (1)</p>																	

Question	Answer			Marks
1(b)(i)	Common incorrect answers			
		Mark	Rationale	
	800 (with or without working)	4	Does not need \$	
	TR=\$15250 FC = \$6000 VC = \$8 + \$10 + \$5=\$33 \$15250 – \$6000 – \$33 = \$9217	3	There is only one mistake. The candidate has used VC per box, not TVC. In all other ways this is correct, so 3 marks.	
	\$9217 (no working)	0	A wrong answer, without working is always 0 marks.	
	\$4000 – \$3200 = \$800 (small) \$6000 – \$3000 = \$3000 (medium) \$5250 – \$2250 = \$3000 (large) \$800 + \$3000 + \$3000 – \$2000 =\$4800	3	One mistake – only one share of FC has been subtracted. In all other ways this is correct, so 3 marks.	
	\$4800 (no working)	0	A wrong answer, without working is always 0 marks.	
	TR=\$15250 FC = \$6000 VC = (\$8 × 10) + \$10 × \$20 + (\$15 × 35) = \$805 \$15250 – \$6000 – \$805 = \$8445	3	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.	
	TR = 15250 Answer = \$8445	1	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).	
\$8445	0	A wrong answer, without working is always 0 marks.		

Question	Answer	Marks																		
1(b)(ii)	<p>Explain <u>one</u> problem FP may have when deciding how to allocate fixed costs to each box size.</p> <table border="1" data-bbox="336 349 1297 678"> <thead> <tr> <th>Level</th> <th>Knowledge and Application</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>2 (APP)</td> <td>Explanation of one problem of allocating fixed costs in context</td> <td>2</td> </tr> <tr> <td>1 (K)</td> <td>Identification of one problem of allocating fixed costs</td> <td>1</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Content:</p> <p>Knowledge of problems of allocating fixed costs (FC):</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> – makes a product appear unprofitable – leads to a pricing mistake. <p>Application may include:</p> <ul style="list-style-type: none"> • 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). <p><i>Note: correct use of any one figure is enough for APP. However, there must be a K to be able to award APP.</i></p> <p>ARA</p> <table border="1" data-bbox="331 1541 1302 1803"> <thead> <tr> <th>Exemplar</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Fixed costs are difficult to separate based on each box size (K). FP has allocated the same fixed costs each box size (APP).</td> <td>2</td> <td>Problem of separation clearly identified and context used.</td> </tr> </tbody> </table>	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	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.	2
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Question	Answer			Marks
1(b)(ii)	Exemplar	Mark	Rationale	
	Each box has different fixed costs so it is difficult to separate them (K). However, FP makes each pay a third (APP).	2	Problem clearly identified and context used.	
	FP makes each box pay the same allocation of fixed costs (APP), but each box size may have different overhead costs (K).	2	APP cannot be awarded before K, but you can (and should) go back to reward it once K has been found.	
It makes the small box look unprofitable (K and APP).	2	The small box only looks unprofitable because of the allocated fixed costs, so that is a problem, in context.		

Question	Answer						Marks
1(c)	Analyse how <u>two</u> stakeholders of FP might be affected by the decision to stop selling the small box size.						8
	Level	Knowledge and Application (4 marks)	Marks		Analysis (4 marks)	Marks	
	2b	Shows understanding of two stakeholders in context	4	APP + APP	Good analysis of the impact of the decision to stop selling the small box size on two stakeholders of FP	4	DEV + DEV
	2a	Shows understanding of one stakeholder in context	3	APP	Good analysis of the impact of the decision to stop selling the small box size on one stakeholder of FP	3	DEV
	1b	Shows knowledge of two stakeholders	2	K + K	Limited analysis of the impact of stopping selling a product on two stakeholders	2	AN + AN
	1a	Shows knowledge of one stakeholder	1	K	Limited analysis of the impact of stopping selling a product on one stakeholder	1	AN
	0	No creditable content					
<p><i>Note: – annotate the first stakeholder in the left margin and the second stakeholder in the right margin.</i></p>							
<p>Indicative content AO1 Knowledge and understanding Knowledge of stakeholders may include:</p> <ul style="list-style-type: none"> • Managers • Owners/shareholders/members • Employees • Customers/consumers • Suppliers • Local community • Government. 							

