
BUSINESS

9609/23

Paper 2 Data Response

May/June 2019

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.

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This document consists of **21** printed pages.

Generic Marking Principles

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

Question	Answer	Marks																							
1(a)(i)	<p>Define the term ‘mission statement’ (line 2).</p> <table border="1" data-bbox="316 315 1315 577"> <thead> <tr> <th data-bbox="316 315 1169 380">Knowledge and Application</th> <th data-bbox="1169 315 1315 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 380 1169 448">A correct definition</td> <td data-bbox="1169 380 1315 448">2</td> </tr> <tr> <td data-bbox="316 448 1169 515">A partial, vague or unfocused definition</td> <td data-bbox="1169 448 1315 515">1</td> </tr> <tr> <td data-bbox="316 515 1169 577">No creditable content</td> <td data-bbox="1169 515 1315 577">0</td> </tr> </tbody> </table> <p><i>Note: Do not allow objectives or confusion with a business’s objectives</i></p> <p>Answers could include:</p> <p>A written summary of an organisations main purpose / focus. Usually doesn’t change over time. Shows what is important to the organisation, communicates sense of intended direction to external and internal stakeholders. May give examples.</p> <p>A correct definition should include two aspects of a mission statement, for example two of the of the following:</p> <ul style="list-style-type: none"> • Vision / beliefs • Purpose • Goals • Values • Focus • Marketing / communication – attract customers • (Core) aim • Motivational • Long term • Sense of direction • Creates interest by external groups • Communicates to stakeholders • It is not an objective <table border="1" data-bbox="316 1509 1315 1966"> <thead> <tr> <th data-bbox="316 1509 770 1574">Exemplar</th> <th data-bbox="770 1509 903 1574">Mark</th> <th data-bbox="903 1509 1315 1574">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1574 770 1675">The goals and aims of a business</td> <td data-bbox="770 1574 903 1675">2</td> <td data-bbox="903 1574 1315 1675">Two aspects</td> </tr> <tr> <td data-bbox="316 1675 770 1776">Statement of an organisation’s vision</td> <td data-bbox="770 1675 903 1776">1</td> <td data-bbox="903 1675 1315 1776">Simple but correct definition</td> </tr> <tr> <td data-bbox="316 1776 770 1877">Document showing the purpose of a business</td> <td data-bbox="770 1776 903 1877">1</td> <td data-bbox="903 1776 1315 1877">Partial definition</td> </tr> <tr> <td data-bbox="316 1877 770 1966">A mission statement is a statement of objectives</td> <td data-bbox="770 1877 903 1966">0</td> <td data-bbox="903 1877 1315 1966">Do not reward linking to being an objective</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	The goals and aims of a business	2	Two aspects	Statement of an organisation’s vision	1	Simple but correct definition	Document showing the purpose of a business	1	Partial definition	A mission statement is a statement of objectives	0	Do not reward linking to being an objective	2
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1(a)(ii)	<p>Explain the term ‘co-operative’ (line 1).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 383 1316 891"> <tbody> <tr> <td data-bbox="316 383 395 548">C</td> <td data-bbox="395 383 1142 548">Example or some other way of showing good understanding, e.g. bulk buying, common in agriculture, motivational, slow decision making, allows the achievement of economies of scale etc.</td> <td data-bbox="1142 383 1316 548">1 mark Pink</td> </tr> <tr> <td data-bbox="316 548 395 757">B</td> <td data-bbox="395 548 1142 757"> <ul style="list-style-type: none"> • Responsibilities are shared • Owners may contribute to the running of the business • Shared decision making • All members have one vote </td> <td data-bbox="1142 548 1316 757">1 mark Yellow</td> </tr> <tr> <td data-bbox="316 757 395 891">A</td> <td data-bbox="395 757 1142 891"> <ul style="list-style-type: none"> • Owned / financed by workers / customers / members • Profits are shared </td> <td data-bbox="1142 757 1316 891">1 mark Blue</td> </tr> </tbody> </table> <p><i>Note: using the case as an example is repetition and not rewardable as the C mark</i></p> <p>A co-operative is a business structure where the workers are the owners. The profits are shared with workers. Workers (owner) do not have to run the business, they will vote for Directors. In smaller co-operatives such as co-worker operatives then workers may also run the business.