



## **Cambridge International AS & A Level**

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**BUSINESS**

**9609/11**

Paper 1 Short Answer/Essay

**October/November 2023**

MARK SCHEME

Maximum Mark: 40

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**Published**

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

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

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

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

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This document consists of **30** printed pages.

**PUBLISHED****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.

**PUBLISHED****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).













**PUBLISHED****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.

**PUBLISHED****9609 Business Studies – Paper 1 Annotations**

<b>Annotation</b>	<b>Description</b>	<b>Use</b>
	Tick	Indicates a point which is relevant and rewardable.
	Cross	Indicates a point which is inaccurate / irrelevant and not rewardable.
	Knowledge	Indicates knowledge and understanding of the concepts and issues relating to the question.
	Application	Indicates where application is made to an appropriate business context.
	Analysis	Indicates where the answer has demonstrated analysis – questions 4, 5a, 5b, 6a and 6b.
	Evaluation	Indicates where the answer has demonstrated evaluation – (Section B Part (b) questions only).
	Benefit of doubt	Used when the benefit of the doubt is given in order to reward a response.
	Not answered question	Used when the answer or parts of the answer are not answering the question asked.
	Too vague	Used when parts of the answer are considered to be too vague.
	Noted but no credit given	Indicates that content has been recognised but not rewarded.
	Repetition	Indicates where content has been repeated.
	Level 1	Indicates a Level 1 point is made.

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<b>Annotation</b>	<b>Description</b>	<b>Use</b>
	Level 2	Indicates a Level 2 point is made.
	Level 3	Indicates a Level 3 point is made.
	Off Page Comment	<b>Used to view PE comments on Practice Scripts only</b> – displayed at the bottom of the screen when clicking the comments button / toggle.

**Guidance on using levels-based mark schemes**

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.



**PUBLISHED****Mark Grids for Section A****Used for Q1(a), Q2(a) and Q3(a)****Two marks in total can be awarded for these questions.**

<b>AO1 Knowledge and understanding</b>	<b>Marks</b>
Knowledge of the term that demonstrates a clear understanding of the term.	<b>2</b>
Knowledge of the term that demonstrates a partial understanding of the term.	<b>1</b>
No creditable response.	<b>0</b>

**Used for Q1(b), Q2(b) and Q3(b)****Three marks in total can be awarded for these questions.**

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

**PUBLISHED**

Question	Answer	Marks
1(a)	<p><b>Define the term <i>labour turnover</i>.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p>Clear understanding</p> <ul style="list-style-type: none"> <li>• percentage of a business' workforce that leaves a business. (2)</li> <li>• measure of the rate at which employees are leaving an organisation. (2)</li> <li>• <math>\frac{\text{Number of employees leaving in one year}}{\text{Average number of people employed}} (\times 100)</math> (2)</li> <li>• Number / amount of workers leaving a business in a specific time period (2)</li> </ul> <p>Partial understanding</p> <ul style="list-style-type: none"> <li>• Number / amount of workers leaving a business (1)</li> </ul> <p>Accept all valid responses.</p>	<b>2</b>

**PUBLISHED**

Question	Answer	Marks
1(b)	<p><b>Explain <u>one</u> role of a workforce plan.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b> Roles of a workforce plan include:</p> <ul style="list-style-type: none"> <li>• identify skills / experience of current workforce.</li> <li>• predict the number of employees needed.</li> <li>• fill gaps in current workforce</li> <li>• adapt the workforce.</li> <li>• prevent production difficulties.</li> <li>• identify training needs.</li> <li>• identify costs of changes to workforce</li> </ul> <p><b>AO2 Application</b> HR can recruit new employees or train existing ones to meet future production needs / business objectives.</p> <ul style="list-style-type: none"> <li>• fill gaps in the current workforce by recruitment or training. assess the current workforce and changes needed to adapt to changing business environment.</li> <li>• organise redundancy of employees no longer needed due to change to capital intensive production or reduced demand.</li> <li>• create budget for changing / training employees to present to finance department.</li> </ul> <p>Accept all valid responses.</p>	<b>3</b>

