CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2025**

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 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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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 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.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a private limited company.** **Indicative content** Identification of a feature ✓ may include: • Owned by shareholders • Cannot sell shares on the open market / stock market • Sell shares for family/friends • Can raise extra capital by selling shares • Limited liability • Continuity of operations • Legal personality • Incorporation *If more than one answer is given, only mark the first, reading from top left to bottom right.* *Do not reward vague points that apply to any private sector organisation, including a private limited company, e.g. not owned by government.*	**1**

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

Explain the term *customer (market) orientation*

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of customer orientation K will include (max 1 mark):
- Knowledge of customer, including:
  - Purchaser/buyer (accept consumer/end-user/target audience)
  - Who they sell to
  - Demand-based (accept demand)

OR
- Knowledge of orientation, including:
  - Focused on customer/purchaser/buyer/consumer/end-user/market
  - Customer at the heart/centre
  - Satisfying their needs
  - Outward looking approach

AO2 Application
Explanation of customer orientation APP will include (1 mark):
- Knowledge of customer, including:
  - Purchaser/buyer (accept consumer/end-user/target audience)
  - Who they sell to
  - Demand-based (accept demand)

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
AND
• Knowledge of orientation, including:
– Focused on customer/purchaser/buyer/consumer/end-user/market
– Customer at the heart/centre
– Satisfying their needs
– Outward looking approach

Context applied to customer orientation APP, including (max 1 mark):
• Any example of customer orientation, including:
– Putting the customer at the centre of decision making
– An example of a customer orientated decision
– Methods of identifying customer wants/needs, e.g. customer feedback / specific requests on NS's blog / sales data
– Benefit of customer orientation, e.g. increased customer satisfaction, market leadership

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Buyers K are at the centre of operations APP. By responding to customer requests on its blog APP NS was able to decide what products to expand its range with.</td><td>3</td><td>An answer which starts with the knowledge and then applies it to customer demand and NS.</td></tr>
<tr><td>Basing product decisions K on purchaser demand APP. A business could decide which products to make APP, in response to market research.</td><td>3</td><td>Again, knowledge first, followed by application to a decision (production) and to the demand (market research data).</td></tr>
<tr><td>Focused K on the buyer APP.</td><td>2</td><td>Clear knowledge. Some application</td></tr>
<tr><td>Managers think about purchasers' needs K.</td><td>1</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>It is about choices that have to be made by a business, for example how to allocate resources. TV</td><td>0</td><td>No knowledge of customer orientation. Too vague.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate NS's capacity utilisation in 2024.** **Indicative content** Rate of capacity utilisation = $\frac{\text{Current output level}}{\text{Maximum output level}} \times 100$ (1 mark – formula only) NS capacity utilisation = $\frac{145\,000}{150\,000} \times 100$ (1 mark – use of correct figures in formula) Answer = **96.67(%)** or **96.7** or **97** (3 marks – correct answer no working or % needed) OFR applies **Exemplar and annotations**	**3**

Marks		
3 marks	Correct answer (including minus) **96.67(%) or 96.7 or 97**	**Working and % do not matter**. **Must be three** ✓ to denote the three marks.
2 marks	**Two** of the following: • Correct formula • Correct identification of figures **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** Correct workings, but the final answer is incorrectly rounded	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>1 mark</td><td>Correct formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

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

Explain <u>one</u> possible disadvantage to NS of high capacity utilisation.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Identification of a disadvantage of high capacity utilisation K (max. 1 mark), including:
- Pressure on employees to work at full/near capacity constantly (accept anxiety / stress / need to work overtime)
- Pressure to keep employees motivated
- No margin for production errors / scheduling mistakes
- Cannot accept increased/additional orders
- No time for maintenance of machinery / machines break down a lot
- Over-production (accept inventory going off before it can be sold)
- Low inventory of inputs/raw materials / run out of materials
- No space left for finished product
- Not sustainable in the long-term

AO2 Application
- Explanation of a disadvantage of high capacity utilisation APP (max 1 mark), including:
- Pressure on employees to work at full/near capacity constantly – increased employee absenteeism / demotivation / increased labour turnover – reduced productivity long-term

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

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

- No margin for production errors / scheduling mistakes – may lead to customer dissatisfaction due to lower quality
- Cannot take on increased/additional orders – may lead to customer dissatisfaction / customers may go to competitors who are able to accept increased/additional orders
- Machines break down a lot – no output

Context applied to NS APP (max 1 mark), including:

- Answer to **Q1(b)(i)** (OFR)
- Market leader for natural hair care
- Five years since John's investment
- Sold in major retailer
- Private limited company operated as a social enterprise
- Focuses on customer (market) orientation
- Aim to donate to local charities and improving gender equality in the workplace

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A disadvantage would be high pressure on employees K, due to lack of spare capacity APP because NS is working at 97% capacity APP.</td><td>3</td><td>High pressure is a reasonable factor, explained in the specific context of NS by using the data in Table 1.1.</td></tr>
<tr><td>There is insufficient time for maintenance K, as machines are always working APP which could cost NS the title of market leader APP.</td><td>3</td><td>Lack of maintenance time is K and there are two specific pieces of context based on this so two APP.</td></tr>
<tr><td>NS is market leader APP and capacity utilisation is already at 97% APP so NS may have to refuse other large orders K.</td><td>3</td><td>Although the APP appears first, it cannot be awarded until the K has been found. However, there is obvious K, so you can go back and award the APP.</td></tr>
</table>

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>There is no margin for errors in production [K] to its major retail customers [APP].</td><td>2</td><td>No margin for error is [K]. The context to major retail customers is reasonable [APP], but only one point of application.</td></tr>
<tr><td>Regular customers cannot increase their orders [K] if demand increases which could be a huge opportunity cost in terms of future sales. [NAQ]</td><td>1</td><td>Cannot increase orders is a factor. The rest of the answer is not applying it to the context, so [NAQ] (Not Answering Question).</td></tr>
<tr><td>Capacity utilisation is the proportion of maximum output capacity currently being achieved, currently 97%. It shows the total possible sustained output of a business in a given time period. It is a major factor in determining the operational efficiency of a business which in this case is very high [TV].</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a factor, so no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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

Analyse <u>two</u> selection methods that NS could use to choose a new Marketing Manager.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate Method 1 in the left hand side column, method 2 in the right hand side column

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

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Identification of a method of selection (max 2 K s), including: • Curriculum vitae (CV) • Résumé • Application forms • Interviews • References • Testing • Assessment centres • Role play • Presentations • Appraisal records *Note: A selection method is about the candidate, rather than the process the employer uses, e.g. shortlisting, screening or sifting.* **AO2 Application** *Max one APP for application in the first selection method and max one APP for application in the second selection method.* Application of the selection method to NS for the new Marketing Manager (max 2 APP s), including: • Market leader for natural hair care • Five years since John's investment • Sold in major retailer • Private limited company operated as a social enterprise • Focuses on customer (market) orientation • Aim to donate to local charities and improving gender equality in the workplace • Expanded its range slowly based on customer feedback, specific requests on its blog, and sales data. • NS products are now sold in major cosmetic retailers	

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

AO3 Analysis

Limited analysis AN *– candidate shows one link in the chain of analysis.*
Developed analysis DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.*

- Curriculum vitae shows the applicant has required skills; reduces training costs / increases productivity – increasing profitability
- Application forms show required experience; all information is on the form so managers can save time when selecting candidates – this time can be used to make other operational decisions
- Interviews show understanding of aims; candidate understands what the business is aiming to achieve to do – which helps the aims to be met
- References provide proof of experience; improves customer service leading to customer satisfaction – increased market share

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Curriculum vitae K.</td><td>Proves experience of working in a customer orientated industry APP</td><td>Enabled trust in candidates' abilities which can be used in promotion AN to approach more cosmetic retailers DEV.</td></tr>
<tr><td>Assessment centres K</td><td>Can check whether values align with the values of the social enterprise APP</td><td>To continue to improve gender equality and avoid costly AN marketing mistakes from a lack of knowledge and experience. Cost reduction will lead to increased profits DEV.</td></tr>
</table>

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

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

Evaluate the most likely reason for conflict to arise between the owners of NS

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>

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

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

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/ conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of likely reasons for conflict to arise (max 2 ✗s), may include:
- Aims / objectives / vision / mission
- Idea / suggestions
- Personal disagreements (brought into the workplace)
- Communication
- Speed of expansion
- Cultures
- Leadership styles / power
- Choice of employees
- Part-ownership / loss of control
- Change of business ownership, e.g. move from private limited to public limited company