</p> <table border="1" data-bbox="316 1196 1316 1955"> <thead> <tr> <th data-bbox="316 1196 917 1261">Exemplar</th> <th data-bbox="917 1196 1050 1261">Mark</th> <th data-bbox="1050 1196 1316 1261">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1261 917 1429">Members (A) own a co-operative and share the running (B) of the business. QL is a worker co-operative which mean the workers are the members (C).</td> <td data-bbox="917 1261 1050 1429">3</td> <td data-bbox="1050 1261 1316 1429">A, B and C</td> </tr> <tr> <td data-bbox="316 1429 917 1597">A co-operative can be owned by customers or workers (A) who will each have a vote (B). Because they own it, they are motivated for it to do well (C).</td> <td data-bbox="917 1429 1050 1597">3</td> <td data-bbox="1050 1429 1316 1597">B and C</td> </tr> <tr> <td data-bbox="316 1597 917 1693">A co-operative has shared profit (A) and responsibilities (B)</td> <td data-bbox="917 1597 1050 1693">2</td> <td data-bbox="1050 1597 1316 1693">A and B</td> </tr> <tr> <td data-bbox="316 1693 917 1792">Members (A) who join together to benefit from bulk buying (C)</td> <td data-bbox="917 1693 1050 1792">2</td> <td data-bbox="1050 1693 1316 1792">A and C</td> </tr> <tr> <td data-bbox="316 1792 917 1955">A co-operative is made up of people who share the responsibilities of the business (B). Each person has a vote and the decision making is shared.</td> <td data-bbox="917 1792 1050 1955">1</td> <td data-bbox="1050 1792 1316 1955">Three points but all from so only one mark.</td> </tr> </tbody> </table>	C	Example or some other way of showing good understanding, e.g. bulk buying, common in agriculture, motivational, slow decision making, allows the achievement of economies of scale etc.	1 mark Pink	B	<ul style="list-style-type: none"> • Responsibilities are shared • Owners may contribute to the running of the business • Shared decision making • All members have one vote 	1 mark Yellow	A	<ul style="list-style-type: none"> • Owned / financed by workers / customers / members • Profits are shared 	1 mark Blue	Exemplar	Mark	Rationale	Members (A) own a co-operative and share the running (B) of the business. QL is a worker co-operative which mean the workers are the members (C).	3	A, B and C	A co-operative can be owned by customers or workers (A) who will each have a vote (B). Because they own it, they are motivated for it to do well (C).	3	B and C	A co-operative has shared profit (A) and responsibilities (B)	2	A and B	Members (A) who join together to benefit from bulk buying (C)	2	A and C	A co-operative is made up of people who share the responsibilities of the business (B). Each person has a vote and the decision making is shared.	1	Three points but all from so only one mark.	3
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1(c)	Analyse two sources of finance, other than selling shares, FN could use to purchase the neighbouring farm.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2	Shows understanding of two sources of finance in context	4	Developed analysis two sources of finance in context	4
		Shows understanding of one source of finance in context	3	Developed analysis of one source of finance in context	3
	1	Shows knowledge of two sources of finance	2	Limited analysis of two (or more) sources of finance	2
		Shows knowledge of one source of finance	1	Limited analysis of one source of finance	1
	0	No credible content			
Note: do not reward the sale of share OR the change of legal structure to a PLC (unless it is totally unrelated to share issue)					
Content:					
Internal sources of finance:					
<ul style="list-style-type: none"> • Retained earnings • Sale of unwanted assets • Sale and leaseback of non-current assets • Working capital 					
External sources of finance:					
<ul style="list-style-type: none"> • New partners • Venture capital • Overdrafts • Leasing • Hire purchase • Bank loans • Mortgages • Debentures • Micro-finance • Crowd funding • Government grants 					