Question	Answer	Marks												
1(c)	<p>AO2 Application</p> <ul style="list-style-type: none"> 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 <p>AO3 Analysis</p> <ul style="list-style-type: none"> 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. <p>Examples of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="320 1317 1310 1648"> <thead> <tr> <th>K</th> <th>APP</th> <th>AN</th> <th>DEV</th> </tr> </thead> <tbody> <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> </tbody> </table> <p><i>*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</i></p> <p>ARA</p>	K	APP	AN	DEV	Customers	might live on their own,	so may find it difficult to afford a bigger box,	and leads to a lower standard of living.	Shareholders	who are the members of the co-operative	will make more/less profit*	which may decrease/increase their income.	
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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	
<i>Note: this is a supply question – do not allow any factors which affect demand.</i>							

Question	Answer	Marks
1(d)	<p>Knowledge may include:</p> <ul style="list-style-type: none"> • Any factor affecting supply <ul style="list-style-type: none"> – price (accept as affecting quantity sold) – costs – indirect tax – subsidies (government grant) – legislation – capacity – weather – technology – productivity – factors of production <ul style="list-style-type: none"> ○ land ○ labour ○ capital ○ enterprise. <p>Application may include:</p> <ul style="list-style-type: none"> • Agriculture • Annual government grant • Minimum wage set to increase • 26 workers across farms and distribution centre • Food products • Labour intensive production • Use of Table 1.1 • Use of Table 1.2. <p>Analysis may include:</p> <ul style="list-style-type: none"> • Price: <ul style="list-style-type: none"> – an increase in price may lead FP to an increase in (quantity) supplied – gain more revenue and increase the profitability of the boxes. – A decrease in price may lead FP to a decrease in (quantity) supplied – gain less revenue and decrease the profitability of the boxes. • Costs: <ul style="list-style-type: none"> – increase may lead to lower quantity of boxes and/or increase in price – lower profit/profitability. – decrease may lead to high quantity of boxes and/or decrease in price – higher profit/profitability. • Indirect tax: <ul style="list-style-type: none"> – increase may lead to lower quantity of boxes and/or increase in price – lower profit/profitability. – decrease may lead to high quantity of boxes and/or decrease in price – higher profit/profitability. • 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. 	