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Question	Answer	Marks
2(a)	<p><b>Define the term <i>capital intensive</i>.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p>Clear understanding</p> <ul style="list-style-type: none"> <li>• involves a high quantity / proportion of machinery / equipment / technology compared with labour input / other resources.</li> </ul> <p>Partial understanding</p> <ul style="list-style-type: none"> <li>• uses machinery / equipment / technology (1)</li> <li>• involves a high quantity of machinery / equipment / technology (1)</li> </ul> <p>Accept all valid responses.</p>	<b>2</b>
2(b)	<p><b>Explain <u>one</u> benefit to a business of labour intensive operations.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p>Benefits of labour intensive operations include:</p> <ul style="list-style-type: none"> <li>• good quality / customer service.</li> <li>• can be inexpensive.</li> <li>• assists job production / one off items.</li> <li>• skilled / flexible employees.</li> <li>• motivated workforce.</li> <li>• good for small businesses.</li> </ul>	<b>3</b>

**PUBLISHED**

<b>Question</b>	<b>Answer</b>	<b>Marks</b>
2(b)	<p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• used in personal services e.g. hairdressing, where good customer interaction and service is needed.</li> <li>• can be better at meeting customer needs and wants.</li> <li>• in some countries human labour is relatively inexpensive, so costs can be minimised.</li> <li>• no costly investment in machinery or maintenance / repair costs.</li> <li>• better suited to job production where specialised / individually designed / one-off products are made.</li> <li>• labour intensive production can be very flexible, using similar skills for many personalised / hand-crafted products.</li> <li>• small business may not need high levels of production so labour intensive production is better than having large fixed costs.</li> </ul> <p>Accept all valid responses.</p>	

**PUBLISHED**

Question	Answer	Marks
3(a)	<p><b>Define the term <i>margin of safety</i>.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <p>Clear understanding</p> <ul style="list-style-type: none"> <li>• the amount / quantity by which a firm’s current level of output / sales / revenue exceeds the break–even level of output / sales / revenue.</li> <li>• current level of output / sales / revenue – break–even output / sales / revenue.</li> <li>• difference between current output / sales / revenue and break-even output / sales / revenue</li> <li>• margin of safety = <math>\frac{\text{current level of output / sales / revenue} - \text{break-even output / sales / revenue}}{\text{current level of output / sales / revenue}} \times 100</math></li> <li>• correct diagram with margin of safety labelled (2)</li> </ul> <p>Partial understanding</p> <ul style="list-style-type: none"> <li>• break-even output / sales / revenue (1)</li> <li>• current level of output / sales / revenue (1)</li> <li>• above break-even point (1)</li> <li>• partially correct diagram with margin of safety shown (1)</li> </ul> <p>Accept all valid responses.</p>	2

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Question	Answer	Marks
3(b)	<p><b>Explain <u>one</u> way a business can decrease its break–even level of output.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• Ways to decrease break–even level of output include:</li> <li>• increase the price per unit.</li> <li>• reduce fixed costs of business.</li> <li>• reduce variable costs per unit.</li> <li>• increase contribution per unit.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• increases revenue per unit, especially if demand is price inelastic – shown as revenue line being steeper.</li> <li>• can add value and / or increase promotion to increase price.</li> <li>• cheaper fixed costs e.g. premises / utilities – reduces total costs – shown by fixed costs line being lower.</li> <li>• variable costs reduced e.g. cheaper inputs / components / materials / backward vertical integration – reduces total costs – shown as variable costs line being less steep.</li> <li>• the break–even point is achieved with less units produced.</li> <li>• relevant calculation(s).</li> <li>• relevant diagram(s).</li> </ul> <p>Accept all valid responses.</p>	<b>3</b>