Question	Answer	Marks									
1(c)	<p>Could choose any source of finance but, from the context, most likely to consider getting more members in the co-op or obtaining a bank loan – analysis and understanding will come from the context</p> <p>Note: ‘internal’ and ‘external’ can be sources of finance in themselves</p> <p>Contextual analysis likely to come from:</p> <ul style="list-style-type: none"> • Amount to raise is \$80 000 (or \$140 000 based on negative cashflow) • One option discussed to invite more members of the co-op • Bank loan – cash flow predicts a healthy surplus in just over a year • Internal finance may not be suitable as FN has limited capital / poor cashflow • Being a co-operative <table border="1" data-bbox="316 763 1316 1227"> <thead> <tr> <th data-bbox="316 763 512 891">Example of a source of finance (K)</th> <th data-bbox="512 763 890 891">Examples of application / context (APP)</th> <th data-bbox="890 763 1316 891">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 891 512 1059">Bank loan</td> <td data-bbox="512 891 890 1059">Been established for 10 years so likely to be granted</td> <td data-bbox="890 891 1316 1059">Interest will have to be repaid (AN) which may mean that FN has even worse cashflow (DEV)</td> </tr> <tr> <td data-bbox="316 1059 512 1227">Mortgage</td> <td data-bbox="512 1059 890 1227">The farm is a property so a mortgage would be suitable</td> <td data-bbox="890 1059 1316 1227">Mortgage would have a lower interest rate than a bank loan (AN) but still reduces the profits of the business (DEV)</td> </tr> </tbody> </table>	Example of a source of finance (K)	Examples of application / context (APP)	Examples of possible analysis (AN + DEV)	Bank loan	Been established for 10 years so likely to be granted	Interest will have to be repaid (AN) which may mean that FN has even worse cashflow (DEV)	Mortgage	The farm is a property so a mortgage would be suitable	Mortgage would have a lower interest rate than a bank loan (AN) but still reduces the profits of the business (DEV)	
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1(d)	Evaluate the likely impacts on the local community if FN changes from a co-operative to a public limited company.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation based on arguments in context			7
			Developed evaluation based on arguments in context			6
			An evaluative statement based on arguments in context			5
Shows understanding of changing from a cooperative to a public limited company in context		3–4	Argument based on two impacts of FN changing from a co-operative to a public limited company on the local community			4
			Argument based on one impact of FN changing from a co-operative to a public limited company on the local community			3
Shows knowledge of changing from a co-operative to a public limited company		1–2	Limited analysis of two impacts of a change in legal structure a local community			2
			Limited analysis of one impact of a change in legal structure on a local community			1
No credible content						0
Note: local community could include customers, neighbouring farms, suppliers. Internal stakeholders are not local community, such as investors and members.						

