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**BUSINESS**

**9609/23**

Paper 2 Data Response

**May/June 2019**

MARK SCHEME

Maximum Mark: 60

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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.

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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><b>Define the term ‘mission statement’ (line 2).</b></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"> <li>• Vision / beliefs</li> <li>• Purpose</li> <li>• Goals</li> <li>• Values</li> <li>• Focus</li> <li>• Marketing / communication – attract customers</li> <li>• (Core) aim</li> <li>• Motivational</li> <li>• Long term</li> <li>• Sense of direction</li> <li>• Creates interest by external groups</li> <li>• Communicates to stakeholders</li> <li>• It is not an objective</li> </ul> <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><b>Explain the term ‘co-operative’ (line 1).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 383 1313 891"> <tbody> <tr> <td data-bbox="316 383 395 546"><b>C</b></td> <td data-bbox="395 383 1142 546">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 1313 546">1 mark Pink</td> </tr> <tr> <td data-bbox="316 546 395 752"><b>B</b></td> <td data-bbox="395 546 1142 752"> <ul style="list-style-type: none"> <li>• Responsibilities are shared</li> <li>• Owners may contribute to the running of the business</li> <li>• Shared decision making</li> <li>• All members have one vote</li> </ul> </td> <td data-bbox="1142 546 1313 752">1 mark Yellow</td> </tr> <tr> <td data-bbox="316 752 395 891"><b>A</b></td> <td data-bbox="395 752 1142 891"> <ul style="list-style-type: none"> <li>• Owned / financed by workers / customers / members</li> <li>• Profits are shared</li> </ul> </td> <td data-bbox="1142 752 1313 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 1313 1955"> <thead> <tr> <th data-bbox="316 1196 916 1258">Exemplar</th> <th data-bbox="916 1196 1050 1258">Mark</th> <th data-bbox="1050 1196 1313 1258">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1258 916 1424">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="916 1258 1050 1424">3</td> <td data-bbox="1050 1258 1313 1424">A, B and C</td> </tr> <tr> <td data-bbox="316 1424 916 1590">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="916 1424 1050 1590">3</td> <td data-bbox="1050 1424 1313 1590">B and C</td> </tr> <tr> <td data-bbox="316 1590 916 1688">A co-operative has shared profit (A) and responsibilities (B)</td> <td data-bbox="916 1590 1050 1688">2</td> <td data-bbox="1050 1590 1313 1688">A and B</td> </tr> <tr> <td data-bbox="316 1688 916 1787">Members (A) who join together to benefit from bulk buying (C)</td> <td data-bbox="916 1688 1050 1787">2</td> <td data-bbox="1050 1688 1313 1787">A and C</td> </tr> <tr> <td data-bbox="316 1787 916 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="916 1787 1050 1955">1</td> <td data-bbox="1050 1787 1313 1955">Three points but all from so only one mark.</td> </tr> </tbody> </table>	<b>C</b>	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>B</b>	<ul style="list-style-type: none"> <li>• Responsibilities are shared</li> <li>• Owners may contribute to the running of the business</li> <li>• Shared decision making</li> <li>• All members have one vote</li> </ul>	1 mark Yellow	<b>A</b>	<ul style="list-style-type: none"> <li>• Owned / financed by workers / customers / members</li> <li>• Profits are shared</li> </ul>	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)	<b>Analyse two sources of finance, other than selling shares, FN could use to purchase the neighbouring farm.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>
	2	Shows understanding of <b>two</b> sources of finance in context	4	Developed analysis of <b>two</b> sources of finance in context	4
		Shows understanding of <b>one</b> source of finance in context	3	Developed analysis of <b>one</b> source of finance in context	3
	1	Shows knowledge of <b>two</b> sources of finance	2	Limited analysis of <b>two</b> (or more) sources of finance	2
		Shows knowledge of <b>one</b> source of finance	1	Limited analysis of <b>one</b> source of finance	1
	0	No credible content			
<b>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)</b>					
<b>Content:</b>					
<b>Internal sources of finance:</b>					
<ul style="list-style-type: none"> <li>• Retained earnings</li> <li>• Sale of unwanted assets</li> <li>• Sale and leaseback of non-current assets</li> <li>• Working capital</li> </ul>					
<b>External sources of finance:</b>					
<ul style="list-style-type: none"> <li>• New partners</li> <li>• Venture capital</li> <li>• Overdrafts</li> <li>• Leasing</li> <li>• Hire purchase</li> <li>• Bank loans</li> <li>• Mortgages</li> <li>• Debentures</li> <li>• Micro-finance</li> <li>• Crowd funding</li> <li>• Government grants</li> </ul>					