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Question	Answer	Marks
4	<p data-bbox="338 217 1547 248"><b>Analyse <u>one</u> way that a business may be affected by a dynamic business environment.</b></p> <p data-bbox="338 284 591 316"><b>Indicative content</b></p> <p data-bbox="338 351 658 383">Responses may include:</p> <p data-bbox="338 418 837 450"><b>AO1 Knowledge and understanding</b></p> <p data-bbox="338 453 1005 485">Effects of a dynamic business environment include:</p> <ul data-bbox="338 488 866 737" style="list-style-type: none"> <li>• increased / decreased demand.</li> <li>• increased / decreased costs.</li> <li>• increased / decreased revenue.</li> <li>• increased / decreased profit.</li> <li>• increased / decreased competition.</li> <li>• increased / decreased market share.</li> <li>• increased uncertainty / instability.</li> </ul> <p data-bbox="338 772 568 804"><b>AO2 Application</b></p> <ul data-bbox="338 807 1458 1056" style="list-style-type: none"> <li>• changing customer needs for products.</li> <li>• technology advances / production possibilities.</li> <li>• government policy e.g. treatment of employees, type of product, ethical behaviour.</li> <li>• competitor actions e.g. pricing / promotion / product development.</li> <li>• external environment – inflation, interest rates.</li> <li>• difficult to forecast future inventory needs.</li> <li>• must change and adapt.</li> </ul>	5



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Question	Answer	Marks
4	<p><b>AO3 Analysis</b></p> <ul style="list-style-type: none"> <li>• changing customer needs might affect demand leading to innovation, product development, extension strategies and altering production.</li> <li>• regular market research needed to adapt to changing demand therefore increasing costs and possibly profit.</li> <li>• technological changes e.g. availability and speed of the internet can make it easier to find suppliers and sell across the world.</li> <li>• new policies can change business behaviour which may alter objectives and production methods.</li> <li>• economic conditions affect spending power and choice of products chosen e.g. needs vs luxuries / cheap vs expensive.</li> <li>• increase or decrease in competition may alter pricing strategy and therefore profit.</li> <li>• managers will need to change some of their decisions about inputs, the transformation process or the outputs they produce.</li> <li>• they might switch production to another country; become more capital intensive; sell products to other countries.</li> <li>• changes may have cost implications for the business and affect revenue and profits.</li> </ul> <p>Accept all valid responses.</p>	

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Question	Answer	Marks
5(a)	<p><b>Analyse <u>two</u> advantages to a business of mass marketing.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b> Advantages of mass marketing include:</p> <ul style="list-style-type: none"> <li>• reduces risk.</li> <li>• large customer base.</li> <li>• little price discrimination.</li> <li>• no need for product differentiation.</li> <li>• little market research.</li> <li>• no targeted advertising.</li> <li>• brand easily recognised.</li> <li>• can use flow production methods.</li> <li>• economies of scale.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• one product or a limited range is supplied to the whole market e.g. rice.</li> <li>• little or no differentiation e.g. bottled water.</li> <li>• example e.g. Coca-Cola with large customer base.</li> </ul>	<b>8</b>

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<b>Question</b>	<b>Answer</b>	<b>Marks</b>
5(a)	<p><b>AO3 Analysis</b></p> <ul style="list-style-type: none"> <li>• reduces the risk of failure if product is guaranteed to remain necessary / popular – more chance of business success.</li> <li>• large number of customers wanting a standardised product at low price so no need to consider different pricing methods.</li> <li>• mass market means high total sales and high revenue even with a lower price.</li> <li>• gain cost leadership over smaller businesses and can set lower prices.</li> <li>• usually leads to high profits even if profit margins are low.</li> <li>• little product development reduces spending on R and D.</li> <li>• requires little market research if market is stable – saves money and time.</li> <li>• advertising is not targeted so can use expensive but wide–coverage methods – gives marketing economies of scale.</li> <li>• strong brand creates barrier to entry for smaller businesses and keeps market share high / allows high prices.</li> <li>• flow production usually capital intensive which can be cheaper in long run than labour intensive operations.</li> <li>• high volumes of production lead to lower unit costs due economies of scale – this leads to a lower price for consumers.</li> </ul> <p>Accept all valid responses.</p>	

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Question	Answer	Marks
5(b)	<p><b>Evaluate whether primary sector businesses should use product differentiation to increase sales.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• product differentiation is making a product distinctive so that it stands out from competitors' products in consumers' perception.</li> <li>• product differentiation could be achieved by branding, product design, ease of use, USP.</li> </ul> <p>Do <u>not</u> reward selling different products e.g. wheat and tomatoes.</p> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• primary sector business is one which extracts natural resources / raw materials.</li> <li>• primary sector products are used and processed by other firms e.g. strawberries / milk to yoghurt manufacturer.</li> <li>• primary sector business examples could be fishing, mining, farming, oil extraction, logging businesses.</li> <li>• primary sector products could be coffee, wheat, coal, wood.</li> </ul>	12