Question	Answer				Marks														
1(d)	<ul style="list-style-type: none"> • Legislation: such as planning laws which could make it easier for FP to expand and increase production – increasing revenue/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. <p>Evaluation may include:</p> <ul style="list-style-type: none"> • 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. <p>ARA</p> <p>Examples of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="336 1171 1294 1843"> <thead> <tr> <th data-bbox="336 1171 520 1234">K</th> <th data-bbox="525 1171 703 1234">APP</th> <th data-bbox="708 1171 887 1234">AN</th> <th data-bbox="892 1171 1070 1234">DEV</th> <th data-bbox="1075 1171 1294 1234">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 1240 520 1536">Weather</td> <td data-bbox="525 1240 703 1536">Is likely to affect the amount of fruit and vegetables that FP can grow.</td> <td data-bbox="708 1240 887 1536">If the weather is good, FP will increase the number of products to sell</td> <td data-bbox="892 1240 1070 1536">which increases the supply.</td> <td data-bbox="1075 1240 1294 1536" 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 data-bbox="336 1543 520 1843">Labour costs</td> <td data-bbox="525 1543 703 1843">because the minimum wage is set to increase by 10%.</td> <td data-bbox="708 1543 887 1843">This is likely to reduce the supply of products</td> <td data-bbox="892 1543 1070 1843">Which means that FP will make less revenue.</td> </tr> </tbody> </table>				K	APP	AN	DEV	EVAL	Weather	Is likely to affect the amount of fruit and vegetables that FP can grow.	If the weather is good, FP will increase the number of products to sell	which increases the supply.	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).	Labour costs	because the minimum wage is set to increase by 10%.	This is likely to reduce the supply of products	Which means that FP will make less revenue.	
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2(a)(i)	<p data-bbox="316 248 831 282">Define the term ‘redundant’ (line 16).</p> <table border="1" data-bbox="331 315 1299 573"> <thead> <tr> <th data-bbox="336 315 1166 376">Knowledge</th> <th data-bbox="1166 315 1294 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 376 1166 443">A correct definition</td> <td data-bbox="1166 376 1294 443">2</td> </tr> <tr> <td data-bbox="336 443 1166 510">A partial, vague or unfocused definition</td> <td data-bbox="1166 443 1294 510">1</td> </tr> <tr> <td data-bbox="336 510 1166 573">No creditable content</td> <td data-bbox="1166 510 1294 573">0</td> </tr> </tbody> </table> <p data-bbox="316 611 440 645">Content:</p> <p data-bbox="316 645 1262 712">An employee loses their job when a business no longer has the need for their job role.</p> <p data-bbox="316 745 1050 779">A correct definition will include the following points:</p> <ul data-bbox="316 779 1098 853" style="list-style-type: none"> <li data-bbox="316 779 1098 813">• A form of dismissal e.g. they lose their job, ‘let go’ etc... <li data-bbox="316 813 1098 853">• When the <u>job role</u> is no longer needed <table border="1" data-bbox="336 887 1294 1675"> <thead> <tr> <th data-bbox="336 887 794 947">Exemplar</th> <th data-bbox="794 887 954 947">Marks</th> <th data-bbox="954 887 1294 947">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 947 794 1081">When an employee loses their job because their role is no longer needed</td> <td data-bbox="794 947 954 1081">2</td> <td data-bbox="954 947 1294 1081">Both elements covered</td> </tr> <tr> <td data-bbox="336 1081 794 1216">Redundancy is when a job is not necessary and the worker is dismissed.</td> <td data-bbox="794 1081 954 1216">2</td> <td data-bbox="954 1081 1294 1216">Both elements covered</td> </tr> <tr> <td data-bbox="336 1216 794 1350">When a contract is terminated due to not being able to afford the wages.</td> <td data-bbox="794 1216 954 1350">1</td> <td data-bbox="954 1216 1294 1350">Only one element</td> </tr> <tr> <td data-bbox="336 1350 794 1440">When an employee is dismissed from a job.</td> <td data-bbox="794 1350 954 1440">1</td> <td data-bbox="954 1350 1294 1440">One element</td> </tr> <tr> <td data-bbox="336 1440 794 1574">When something is no longer needed.</td> <td data-bbox="794 1440 954 1574">1</td> <td data-bbox="954 1440 1294 1574">One element – must be an idea of losing a job or dismissal.</td> </tr> <tr> <td data-bbox="336 1574 794 1675">When an employee is made redundant.</td> <td data-bbox="794 1574 954 1675">0</td> <td data-bbox="954 1574 1294 1675">A tautology.</td> </tr> </tbody> </table> <p data-bbox="316 1709 384 1742">ARA</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	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.	2
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2(a)(ii)	<p>Explain the term ‘joint venture’ (line 25).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="320 383 1310 779"> <tbody> <tr> <td data-bbox="320 383 395 546">C</td> <td data-bbox="395 383 1158 546">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 data-bbox="1158 383 1310 546">1 mark</td> </tr> <tr> <td data-bbox="320 546 395 680">B</td> <td data-bbox="395 546 1158 680">Shared risk/reward/facilities/staff/capital/knowledge/experience/promotion etc...</td> <td data-bbox="1158 546 1310 680">1 mark</td> </tr> <tr> <td data-bbox="320 680 395 779">A</td> <td data-bbox="395 680 1158 779">Two or more businesses/parties agreeing to work together</td> <td data-bbox="1158 680 1310 779">1 mark</td> </tr> </tbody> </table> <p><i>Note: A joint venture is not a merger. Using the case as an example is repetition and not rewardable as the C mark</i></p> <p>A and B must be awarded before C mark can be given.</p> <p>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.</p> <table border="1" data-bbox="331 1182 1299 1812"> <thead> <tr> <th data-bbox="331 1182 863 1247">Exemplar</th> <th data-bbox="863 1182 997 1247">Mark</th> <th data-bbox="997 1182 1299 1247">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1247 863 1449">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 data-bbox="863 1247 997 1449">3</td> <td data-bbox="997 1247 1299 1449">Both elements included and an example.</td> </tr> <tr> <td data-bbox="331 1449 863 1615">When more than one party work together and they share the profits. This may require a contract to show who gets what.</td> <td data-bbox="863 1449 997 1615">3</td> <td data-bbox="997 1449 1299 1615">Both elements and a way of showing good understanding</td> </tr> <tr> <td data-bbox="331 1615 863 1812">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 data-bbox="863 1615 997 1812">2</td> <td data-bbox="997 1615 1299 1812">Both elements BUT the example is copied form the data, so only two marks.</td> </tr> </tbody> </table>	C	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).	1 mark	B	Shared risk/reward/facilities/staff/capital/knowledge/experience/promotion etc...	1 mark	A	Two or more businesses/parties agreeing to work together	1 mark	Exemplar	Mark	Rationale	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.	3	Both elements included and an example.	When more than one party work together and they share the profits. This may require a contract to show who gets what.	3	Both elements and a way of showing good understanding	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.	2	Both elements BUT the example is copied form the data, so only two marks.	3
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2(a)(ii)	Exemplar	Mark	Rationale	
	When two or more business work together for example if Nissan and Toyota work together to produce a new electric car.	1	One element – do not award C mark if A and B not awarded.	
	When more than one party works together on a project.	1	One element.	