Question	Answer	Marks									
1(d)	<p>This is a question about changing legal structure, not creating jobs. If knowledge of changing legal structure has been shown, then creating jobs can be an impact (i.e. analysis) but no reward if that knowledge has not been shown earlier in the answer.</p> <p>Context / content:</p> <ul style="list-style-type: none"> • Customer focused business – will it alienate their customer base • Will prices rise as shareholders would want high profit / dividends • Culture of a PLC very different to a co-operative • Will it affect working relationships • Not all members agree so already causing conflict • Could provide finance for the expansion and no interest to pay • Provide income for members • Would have to appoint Board of Directors – members might all want to be on the board • Currently all have equal rights – this could change • Will it change mission statement especially in relation to local community? • Will it change plans for use of additional land from education and events for the local community? • Will it still commit to sustainable farming? • Neighbouring farms may fear possible takeover <p>An example of how an answer could develop and how it should be annotated:</p> <table border="1" data-bbox="316 1182 1316 1711"> <thead> <tr> <th data-bbox="316 1182 654 1247">K</th> <th data-bbox="654 1182 986 1247">APP</th> <th data-bbox="986 1182 1316 1247">AN</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1247 654 1480">A PLC can sell shares (K) so FN can gain more capital (K)</td> <td data-bbox="654 1247 986 1480">It could use the capital to open more local farm shops (APP) and provide more educational programmes (APP)</td> <td data-bbox="986 1247 1316 1480">It can afford to employ more people from the local community (AN) and living standards would rise (AN)</td> </tr> <tr> <td data-bbox="316 1480 654 1711">A PLC can sell shares to the general public (K) its main business objective is profit maximization (K)</td> <td data-bbox="654 1480 986 1711">FN may no longer offer educational programmes (APP) and may cut costs by using lower quality seeds (APP)</td> <td data-bbox="986 1480 1316 1711">To increase profits prices may go up (AN) or lower quality products offered (AN)</td> </tr> </tbody> </table>	K	APP	AN	A PLC can sell shares (K) so FN can gain more capital (K)	It could use the capital to open more local farm shops (APP) and provide more educational programmes (APP)	It can afford to employ more people from the local community (AN) and living standards would rise (AN)	A PLC can sell shares to the general public (K) its main business objective is profit maximization (K)	FN may no longer offer educational programmes (APP) and may cut costs by using lower quality seeds (APP)	To increase profits prices may go up (AN) or lower quality products offered (AN)	
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Question	Answer		Marks
1(d)	<p>DEV</p>	<p>EVAL</p>	
	<p>If shops are nearby then this will be more convenient for local people who will buy their daily foods more easily which will reduce travelling costs (DEV).</p> <p>More educational programmes will mean that more local people can benefit from these programmes and their skill levels will increase and they will be more employable (DEV)</p>	<p>In the short-term converting to a PLC will benefit the community (EVAL) as they will have lower living costs and higher incomes from employment (EVAL).</p> <p>In the long run the educational programmes will also give them qualifications which will make it easier for those people to get better paid jobs (EVAL)</p>	
	<p>FN's mission to contribute to the local community may no longer be an aim and the local community will not be able to benefit from the educational programmes (DEV)</p> <p>The rise in the price of products will impact the local community, especially the poorest, as they will be unable to buy as much and food is a necessity (DEV)</p>	<p>The impact on the local community will be negative (EVAL) as they will not be offered programmes to increase their skill levels and employability (EVAL) and, at the same time, will face lower living standards as there is a greater impact on income, from paying higher prices for a necessity (EVAL)</p>	