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</table>

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Question	Answer	Marks
1(d)	• Finance • Personality (clash) / morale • Experience / job roles • Location **AO2 Application** *Limited application* APP *applies knowledge of NS aims and objectives and/or stakeholder groups once.* *Developed application* APP+APP *applies knowledge of NS aims and objectives and/or stakeholder groups twice.* • Market leader for natural hair care • Five years since John's investment • Sold in major retailer • Private limited company operated as a social enterprise • Focuses on customer (market) orientation • Aim to donate to local charities and improving gender equality in the workplace • Use of data from Table 1.1 • NS expanded its range slowly, based on customer feedback, sales data and specific requests on its blog • NS products are now sold in major cosmetic retailers • John's main aim is to increase long-term profits to maximise return on investment **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* • Aims/objectives; differing objectives may lead to fewer charitable donations – reduce marketing opportunities • Idea/suggestions; longer decision making due to disagreements – competitors launch a new product before NS • Communication; employees are given different instructions by different owners causing employee confusion and productivity reductions – leading to less profits • Speed of expansion; one owner wants quicker expansion which the other owner does not want, leading to inefficiency – reducing profits • Cultures; the culture of the two owners differ leading to inefficiency – increasing costs • Choice of employees; the orientation may be lost leading to poor decision making – less profit • Loss of control; the original owners' aims may not be considered in decision making – reducing customer satisfaction *Note: Accept answers about an impact on either the owners or NS.*	

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

AO4 Evaluation

Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL
Developed evaluation – supported judgement and/or reasonable evaluative comment E
Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE .

- Relative importance of aims and objectives – are other issues more important, e.g. potential personal income, the opportunity to take the brand to an international market
- The likely impact on the business's performance / achievement of aims and objectives
- The likely impact on different stakeholders
- A judgement on the most likely reason for conflict between the owners of NS

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>The most likely reason is the differing aims of the owners.</td><td>The most likely reason is the differing aims of the owners, increasing the time to make decisions.</td><td>The most likely reason is the differing aims of the owners, increasing the time to make decisions, leading to the loss of market leadership.</td></tr>
<tr><td>NS has grown very quickly which could cause the greatest conflict.</td><td>NS has grown very quickly which could cause the greatest conflict. This could lead to diseconomies of scale.</td><td>NS has grown very quickly which could cause the greatest conflict. This could lead to diseconomies of scale which could lead to reduced long-term profits disappointing John.</td></tr>
</table>

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

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> way in which business size can be measured.** **Indicative content** Identification of a method ✓ may include: • Capital employed • Market capitalisation • Market share • Revenue (allow sales, sales turnover or turnover, income) • Quantity sold • Value of output • Number of employees • Area/space • Number of outlets • Number of customers Do not allow profit – which is a measure of success or performance, but not size. *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	**1**

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

Explain the term *demographic segmentation*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of demographic segmentation K may include:
- The identification of groups of customers with similar or common needs or characteristics within a market
- Dividing the market according to factors that describe the population
- Specific customer groups / target markets

AO2 Application
Explanation of demographic segmentation APP (max 1 mark) including:
- Study of population data/trends
- Examples of demographic factors, e.g. age, gender, race, social class, income

Context applied to demographic segmentation APP, including (max 1 mark):
- A valid example of a business that uses demographic segmentation to plan how it markets its products, e.g. a luxury car manufacturer may use demographic segmentation to target its advertising at high-income individuals or PH targets its student rental accommodation at university students

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

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

- Used for marketing of different products or services to specific consumer groups
- Helps the business to adapt the marketing mix to the needs of the target customer group
- Different marketing decisions for different groups

Accept all valid responses

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

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Dividing the market into groups K according to age or gender APP , for example a clothes retailer has three departments with products for men, women and children APP .</td><td>3</td><td>The answer starts with application but shows knowledge by the reference to age/gender. There is an example of the use of demographic segmentation by a clothes retailer.</td></tr>
<tr><td>Identifying groups of customers with similar needs or characteristics within a market K using population data such as age APP</td><td>2</td><td>Clear knowledge. With some application of how</td></tr>
<tr><td>Used for marketing of different products or services to specific types of customer K</td><td>1</td><td>A reasonable definition</td></tr>
<tr><td>Segmenting using demographics TV</td><td>0</td><td>Tautological</td></tr>
</table>

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

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Question	Answer	Marks
2(b)(i)	**Refer to lines 6–8. Calculate PH's labour turnover in 2024.** Formula to calculate labour turnover: • $\frac{\text{number of employees leaving in 1 year}}{\text{Average number of people employed}} \times 100$ (1 mark – formula only) Use of figures: • $\frac{45}{150} \times 100$ (1 mark – use of correct figures) Labour turnover: • 30% (1 mark – correct answer – no % necessary) **Exemplar and annotations**	**3**