Question	Answer	Marks																										
2(b)(i)	<p>Refer to Table 2.2 and any other information. Calculate the average margin of safety from April to September 2021.</p> <table border="1" data-bbox="331 349 1299 609"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or units</td> <td>2</td> </tr> <tr> <td>Formula or correct calculation of current level of production</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Content: Level of production – break-even level of production</p> <p>$(120 / 100) \times 95 = 114$ rooms (1)</p> <p>114 rooms – 72 rooms = 42 (1) rooms (OFR)</p> <p>Answer = 42 rooms is the average margin of safety (2) accept 35% (must include % sign)</p> <div data-bbox="319 981 719 1144" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Alternative route: BE level = 60% (1) Current level = 95% Margin of safety = 35% (2)</p> </div> <p>Common incorrect answers</p> <table border="1" data-bbox="331 1245 1299 1904"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>42 (no working)</td> <td>2</td> <td>'Rooms' not needed.</td> </tr> <tr> <td>35 (no working)</td> <td>1</td> <td>If candidate has used this method, then they must include % for both marks.</td> </tr> <tr> <td>95% of 120 = 114 120 – 114 = 6 rooms</td> <td>1</td> <td>If there is a correct calculation of the current level of output, award 1 mark.</td> </tr> <tr> <td>$\frac{114}{72} = 1.583$</td> <td>1</td> <td>Correct calculation of current level of output.</td> </tr> <tr> <td>1.583 (no working)</td> <td>0</td> <td>You must be able to see the calculation of the current level of output to reward a mark, if the answer is wrong.</td> </tr> </tbody> </table>	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	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 = 114 120 – 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.	2
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Question	Answer			Marks
2(b)(i)	Answer	Mark	Rationale	
	Current production – BE level	1	Correct margin of safety formula.	
	Current production = 115 $115 - 72 = 41$	1	The candidate miscalculated the current level of production, but the last stage is correct based on their own figure. So OFR and 1 mark.	