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Question	Answer	Marks																		
5(b)	<p><b>AO3 Analysis</b></p> <ul style="list-style-type: none"> <li>primary sector products are often commodities and are a standardised product sold in mass markets.</li> <li>they can get high sales without product differentiation.</li> <li>large businesses can dominate the market and gain economies of scale.</li> <li>they can set low prices and gain high sales without product differentiation.</li> <li>product differentiation can attract consumers to small businesses e.g. locally produced thereby increasing sales.</li> <li>ethical sourcing may be important to consumers e.g. organic or fair trade, sustainable (plant a tree) or produced by social enterprises and these customers will buy from ethical businesses rather than cheaper ones, increasing sales.</li> <li>mining companies can differentiate themselves and therefore the products that they sell by their attitude to human rights.</li> <li>differentiation of a primary sector product is more likely to be carried out by a manufacturer or retailer e.g. tinned tuna or line caught, own brand vs well-known brand, rather than the primary sector business.</li> <li>could secure customer loyalty from secondary businesses e.g. reliable supply, better reputation, quality produce.</li> <li>improvements in technology allow all year round growing of seasonal crops to increase availability – can be a USP.</li> <li>need market research, possibly primary to find out how best to differentiate – costly.</li> </ul> <p><b>AO4 Evaluation</b></p> <table border="1" data-bbox="338 847 1700 1398"> <tbody> <tr> <td data-bbox="338 847 719 938">Developed evaluation in context:</td> <td data-bbox="719 847 1469 938">Developed / Supported judgement in context</td> <td data-bbox="1469 847 1700 938">6 marks</td> </tr> <tr> <td data-bbox="338 938 719 1029">Developed evaluation in context:</td> <td data-bbox="719 938 1469 1029">Developed / Reasonable evaluative comments in context</td> <td data-bbox="1469 938 1700 1029">5 marks</td> </tr> <tr> <td data-bbox="338 1029 719 1120">Developed evaluation not in context:</td> <td data-bbox="719 1029 1469 1120">Developed / Supported judgement without context</td> <td data-bbox="1469 1029 1700 1120">4 marks</td> </tr> <tr> <td data-bbox="338 1120 719 1211">Developed evaluation not in context:</td> <td data-bbox="719 1120 1469 1211">Developed / Reasonable evaluative comments without context</td> <td data-bbox="1469 1120 1700 1211">3 marks</td> </tr> <tr> <td data-bbox="338 1211 719 1302">Limited evaluation not in context:</td> <td data-bbox="719 1211 1469 1302">Limited supported judgement</td> <td data-bbox="1469 1211 1700 1302">2 marks</td> </tr> <tr> <td data-bbox="338 1302 719 1398">Limited evaluation not in context:</td> <td data-bbox="719 1302 1469 1398">An attempt to balance the arguments / Weak attempt at evaluative comments</td> <td data-bbox="1469 1302 1700 1398">1 mark</td> </tr> </tbody> </table>	Developed evaluation in context:	Developed / Supported judgement in context	6 marks	Developed evaluation in context:	Developed / Reasonable evaluative comments in context	5 marks	Developed evaluation not in context:	Developed / Supported judgement without context	4 marks	Developed evaluation not in context:	Developed / Reasonable evaluative comments without context	3 marks	Limited evaluation not in context:	Limited supported judgement	2 marks	Limited evaluation not in context:	An attempt to balance the arguments / Weak attempt at evaluative comments	1 mark	
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Question	Answer	Marks
5(b)	<p><i>A judgment / conclusion is made as to whether primary sector businesses should use product differentiation to increase sales.</i></p> <p><i>These judgements / conclusions may be made at any point in the essay, not only in a concluding section.</i></p> <ul style="list-style-type: none"> <li>• might seem difficult to differentiate a primary / commodity product as it is the same wherever it has been sourced. With no obvious differentiation is it possible for a primary sector business to create an artificial differentiation?</li> <li>• primary sector businesses may compete internationally and the business with the lowest price will make the most sales. If there is a trade-off between costs, price, quality and ethics what should a primary sector business focus on? To what extent are the customers attracted by cheap products?</li> <li>• will the business which can produce at the lowest unit costs and keep its prices lower than competitors achieve price differentiation and greater sales? Will price differentiation favour large businesses, therefore making product differentiation more important to smaller businesses?</li> <li>• to what extent do customers actively seek ethical / locally sourced / organic products? Will a business with a strong corporate social responsibility objective differentiate itself and make higher sales even when charging a higher price? Can this USP be used equally well by large and small businesses? Will it be more necessary to a smaller producer which cannot compete with low prices? Will it depend on whether a niche market exists and is worth targeting?</li> <li>• is branding of primary products more easily achieved by manufacturers or retailers? Is it worthwhile for primary sector businesses to spend money on establishing a brand and marketing it? Will this depend on the product and size of the business? Is a large business more likely to have a large product portfolio and therefore use its branding on any primary sector businesses it owns?</li> <li>• to what extent is marketing the main source of the differentiation? How easily can marketing be adjusted to suit the product and the target market?</li> <li>• how can quality of the product best be used as a differentiating factor and how may it be achieved e.g. by operating in different countries or using different extraction / growing methods? Will quality always matter to customers? Will increased quality always guarantee that sales will increase for those businesses which achieve it better than competitors? Will improved quality always mean that the price can be increased and sales revenue may increase?</li> </ul>	