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2(a)(i)	<p data-bbox="316 248 948 282">Define the term ‘unique selling point’ (line 1).</p> <table border="1" data-bbox="316 315 1316 577"> <thead> <tr> <th data-bbox="316 315 1169 380">Knowledge and Application</th> <th data-bbox="1169 315 1316 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 380 1169 448">A correct definition</td> <td data-bbox="1169 380 1316 448">2</td> </tr> <tr> <td data-bbox="316 448 1169 515">A partial, vague or unfocused definition</td> <td data-bbox="1169 448 1316 515">1</td> </tr> <tr> <td data-bbox="316 515 1169 577">No creditable content</td> <td data-bbox="1169 515 1316 577">0</td> </tr> </tbody> </table> <p data-bbox="316 611 432 645">Content</p> <ul data-bbox="316 678 1158 745" style="list-style-type: none"> • Different / differentiates about a business’s product / service • Factor or feature <table border="1" data-bbox="316 779 1316 1348"> <thead> <tr> <th data-bbox="316 779 916 844">Exemplar</th> <th data-bbox="916 779 1048 844">Mark</th> <th data-bbox="1048 779 1316 844">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 844 916 945">A factor that differentiates a product from its competitors</td> <td data-bbox="916 844 1048 945">2</td> <td data-bbox="1048 844 1316 945">Full definition</td> </tr> <tr> <td data-bbox="316 945 916 1046">A feature that differentiates a product service</td> <td data-bbox="916 945 1048 1046">2</td> <td data-bbox="1048 945 1316 1046">Implied competition</td> </tr> <tr> <td data-bbox="316 1046 916 1146">A feature that sets you apart from competitors</td> <td data-bbox="916 1046 1048 1146">2</td> <td data-bbox="1048 1046 1316 1146">Full definition</td> </tr> <tr> <td data-bbox="316 1146 916 1247">A special feature of your product</td> <td data-bbox="916 1146 1048 1247">1</td> <td data-bbox="1048 1146 1316 1247">No relation to competition</td> </tr> <tr> <td data-bbox="316 1247 916 1348">Makes your product stand out</td> <td data-bbox="916 1247 1048 1348">1</td> <td data-bbox="1048 1247 1316 1348">No relation to factor or feature</td> </tr> </tbody> </table>	Knowledge and Application	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	A factor that differentiates a product from its competitors	2	Full definition	A feature that differentiates a product service	2	Implied competition	A feature that sets you apart from competitors	2	Full definition	A special feature of your product	1	No relation to competition	Makes your product stand out	1	No relation to factor or feature	2
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2(a)(ii)	<p>Explain the term ‘mass customisation’ (line 10)</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 383 1316 779"> <tr> <td data-bbox="316 383 395 510">C</td> <td data-bbox="395 383 1142 510">Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.</td> <td data-bbox="1142 383 1316 510">1 mark Pink</td> </tr> <tr> <td data-bbox="316 510 395 645">B</td> <td data-bbox="395 510 1142 645">Understanding of ‘mass’, i.e. understanding of the use of production lines / flow production / assembly line etc.</td> <td data-bbox="1142 510 1316 645">1 mark Yellow</td> </tr> <tr> <td data-bbox="316 645 395 779">A</td> <td data-bbox="395 645 1142 779">Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.</td> <td data-bbox="1142 645 1316 779">1 mark Blue</td> </tr> </table> <p>Note: the C mark is dependent on gaining both A and B marks first because otherwise a wrong understanding of mass customisation (e.g. mass production) could gain the majority of the marks.</p> <ul style="list-style-type: none"> • Using production lines to make a variation in products. Using mass production techniques to produce differentiated products. • Can add value to a product by adding differences and customisation. • Make products unique to each customer but with low cost. <table border="1" data-bbox="316 1115 1316 2040"> <thead> <tr> <th data-bbox="316 1115 917 1182">Exemplar</th> <th data-bbox="917 1115 1050 1182">Mark</th> <th data-bbox="1050 1115 1316 1182">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1182 917 1317">Using a production line (B) to make differentiated products (A) often using machinery (C)</td> <td data-bbox="917 1182 1050 1317">3</td> <td data-bbox="1050 1182 1316 1317">All three elements</td> </tr> <tr> <td data-bbox="316 1317 917 1518">Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).</td> <td data-bbox="917 1317 1050 1518">3</td> <td data-bbox="1050 1317 1316 1518">All three elements</td> </tr> <tr> <td data-bbox="316 1518 917 1615">Where lots of different types of products (A) are made using flow production (B).</td> <td data-bbox="917 1518 1050 1615">2</td> <td data-bbox="1050 1518 1316 1615">A and B mark</td> </tr> <tr> <td data-bbox="316 1615 917 1845">Making customised products for the customers which can be low cost.