Question	Answer	Marks																								
2(b)(ii)	<p data-bbox="316 241 1273 280">Explain <u>two</u> possible limitations to SH of using break-even analysis.</p> <table border="1" data-bbox="328 313 1300 840"> <thead> <tr> <th data-bbox="328 313 539 378">Level</th> <th data-bbox="539 313 1147 378">Knowledge and Application</th> <th data-bbox="1147 313 1300 378">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 378 539 477">2b (APP + APP)</td> <td data-bbox="539 378 1147 477">Explanation of two limitations of using break-even analysis in context</td> <td data-bbox="1147 378 1300 477">4</td> </tr> <tr> <td data-bbox="328 477 539 575">2a (APP)</td> <td data-bbox="539 477 1147 575">Explanation of one limitation of using break-even analysis in context</td> <td data-bbox="1147 477 1300 575">3</td> </tr> <tr> <td data-bbox="328 575 539 674">1b (K + K)</td> <td data-bbox="539 575 1147 674">Knowledge of two limitations of using break-even analysis</td> <td data-bbox="1147 575 1300 674">2</td> </tr> <tr> <td data-bbox="328 674 539 772">1a (K)</td> <td data-bbox="539 674 1147 772">Knowledge of one limitation of using break-even analysis</td> <td data-bbox="1147 674 1300 772">1</td> </tr> <tr> <td data-bbox="328 772 539 840">0</td> <td data-bbox="539 772 1147 840">No creditable content</td> <td data-bbox="1147 772 1300 840">0</td> </tr> </tbody> </table> <p data-bbox="316 873 1018 907"><i>OFR may be based on calculation in Question 2(b)(i).</i></p> <p data-bbox="316 940 1262 1003">One contextual limitation that is awarded K and APP must always gain 3 marks</p> <p data-bbox="316 1041 1166 1104">The answer must be a limitation of break-even, not a generic ‘inaccurate’ answer.</p> <p data-bbox="316 1142 438 1171">Content:</p> <ul data-bbox="316 1176 1300 1523" style="list-style-type: none"> • 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 <p data-bbox="316 1556 383 1585">ARA</p> <table border="1" data-bbox="328 1624 1300 1921"> <thead> <tr> <th data-bbox="328 1624 823 1688">Exemplar</th> <th data-bbox="823 1624 959 1688">Mark</th> <th data-bbox="959 1624 1300 1688">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 1688 823 1921">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).</td> <td data-bbox="823 1688 959 1921">4</td> <td data-bbox="959 1688 1300 1921">BE does assume constant VC, and the context of cleaning and rooms. Second limitation is also correct and in context.</td> </tr> </tbody> </table>	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	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.	4
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Question	Answer			Marks
2(b)(ii)	Exemplar	Mark	Rationale	
	BE assumes the price does not change (K), which is wrong for a hotel (APP). BE is also based on an estimate (K)	3	Clear limitation and context. Second limitation is not in context.	
	It is only based on an average (K) for peak season (APP).	3	Clear limitation and context.	
	Based on estimates (K)	1	Clear limitation but no context	
May not be accurate, because it is based on a hotel.	0	Not a specific limitation of BE.		

Question	Answer						Marks
2(c)	Analyse <u>one</u> possible advantage and <u>one</u> possible disadvantage to SH of Tia’s autocratic leadership style.						8
Level	Knowledge and Application (4 marks)	Marks		Analysis (4 marks)	Marks		
2b	Shows knowledge of one advantage <u>and</u> one disadvantage of autocratic leadership in context	4	APP + APP	Good analysis of one advantage <u>and</u> one disadvantage of autocratic leadership in context	4	DEV + DEV	
2a	Shows knowledge of one advantage <u>or</u> disadvantage of autocratic leadership in context	3	APP	Good analysis of one advantage <u>or</u> one disadvantage of autocratic leadership in context	3	DEV	
1b	Shows knowledge of one advantage <u>and</u> one disadvantage of autocratic leadership	2	K + K	Limited analysis of one advantage <u>and</u> one disadvantage of autocratic leadership	2	AN + AN	
1a	Shows knowledge of one advantage <u>or</u> disadvantage of autocratic leadership	1	K	Limited analysis of one advantage <u>or</u> one disadvantage of autocratic leadership	1	AN	
0	No creditable content						
<i>Annotate advantage on the left and disadvantage on the right</i>							

Question	Answer	Marks
2(c)	<p>Indicative content</p> <p>AO1 Knowledge and understanding</p> <p>Knowledge advantages of autocratic leadership style may include:</p> <ul style="list-style-type: none"> • Speed of decision-making • Unambiguous objectives/commands • Clear chain of command • May increase productivity • Less need to train/skill employees <p>Knowledge of disadvantages of autocratic leadership may include:</p> <ul style="list-style-type: none"> • Lack of creativity • May cause demotivation • May stifle communication • Subordinates are unable to make any decisions <p>AO2 Application</p> <ul style="list-style-type: none"> • Tia is one of three managers at SH • Tia has responsibility for cleaners: <ul style="list-style-type: none"> – Areas must be cleaned to the required standards – Health and safety issues (chemical cleaners, use of cleaning equipment, etc.) – Coordination over 12 cleaners over 120 rooms – Half of the cleaners are temporary employees only employed during the peak season – Likely to be relatively low-skilled/pay • Tia also has responsibility for the Marketing employees: <ul style="list-style-type: none"> – Designing (creativity) of promotional materials – 7 marketing employees – Likely to be relatively high-skilled/pay • Most employees are likely to be customer facing in a hotel • Average of 95% capacity utilisation in peak season (busy hotel) • Objective to increase value added to the service that SH provides. <p>AO3 Analysis</p> <p>Advantages may include:</p> <ul style="list-style-type: none"> • 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. • 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. • Clear chain of command: enables the team to clean the 120 rooms efficiently – reduced costs, increased profitability. • 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. • 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. 	