Marks	Answer	Rationale
3 marks	Correct answer **30%**	**Working and % do not matter**. **Must be three** ✓ to denote the three marks. Correct rounding must be applied.
2 marks	**Both** of the following: • Correct formula • Correct identification of figures **OR** An incorrect answer with one mistake allowing OFR for final stage. **OR** 0.3 (has not completed final stage to multiply by 100) **OR** A correct answer from an inverted formula (3.3 – OFR)	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓, one ✗ and one OFR

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
<table>
<tr><th>Marks</th><th>Answer</th><th>Rationale</th></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

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

Explain <u>one</u> way in which PH could use Maslow's Hierarchy of Needs

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of a use of a motivational theory K (max 1 mark), including:

- Change the way that employees are treated/managed/motivated at PH or relevant examples
- Make changes to increase motivation to maintain PH's low labour turnover/retain employees
- Understand employee behaviour/employee motivation
- Measuring employee needs

AO2 Application

Explanation of a use of Maslow's hierarchy of needs APP (max 1 mark), including:

- Explain how motivation affects how employees behave, e.g. an employee doing a repetitive job/working alone may have a high absenteeism rate
- Explain the use with reference to one of Maslow's categories of need, e.g. physiological, safety, love and belonging, esteem and self-actualisation needs
- Examples of how PH could change the way that employees are managed/motivated:
- Offer more opportunities for internal promotion
- Increase employee salaries
- Encourage employees to stay in the business
- Change working conditions

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Context applied to PH APP (max 1 mark), including:

Use of demographic segmentation in its market research
University students would pay a premium price for high specification rental accommodation
Specialist teams focused on sales, maintenance, customer service and finance.
Little opportunity for internal promotion
Low salaries
Offers profit sharing
150 employees
Low labour turnover
Profit reduced by 75%
In 2024, 45 employees left PH
Increased complaints about maintenance and customer service
Use of data from Fig. 2.1
Operations Director wants to improve the sustainability of PH’s operations

Accept all valid responses.
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Managers can understand what motivates employees K such as ensuring physiological needs are met APP for the 150 employees APP.</td><td>3</td><td>Use of Maslow’s hierarchy of needs by managers K , with further explanation with reference to Maslow’s hierarchy APP. The third mark is for reference to the context APP.</td></tr>
<tr><td>Helps managers decide how to change their management style K so that less than 45 employees leave this year APP.</td><td>2</td><td>Knowledge of a use and applied to the number of employees.</td></tr>
<tr><td>Identifies the different motivations for human behaviour K</td><td>1</td><td>Knowledge of a use with no application</td></tr>
<tr><td>Maslow’s Hierarchy of needs is a motivational theory is the study of understanding what drives a person to work towards a particular goal or outcome NAQ TV.</td><td>0</td><td>No use of Maslow’s hierarchy of needs. This answer is a definition of the theory and does not answer the question</td></tr>
</table>
</td><td></td></tr>
</table>

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

Analyse <u>one</u> advantage and <u>one</u> disadvantage to PH of using an overdraft as a source of finance.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Advantage in the left hand side column, disadvantage in the right hand side column

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

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Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of one advantage using an overdraft as a source of finance K (max 1 mark), including: • Quick – previously agreed / immediately available • Convenient – can use it as required • Flexible • No repayment schedule • No loss of ownership Knowledge of one disadvantage using an overdraft as a source of finance K (max 1 mark), including: • High interest rates / fees • Can be recalled at any time • Often low limit available • Can only be used for short-term needs • Must be repaid *Note: the advantages/disadvantages have to be true for an overdraft, but not exclusively true to an overdraft (i.e. they may apply to other sources of finance).* **AO2 Application** Application of an advantage or disadvantage to PH APP, including: • Use of demographic segmentation in its market research • University students would pay a premium price for high specification rental accommodation • Specialist teams focused on sales, maintenance, customer service and finance. • Little opportunity for internal promotion • Low salaries • Offers profit sharing • 150 employees • Low labour turnover • Profit reduced by 75% • In 2024, 45 employees left PH • Increased complaints about maintenance and customer service • Use of data from Fig. 2.1	