**PUBLISHED**

Question	Answer	Marks
5(b)	<ul style="list-style-type: none"> <li>• in all cases the type of product differentiation will appeal to certain target customers. Whether it is price, quality, location, brand, ethicality, it will appeal to customers looking for that type of differentiation.</li> <li>• whether differentiation increases sales depends on whether sales are measured in volume or value. Low price appeal in a mass market is more likely to increase sales volume. Differentiation via any type of quality will allow a higher price and sales revenue may increase even though sales volume may be relatively low.</li> <li>• the success of any differentiation strategy is due to the primary business identifying what attracts the customer to buy their product rather than an identical one sourced by a different primary sector business.</li> </ul> <p>Accept all valid responses.</p>	

Question	Answer	Marks
6(a)	<p><b>Analyse <u>two</u> ways a business could use employee participation in the management of business activity.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• gain ideas about job / business / opinions.</li> <li>• assist decision-making.</li> <li>• increase motivation.</li> <li>• reduce employee dissatisfaction.</li> <li>• incorporate into organisation structure.</li> </ul> <p><i>Some candidates have reversed K and APP – this is acceptable.</i></p> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• examples of use of type(s) of employee participation in business contexts – meetings, quality circles, work councils, worker directors, autonomous work groups, laissez faire / democratic management.</li> <li>• might not name specific methods of participation but describe how they work.</li> </ul>	<b>8</b>

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Question	Answer	Marks
6(a)	<p><i>Some candidates have reversed K and APP – this is acceptable.</i></p> <p><b>AO3 Analysis</b></p> <ul style="list-style-type: none"> <li>• taking part in meetings where the contribution of employees, their proposals and result of being allowed to take part in voting can influence the objectives and activities of the business.</li> <li>• to operate well, employee participation may need a laissez faire style of management. This gives employees the ability to manage their own working practices and is a motivating factor.</li> <li>• motivated employees are more likely to benefit the business in many ways. Employee participation is seen to some extent in all the motivation theories, satisfying higher needs of self–esteem and self–actualisation.</li> <li>• however, the management of business activities is often considered to be the role of senior managers and leaders within a business. It may be difficult for them to relinquish some of their responsibilities to suitably experienced and qualified employees.</li> <li>• works councils – managers and employees meet to discuss issues such as working conditions, pay and training. Employee representatives are elected by the workforce and may be appointed to the Board of Directors. Employee concerns are raised and solutions are likely to be acceptable to employees.</li> <li>• worker directors – can influence decision–making. Will seek actions to benefit employees and prolong decision–making. In reality little notice may be taken of the worker director.</li> <li>• employee shareholders – employees can buy shares in the company, often at discounted rates. Because employee shareholders have a financial interest in the business' performance, their motivation levels and performance may improve. If the business performs well, its share prices should increase, giving financial benefits to the employee.</li> <li>• quality circles – groups of workers who meet regularly to identify methods of improving all aspects of the quality of their work. They normally involve employees drawn from all levels within the organisation and focus on supplying imaginative ideas. Their decisions can improve the production of the business as well as motivating them.</li> <li>• autonomous work groups – teams of employees who are given a high level of control over their working lives (a form of empowerment). Some groups elect their own leaders and can appoint new staff, as well as having considerable authority over what tasks to complete and in what sequence. Those employees doing the job are often in a better position to make appropriate decisions than senior managers.</li> </ul> <p><i>Positives and/ or negatives are acceptable for analysis.</i></p> <p>Accept all valid responses.</p>	