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><b>Note: ‘internal’ and ‘external’ can be sources of finance in themselves</b></p> <p><b>Contextual analysis likely to come from:</b></p> <ul style="list-style-type: none"> <li>• Amount to raise is \$80 000 (or \$140 000 based on negative cashflow)</li> <li>• One option discussed to invite more members of the co-op</li> <li>• Bank loan – cash flow predicts a healthy surplus in just over a year</li> <li>• Internal finance may not be suitable as FN has limited capital / poor cashflow</li> <li>• Being a co-operative</li> </ul> <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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Question	Answer				Marks
1(d)	<b>Evaluate the likely impacts on the local community if FN changes from a co-operative to a public limited company.</b>				<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	
			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 <b>two</b> impacts of FN changing from a co-operative to a public limited company on the local community	4	
			Argument based on <b>one</b> 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 <b>two</b> impacts of a change in legal structure a local community	2	
			Limited analysis of <b>one</b> impact of a change in legal structure on a local community	1	
	No credible content			0	
	<b>Note: local community could include customers, neighbouring farms, suppliers. Internal stakeholders are not local community, such as investors and members.</b>				

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><b>Context / content:</b></p> <ul style="list-style-type: none"> <li>• Customer focused business – will it alienate their customer base</li> <li>• Will prices rise as shareholders would want high profit / dividends</li> <li>• Culture of a PLC very different to a co-operative</li> <li>• Will it affect working relationships</li> <li>• Not all members agree so already causing conflict</li> <li>• Could provide finance for the expansion and no interest to pay</li> <li>• Provide income for members</li> <li>• Would have to appoint Board of Directors – members might all want to be on the board</li> <li>• Currently all have equal rights – this could change</li> <li>• Will it change mission statement especially in relation to local community?</li> <li>• Will it change plans for use of additional land from education and events for the local community?</li> <li>• Will it still commit to sustainable farming?</li> <li>• Neighbouring farms may fear possible takeover</li> </ul> <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 651 1247">K</th> <th data-bbox="651 1182 986 1247">APP</th> <th data-bbox="986 1182 1316 1247">AN</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1247 651 1480">A PLC can sell shares (K) so FN can gain more capital (K)</td> <td data-bbox="651 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 651 1711">A PLC can sell shares to the general public (K) its main business objective is profit maximization (K)</td> <td data-bbox="651 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)	<b>DEV</b>	<b>EVAL</b>	
	<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>	