Question	Answer		Marks												
2(c)	<p>Disadvantages may include:</p> <ul style="list-style-type: none"> • 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. • May cause demotivation: especially for the marketing employees with reduced quality of marketing materials – poor sales/growth. • May stifle communication: Tia may not find out about problems in the hotel reduced quality – lower sales/profit. • 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. <p>Examples of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="328 759 1302 1256"> <thead> <tr> <th data-bbox="328 759 571 824">K</th> <th data-bbox="579 759 815 824">APP</th> <th data-bbox="823 759 1059 824">AN</th> <th data-bbox="1067 759 1302 824">DEV</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 835 571 1093">An advantage could be that it is quick.</td> <td data-bbox="579 835 815 1093">Which means that Tia can make fast decision about what cleaning needs to be done.</td> <td data-bbox="823 835 1059 1093">This is likely to lead to better quality rooms for customers.</td> <td data-bbox="1067 835 1302 1093">Increasing the chance of repeat sales.</td> </tr> <tr> <td data-bbox="328 1104 571 1256">However, it may reduce creativity</td> <td data-bbox="579 1104 815 1256">in the marketing department.</td> <td data-bbox="823 1104 1059 1256">This is likely to lead to poor quality promotions,</td> <td data-bbox="1067 1104 1302 1256">reducing SH's sales revenue.</td> </tr> </tbody> </table>		K	APP	AN	DEV	An advantage could be that it is quick.	Which means that Tia can make fast decision about what cleaning needs to be done.	This is likely to lead to better quality rooms for customers.	Increasing the chance of repeat sales.	However, it may reduce creativity	in the marketing department.	This is likely to lead to poor quality promotions,	reducing SH's sales revenue.	
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Question	Answer					Marks
2(d)	Recommend how SH can increase the value added to its service. Justify your recommendation.					11
	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
				Justified recommendation based on arguments in context	7	EVAL + EVAL + EVAL
				Developed recommendation based on arguments in context	6	EVAL + EVAL
				An evaluative statement / recommendation based on arguments in context	5	EVAL
	Shows understanding of two ways of adding value in context	4	APP + APP	Argument based on two ways of adding value in context	4	DEV + DEV
	Shows understanding of one way of adding value in context	3	APP	Argument based on one way of adding value in context	3	DEV
	Shows knowledge of two ways of adding value	2	K + K	Analysis of two ways of adding value	2	AN + AN
	Shows knowledge of one way of adding value	1	K	Analysis of one way of adding value	1	AN
	No creditable content				0	
	<i>Note: the two ways may come from the same piece of knowledge (i.e. new facilities).</i>					

Question	Answer	Marks
2(d)	<p>Indicative content</p> <p>AO1 Knowledge</p> <p>Knowledge of ways of adding value, including:</p> <ul style="list-style-type: none"> • Branding • Advertising • USP • Additional services • Additional product benefits • Reducing cost • Increasing quality. <p>Application may include:</p> <ul style="list-style-type: none"> • Hotel – rooms • Customer service - guests • Cleaning • Promotional materials (SH branding) • Views of the sea • Local tourism • Does not currently have a restaurant • Joint venture with local restaurant <p>Analysis may include:</p> <ul style="list-style-type: none"> • Branding: common in the hotel industry, a brand name can increase the price of a room – increasing profit margin. • Advertising: to increase the number of customers who are aware of SH increasing sales of rooms – increased profit. • 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. • 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. • Reducing services: stopping the joint venture to allow higher revenue from a restaurant – higher profit. • Additional product benefits: offering refreshments, for example, can give SH more opportunities for sales, increasing revenue – increased profit. • 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. • Increasing quality: increasing the price customers are willing to pay – increased profit. <p>Evaluation may include:</p> <ul style="list-style-type: none"> • A judgement/evaluation over the suitability/usefulness of way(s) of adding value • Evaluation of the relative benefits/costs of different ways • Elements that the evaluation/judgement might depend upon: tourism, weather, current perception of SH, response from local competitors. <p>ARA</p>	

Question	Answer					Marks
2(d)	Example of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	Develop a USP	for high-quality rooms.	This means that SH can charge a higher price	And increases the profit made on each room	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).	
	Reduce costs	By making some of the cleaners redundant.	This could increase the profit of SH	However, it may mean lower quality rooms and less sales.		