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Question	Answer	Marks
6(b)	<p><b>Evaluate whether McClelland’s three needs theory is the best way to meet employee needs in a software business.</b></p> <p><b>Indicative content</b></p> <p>Responses may include:</p> <p><b>AO1 Knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>• McClelland – three needs theory – achievement motivation, authority / power motivation, affiliation motivation.</li> </ul> <p><b>AO2 Application</b></p> <ul style="list-style-type: none"> <li>• examples given of suitable application – software, video games, research, technology, quaternary sector.</li> <li>• examples given of the different types of employees within a software business e.g. app developer, programmer, website developer, game developer, coding, data scientist.</li> <li>• example of a software business e.g. Apple, Microsoft.</li> </ul>	12

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Question	Answer	Marks
6(b)	<p><b>AO3 Analysis</b></p> <ul style="list-style-type: none"> <li>• Achievement motivation – employees aim for excellence. Likely to avoid low–risk situations with unchallenging targets. Likely to avoid high–risk situations as they fear not achieving.</li> <li>• Achievement motivation – employees need realistic but challenging goals. Should be given tasks which are demanding but achievable. Need regular positive feedback on achievement and progress to meet their need for accomplishment.</li> <li>• Authority / power motivation – employees need personal power – to direct or control other employees.</li> <li>• Authority / power motivation – employees need institutional power – to organise other employees, to have control and status, to influence the business’ objectives.</li> <li>• Authority / power motivation – employees can be given supervision / control of other workers by promotion to higher position e.g. manager. A strong need for authority may lead to an autocratic leadership style. A junior employee could be given a supervisory role, while more senior employee may manage a large team of employees.</li> <li>• Affiliation motivation – employees need good relationships and social interaction with other employees. They need to feel accepted and are motivated to work with other people.</li> <li>• Affiliation motivation – employees should be employed as a member of a team.</li> <li>• McClelland believed that these three needs exist, to differing extents, in all employees, regardless of their role or status within the business.</li> <li>• the combination of these three needs determines: each employee’s behaviour in terms of what motivates them; how they manage and motivate other employees.</li> <li>• McClelland’s theory of needs has implications for leaders and managers. They must treat each employee as an individual as each employee may require different roles and tasks to meet their individual needs.</li> <li>• reward comments regarding the overlap between McClelland’s theory and others. Motivation theorists show a range of employee needs, some of which overlap.</li> <li>• Taylor – money for basic needs. Mayo – social needs. Maslow’s hierarchy of needs – physiological, security, social, self–esteem, self–actualisation. Herzberg – two factor theory of hygiene factors and motivators, meeting the needs above.</li> </ul> <p>These theories can also be used to influence the motivation of employees once McClelland’s theory has been applied.</p> <p>Accept all valid responses.</p>	

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Question	Answer			Marks
6(b)	<b>AO4 Evaluation</b>			
	Developed evaluation in context:	Developed / Supported judgement in context	6 marks	
	Developed evaluation in context:	Developed / Reasonable evaluative comments in context	5 marks	
	Developed evaluation not in context:	Developed / Supported judgement without context	4 marks	
	Developed evaluation not in context:	Developed / Reasonable evaluative comments without context	3 marks	
	Limited supported judgement	Limited supported judgement	2 marks	
Limited supported judgement	An attempt to balance the arguments / Weak attempt at evaluative comments	1 mark		