Question	Answer	Marks																										
2(a)(i)	<p data-bbox="316 248 948 282"><b>Define the term ‘unique selling point’ (line 1).</b></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"><b>Content</b></p> <ul data-bbox="316 678 1157 745" style="list-style-type: none"> <li>• Different / differentiates about a business’s product / service</li> <li>• Factor or feature</li> </ul> <table border="1" data-bbox="316 779 1316 1348"> <thead> <tr> <th data-bbox="316 779 917 846">Exemplar</th> <th data-bbox="917 779 1050 846">Mark</th> <th data-bbox="1050 779 1316 846">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 846 917 947">A factor that differentiates a product from its competitors</td> <td data-bbox="917 846 1050 947">2</td> <td data-bbox="1050 846 1316 947">Full definition</td> </tr> <tr> <td data-bbox="316 947 917 1048">A feature that differentiates a product service</td> <td data-bbox="917 947 1050 1048">2</td> <td data-bbox="1050 947 1316 1048">Implied competition</td> </tr> <tr> <td data-bbox="316 1048 917 1149">A feature that sets you apart from competitors</td> <td data-bbox="917 1048 1050 1149">2</td> <td data-bbox="1050 1048 1316 1149">Full definition</td> </tr> <tr> <td data-bbox="316 1149 917 1249">A special feature of your product</td> <td data-bbox="917 1149 1050 1249">1</td> <td data-bbox="1050 1149 1316 1249">No relation to competition</td> </tr> <tr> <td data-bbox="316 1249 917 1348">Makes your product stand out</td> <td data-bbox="917 1249 1050 1348">1</td> <td data-bbox="1050 1249 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><b>Explain the term ‘mass customisation’ (line 10)</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 383 1313 779"> <tr> <td data-bbox="316 383 395 510"><b>C</b></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 1313 510">1 mark Pink</td> </tr> <tr> <td data-bbox="316 510 395 645"><b>B</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 1313 645">1 mark Yellow</td> </tr> <tr> <td data-bbox="316 645 395 779"><b>A</b></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 1313 779">1 mark Blue</td> </tr> </table> <p><b>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.</b></p> <ul style="list-style-type: none"> <li>Using production lines to make a variation in products. Using mass production techniques to produce differentiated products.</li> <li>Can add value to a product by adding differences and customisation.</li> <li>Make products unique to each customer but with low cost.</li> </ul> <table border="1" data-bbox="316 1115 1313 2042"> <thead> <tr> <th data-bbox="316 1115 916 1182">Exemplar</th> <th data-bbox="916 1115 1046 1182">Mark</th> <th data-bbox="1046 1115 1313 1182">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1182 916 1317">Using a production line (B) to make differentiated products (A) often using machinery (C)</td> <td data-bbox="916 1182 1046 1317">3</td> <td data-bbox="1046 1182 1313 1317">All three elements</td> </tr> <tr> <td data-bbox="316 1317 916 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="916 1317 1046 1518">3</td> <td data-bbox="1046 1317 1313 1518">All three elements</td> </tr> <tr> <td data-bbox="316 1518 916 1615">Where lots of different types of products (A) are made using flow production (B).</td> <td data-bbox="916 1518 1046 1615">2</td> <td data-bbox="1046 1518 1313 1615">A and B mark</td> </tr> <tr> <td data-bbox="316 1615 916 1845">Making customised products for the customers which can be low cost.</td> <td data-bbox="916 1615 1046 1845">1</td> <td data-bbox="1046 1615 1313 1845">A mark only – do not allow the C mark unless <b>both</b> A and B have been awarded (See NB)</td> </tr> <tr> <td data-bbox="316 1845 916 2042">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="916 1845 1046 2042">1</td> <td data-bbox="1046 1845 1313 2042">B mark only – obvious confusion with mass production (See NB)</td> </tr> </tbody> </table>	<b>C</b>	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>B</b>	Understanding of ‘mass’, i.e. understanding of the use of production lines / flow production / assembly line etc.	1 mark Yellow	<b>A</b>	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 <b>both</b> 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)(ii)	<p data-bbox="316 241 1217 280"><b>Explain one factor influencing the supply for the Tommy Turner.