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Question	Answer	Marks
2(c)	• Operations Director wants to improve the sustainability of PH's operations • Use of data from Fig. 2.1 • Operations Director wants to improve the sustainability of PH's operations **AO3 Analysis** *Limited analysis of an advantage/disadvantage of using an overdraft* AN *– candidate shows one link in the chain of analysis.* *Developed analysis of an advantage/disadvantage of using an overdraft* DEV *candidate shows two or more links in the chain of analysis or a two-sided analysis.* Analysis may include: • Quick – previously agreed / immediately available; the funds can be used for expansion immediately – leading to increased market share • Convenient – can use it as required; no time is wasted with application – can be used for other activities such as marketing • Flexible; can be used for any type of purchase – to meet the business objectives • No repayment schedule; this will reduce cash outflows – This money can be used to better maintain the properties rented, reducing customer complaints. • High interest rates/fees; higher interest rates may increase costs – this will reduce profits • Can be recalled at any time; the business may need to suddenly repay the money leading to cashflow problems – threatening business survival • Often low limit available; The overdraft limit may be low. This will limit the investments that PH can make – therefore the business will not be able to reduce complaints. • Can only be used for short-term needs; limiting the project that the money can be used for – some objectives may not be met • Must be repaid; increasing cash outflows – less funds available for marketing Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Exemplar and annotations
<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar of an advantage
Annotations for the advantage should be placed in the left-hand margin.</td><td>Interest only charged on the overdrawn amount K</td><td>For upgrading accommodation in high-income cities APP.</td><td>Ensures short term cost is minimal AN reducing further pressure on profit levels DEV.</td></tr>
<tr><td>Exemplar of a disadvantage
Annotations for the disadvantage should be placed in the right-hand margin.</td><td>The funds need to be repaid K</td><td>If student accommodation not rented out APP.</td><td>This could lead to a bad credit rating if payments missed AN which may increase cost of future borrowing DEV.</td></tr>
</table></td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether Frank’s plan will improve the sustainability of PH’s operations
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table></td><td>12</td></tr>
</table>

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

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge
of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application
of relevant point(s) to the business context.</td><td>1 mark
Limited analysis
that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of sustainability of operations (max 1), including:
- Operating / surviving / remaining in business for the long-term / future / not running out of money / continuity / stable
- Efficiency
- Productive
- Day-to-day running of the business
- Keeping customers satisfied
- Maintaining profitability – reducing expenses and increasing revenue

Note: The question stem asks about operational sustainability. Therefore, operational sustainability must be the focus of the answer, not environmental sustainability.

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

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Question	Answer	Marks
2(d)	**AO2 Application** Application of an advantage or disadvantage to PB APP, including: • Use of demographic segmentation in its market research • University students would pay a premium price for high specification rental accommodation • Specialist teams focused on sales, maintenance, customer service and finance. • Little opportunity for internal promotion • Low salaries • Offers profit sharing • 150 employees • Low labour turnover • Profit reduced by 75% • In 2024, 45 employees left PH • Increased complaints about maintenance and customer service • Use of data from Fig. 2.1 **AO3 Analysis** *Limited analysis of whether the plan will improve the sustainability of PH's operations* AN *– candidate shows one link in the chain of analysis.* *Developed analysis of whether the plan will improve the sustainability of PH's operations* DEV *– candidate shows two or more links in the chain of analysis.* • Financial stability; reduce short term cash inflow – reduce debt burden and interest payments • Focus on profit; increase profit margins – focus on core values • Increased efficiency of workforce; may lose excellent employees who take knowledge to competitors – lose market share/customer service may reduce further due to losing more experienced employees • Keeping customers satisfied; increased market share – more market power / ability to increase prices • Business continues for the long-term; increased employee satisfaction from greater job security – reduced labour turnover **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL Developed evaluation – supported judgement and/or reasonable evaluative comment E Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE .	

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

- The impact of the plan depends on the timescales, future aims and objectives and financial liquidity of PH. After downsizing the amount of revenue generated may not meet shareholder expectations
- Will demand for premium accommodation increase in the future? What are the demands of students?
- Should PH repurpose its accommodation for a different target audience, create a subsidiary brand and grow market share?
- Is market share and size the most important measure of success, or is profitability more important?
- The extension strategy may generate a short-term boost to sales/market share, but will it be sustained in the long-term?
- A judgement on whether the course of action is suitable for PH.

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Frank’s plan will improve the sustainability of PH’s operations.</td><td>Frank’s plan will improve the sustainability of PH’s operations. Increased labour efficiency will reduce expenditure on salaries.</td><td>Frank’s plan will improve the sustainability of PH’s operations. Increased labour efficiency will reduce expenditure on salaries. This will help to reverse the trend of reducing profit levels over the past two years.</td></tr>
<tr><td>I don’t think the sustainability of PH’s operations will be improved.</td><td>I don’t think the sustainability of PH’s operations will be improved. Investing in new accommodation will cost a lot of money.</td><td>I don’t think the sustainability of PH’s operations will be improved. Investing in new accommodation will cost a lot of money, and PH does not have experienced employees to do the work as they have left.</td></tr>
</table>

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

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