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Question	Answer	Marks
6(b)	<p><i>A judgment/ conclusion is made as to whether McClelland's three needs theory is the best way to meet employee needs in a software business.</i></p> <p><i>These judgements/ conclusions may be made at any point in the essay, not only in a concluding section.</i></p> <ul style="list-style-type: none"> <li>• evaluative comments may compare the usefulness of McClelland's theory with that of other theorists.</li> <li>• how easy is it to identify the relative strength of the three needs in McClelland's theory in all employees? Will this involve specialist designed questionnaires which can be expensive and time consuming to carry out by the HRM function?</li> <li>• it depends on the individual needs of the employees which are influenced by their experience, current status and ambitions.</li> <li>• can the business act on what it finds by using appropriate methods, maybe those shown in other theories?</li> <li>• it depends on the types of leaders / managers in the business as to how well they recognise and are willing / able to meet these needs.</li> <li>• it depends on the type of business being considered and the types of employees within it.</li> <li>• a judgment will be made relating to the employees in a software business e.g. there may be many types of employees e.g. web developer, computer programmer, database administrator, software designer. Employees in the functions of marketing, finance, production and human resources may have very different needs to those in the technical and creative roles.</li> </ul> <p>Accept all valid responses.</p>	

**PUBLISHED****Mark Grids for Section B****Used for Q5(a) and Q6(a)**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
2			<b>3–4 marks</b> <b>Developed analysis</b> <ul style="list-style-type: none"> <li>Developed analysis that identifies connections between causes, impacts and / or consequences of <b>two</b> points.</li> <li>Developed analysis that identifies connections between causes, impacts and / or consequences of <b>one</b> point.</li> </ul>
1	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>Knowledge of <b>two</b> relevant points is used to answer the question</li> <li>Knowledge of <b>one</b> relevant point is used to answer the question.</li> </ul>	<b>1–2 marks</b> <ul style="list-style-type: none"> <li>Application of <b>two</b> relevant points to a business context.</li> <li>Application of <b>one</b> relevant point to a business context.</li> </ul>	<b>1–2 marks</b> <b>Limited analysis</b> <ul style="list-style-type: none"> <li>Limited analysis that identifies connections between causes, impacts and / or consequences of <b>two</b> points.</li> <li>Limited analysis that identifies connections between causes, impacts and / or consequences of <b>one</b> point.</li> </ul>
0	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.

**PUBLISHED****Mark Grids for Section B****Used for Q5(b) and Q6(b)**

<b>Level</b>	<b>AO1 Knowledge and understanding 2 marks</b>	<b>AO2 Application 2 marks</b>	<b>AO3 Analysis 2 marks</b>	<b>AO4 Evaluation 6 marks</b>
<b>3</b>				<b>5–6 marks</b> <b>Developed evaluation in context</b> <ul style="list-style-type: none"> <li>A Developed judgement / conclusion is made in the business context.</li> <li>Developed evaluative comments which balance some key arguments in the business context.</li> </ul>
<b>2</b>	<b>2 marks</b> <b>Developed knowledge</b> of relevant key term(s) and / or factor(s) is used to answer the question.	<b>2 marks</b> <b>Developed application</b> of relevant point(s) to the business context.	<b>2 marks</b> <b>Developed analysis</b> that identifies connections between causes, impacts and / or consequences.	<b>3–4 marks</b> <b>Developed evaluation</b> <ul style="list-style-type: none"> <li>A Developed judgement / conclusion is made.</li> <li>Developed evaluative comments which balance some key arguments.</li> </ul>
<b>1</b>	<b>1 mark</b> <b>Limited knowledge</b> of relevant key term(s) and / or factor(s) is used to answer the question.	<b>1 mark</b> <b>Limited application</b> of relevant point(s) to the business context.	<b>1 mark</b> <b>Limited analysis</b> that identifies connections between causes, impacts and / or consequences.	<b>1–2 marks</b> <b>Limited evaluation</b> <ul style="list-style-type: none"> <li>A judgement / conclusion is made with limited supporting comment / evidence.</li> <li>An attempt is made to balance the arguments.</li> </ul>
<b>0</b>	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.	<b>0 marks</b> No creditable response.