</td> <td data-bbox="917 1615 1050 1845">1</td> <td data-bbox="1050 1615 1316 1845">A mark only – do not allow the C mark unless both A and B have been awarded (See NB)</td> </tr> <tr> <td data-bbox="316 1845 917 2040">Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell</td> <td data-bbox="917 1845 1050 2040">1</td> <td data-bbox="1050 1845 1316 2040">B mark only – obvious confusion with mass production (See NB)</td> </tr> </tbody> </table>	C	Example or some other way of showing good understanding, i.e. can involve the use of IT, low cost solution to making etc.	1 mark Pink	B	Understanding of ‘mass’, i.e. understanding of the use of production lines / flow production / assembly line etc.	1 mark Yellow	A	Understanding of customisation, i.e. the use of techniques to create differentiated products, unique products, to customer orders etc.	1 mark Blue	Exemplar	Mark	Rationale	Using a production line (B) to make differentiated products (A) often using machinery (C)	3	All three elements	Where a business makes products which have are based on the individual customer requirements (A) but have been made on a production line (B). This keeps the cost low for the business (C).	3	All three elements	Where lots of different types of products (A) are made using flow production (B).	2	A and B mark	Making customised products for the customers which can be low cost.	1	A mark only – do not allow the C mark unless both A and B have been awarded (See NB)	Making lots of products on a production line which keeps the costs of the business low and means that the business can produce lots of products to sell	1	B mark only – obvious confusion with mass production (See NB)	3
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2(b)(i)	<p>Calculate the new quantity demanded of the Tommy Turner if FBL increases the price by 10%.</p> <table border="1"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or units</td> <td>4</td> </tr> <tr> <td>Correct calculation of change in QD (24 000) with or without direction</td> <td>3</td> </tr> <tr> <td>Correct calculation of percentage change in QD (-20%)</td> <td>2</td> </tr> <tr> <td>Correct formula*</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p><i>*Formula can be implied through the use of figures</i></p> <p>% change in QD = PED % change in P</p> <p>% change in QD = $\frac{-2}{10\%}$</p> <p>So % change in QD = -20%</p> <p>So, change in QD = $-24\ 000$ units (a decrease of 24 000 units) $120\ 000 - 24\ 000 = \mathbf{96\ 000\ units}$</p> <table border="1"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>96 000 (no working)</td> <td>4</td> <td>Correct answer</td> </tr> <tr> <td>-96 000</td> <td>3</td> <td>One mistake</td> </tr> <tr> <td>24 000</td> <td>3</td> <td>Calculation of change in QD</td> </tr> <tr> <td>-24 000</td> <td>3</td> <td>Calculation of change in QD</td> </tr> <tr> <td>-20%</td> <td>2</td> <td>Percentage change in QD</td> </tr> <tr> <td>20%</td> <td>2</td> <td>Percentage change in QD (ignore lack of minus)</td> </tr> <tr> <td>-1/5</td> <td>2</td> <td>Percentage change in QD (also without -)</td> </tr> <tr> <td>% change in QD = PED</td> <td rowspan="2">1</td> <td rowspan="2">Correct formula</td> </tr> <tr> <td>% change in P</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer with or without correct working or units	4	Correct calculation of change in QD (24 000) with or without direction	3	Correct calculation of percentage change in QD (-20%)	2	Correct formula*	1	No creditable content	0	Answer	Mark	Rationale	96 000 (no working)	4	Correct answer	-96 000	3	One mistake	24 000	3	Calculation of change in QD	-24 000	3	Calculation of change in QD	-20%	2	Percentage change in QD	20%	2	Percentage change in QD (ignore lack of minus)	-1/5	2	Percentage change in QD (also without -)	% change in QD = PED	1	Correct formula	% change in P	4
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Question	Answer				Marks	
2(c)	Analyse two methods FBL could use to extend the product life cycle of the Tommy Turner.				8	
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)		Marks
2		Shows understanding of two methods to extend the PLC in context	4	Developed analysis of two methods to extend the PLC in context		4
		Shows understanding of one method to extend the PLC in context	3	Developed analysis of one method to extend the PLC in context		3
1		Shows knowledge of two methods to extend the PLC	2	Limited analysis of two methods to extend the PLC		2
		Shows knowledge of one method to extend the PLC	1	Limited analysis of one methods to extend the PLC		1
0	No credible content					
Context / content						
Extension strategies extend the life of the product before it goes into decline may include:						
<ul style="list-style-type: none"> • Advertising – try to gain a new audience or remind the current audience • Extend range – add new designs / features to the current product e.g. other named characters (other than ‘Tommy Turner’) • Price reduction – more attractive to customers / favoured by Aninditad • Explore new markets – try selling abroad • New packaging – brightening up old packaging, or subtle changes such as changing the colour or font used or new name for the range 						

Question	Answer			Marks
2(c)	ARA			
	Example of a method (K)	Examples of application / context (APP)	Examples of possible analysis (AN + DEV)	
	Add new features (K)	As it only spins could add animal sounds (APP)	Parents could see this as an educational benefit (AN) to help their children recognise different animals by sound so more are likely to buy it (DEV)	
	Suggest new uses (K)	The spinner could be marketed to an older age group as a 'stress reliever' (APP)	A product in the maturity phase of the product life cycle has achieved peak growth (AN) by marketing to older age groups (than 4–10 year olds) with a different use, such as stress relief, can help maintain or increase sales (DEV)	

Question	Answer				Marks
2(d)	Discuss the likely impact on the morale and welfare of FBL’s employees if supply of the Tommy Turner is increased.				11
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks	
			Justified evaluation based on arguments in context	7	
			Developed evaluation based on arguments in context	6	
			An evaluative statement based on arguments in context	5	
	Shows understanding of staff morale and welfare in context	3–4	Arguments (two-sided) based on the impact of an increase in supply on FBL’s employees morale and welfare	4	
			Argument (one-sided) based on the impact of an increase in supply on FBL’s employees morale and welfare	3	
	Shows knowledge of staff morale and welfare	1–2	Limited analysis of the impact of an increase in supply on employee’s morale and welfare	1–2	
	No credible content			0	
	Employee morale and welfare would include job satisfaction, outlook, feelings of wellbeing, good work relationships, engaged / take pride in work, good workplace culture. One of the cornerstones of business which has been shown to have a direct effect on productivity. Low morale leads to reduced concentration, absenteeism, missed deadlines, fall in productivity, high staff turnover etc.				

Question	Answer	Marks
2(d)	<p>Context / content:</p> <p>Increased supply requires a production change to CAM, machinery rather than hand produced toys which would mean lower skilled work and could lead to a fall in morale. Also might change payment system.</p> <p>FB's employees:</p> <ul style="list-style-type: none"> • Take great pride in their work. • Very loyal to the company and their co-workers. • Most of the employees have been with the company for over 10 years. • Enjoy good relationships with all the directors. <p>If morale falls employees might:</p> <ul style="list-style-type: none"> • Look for other jobs • Find it hard to concentrate • Resent the directors for the change • Cause conflict with management and even co-workers • Produce less • Be absent more frequently • Lower quality of work <p>Evaluation could include:</p> <ul style="list-style-type: none"> • The fact that there are strong relationships within the company so employees could be persuaded that the change is good for all. • It's possible that pay might increase. • Some employees might welcome learning new skills to operate the machinery. • The design team is still required so not as much change for them. • Management could consult and communicate benefits of change to employees so that they are comfortable with the changes. • Other toys might still be handmade. <p>An example of how an answer could develop and how it should be annotated:</p>	

Question	Answer			Marks
2(d)	K	APP	AN	
	Employee morale refers to job satisfaction (K) and welfare to a healthy work environment (K)	Employees at FBL are happy there as they have worked for it for 10 years / a long time (APP) and take great pride in their work (APP)	If employees feel job satisfaction they will be happy to work more hours to increase supply (AN) and will be proud that they work for a successful firm (AN)	
	Employees with low morale dislike their job (K) and will lack motivation to do well (K)	This might damage the existing good relationship with the directors (APP) and even between co-workers who have been loyal to each other (APP)	Leading to conflict between workers and management (AN) and employees may look for jobs with competitors (AN)	

Question	Answer		Marks
2(d)	DEV	EVAL	
	<p>FBL's employees are highly skilled but if FBL introduces mass customisation their skills will no longer be required as the new machinery will take over much of the production process (DEV). They may be happy that they will be trained in other skills such as operating the new machinery as this will increase their skill set and provide greater job security (DEV)</p>	<p>However, as there are good relationships within the company the employees could be persuaded that the positives of the change outweigh the negatives (EVAL) and the increased profits could mean higher wages for the workers (EVAL) leading to an increase in morale and feelings of job satisfaction (EVAL)</p>	
<p>If the existing good relationship between employees and directors is damaged, conflicts might occur which could disrupt production and reduce output (DEV). Although not all employees are affected in the same way, the design team are still needed to work on designs for future products which could increase their job satisfaction (DEV)</p>	<p>Although the Tommy Turner may be produced using mass customisation there may still be a need for other hand made toys (EVAL) so the current employees could still use their skills to make these (EVAL) and new employees could be recruited to work the new machines so that all current employees still enjoy their jobs (EVAL)</p>		