</b></p> <table border="1" data-bbox="316 313 1316 607"> <thead> <tr> <th data-bbox="316 313 501 378">Level</th> <th data-bbox="501 313 1184 378">Knowledge and Application</th> <th data-bbox="1184 313 1316 378">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 378 501 477">2 (APP)</td> <td data-bbox="501 378 1184 477">Explanation of a factor influencing supply <b>in context</b></td> <td data-bbox="1184 378 1316 477">2</td> </tr> <tr> <td data-bbox="316 477 501 542">1a (K)</td> <td data-bbox="501 477 1184 542">Explanation of a factor influencing supply</td> <td data-bbox="1184 477 1316 542">1</td> </tr> <tr> <td data-bbox="316 542 501 607">0</td> <td data-bbox="501 542 1184 607">No creditable content</td> <td data-bbox="1184 542 1316 607">0</td> </tr> </tbody> </table> <p data-bbox="316 645 619 678"><b>Content may include:</b></p> <ul data-bbox="316 712 823 1064" style="list-style-type: none"> <li>• Changing costs</li> <li>• Number of producers</li> <li>• Investment</li> <li>• Supply of a related good</li> <li>• Technology</li> <li>• Productivity</li> <li>• Taxes and subsidies</li> <li>• Weather</li> <li>• Availability of factors of production</li> <li>• Production time</li> </ul> <p data-bbox="316 1099 619 1133"><b>Context may include:</b></p> <ul data-bbox="316 1167 882 1272" style="list-style-type: none"> <li>• Capacity – FBL working at full capacity</li> <li>• Ability to invest – requires \$100 000</li> <li>• Productivity – can this be increased?</li> </ul> <p data-bbox="316 1308 384 1341"><b>ARA</b></p> <p data-bbox="316 1375 914 1408">Example of how responses should be marked</p> <table border="1" data-bbox="316 1442 1316 1704"> <thead> <tr> <th data-bbox="316 1442 756 1541"><b>Explanation of a factor (1 mark)</b></th> <th data-bbox="756 1442 1316 1541"><b>Explanation of a factor in context (2 marks)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1541 756 1639">Productivity</td> <td data-bbox="756 1541 1316 1639">Tommy turners are hand made and labour-intensive work</td> </tr> <tr> <td data-bbox="316 1639 756 1704">Availability of labour</td> <td data-bbox="756 1639 1316 1704">Highly skilled job</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of a factor influencing supply <b>in context</b>	2	1a (K)	Explanation of a factor influencing supply	1	0	No creditable content	0	<b>Explanation of a factor (1 mark)</b>	<b>Explanation of a factor in context (2 marks)</b>	Productivity	Tommy turners are hand made and labour-intensive work	Availability of labour	Highly skilled job	2
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Question	Answer				Marks
2(c)	<b>Analyse two methods FBL could use to extend the product life cycle of the Tommy Turner.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>
	2	Shows understanding of <b>two</b> methods to extend the PLC in context	4	Developed analysis of <b>two</b> methods to extend the PLC in context	4
		Shows understanding <b>one</b> method to extend the PLC in context	3	Developed analysis <b>one</b> method to extend the PLC in context	3
	1	Shows knowledge of <b>two</b> methods to extend the PLC	2	Limited analysis of <b>two</b> methods to extend the PLC	2
		Shows knowledge of <b>one</b> method to extend the PLC	1	Limited analysis of <b>one</b> methods to extend the PLC	1
	0	No credible content			
	<b>Context / content</b>				
	Extension strategies extend the life of the product before it goes into decline may include:				
	<ul style="list-style-type: none"> <li>• Advertising – try to gain a new audience or remind the current audience</li> <li>• Extend range – add new designs / features to the current product e.g. other named characters (other than ‘Tommy Turner’)</li> <li>• Price reduction – more attractive to customers / favoured by Aninditad</li> <li>• Explore new markets – try selling abroad</li> <li>• New packaging – brightening up old packaging, or subtle changes such as changing the colour or font used or new name for the range</li> </ul>				



Question	Answer			Marks
2(c)	<b>ARA</b>			
	<b>Example of a method (K)</b>	<b>Examples of application / context (APP)</b>	<b>Examples of possible analysis (AN + DEV)</b>	
	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)	<b>Discuss the likely impact on the morale and welfare of FBL's employees if supply of the Tommy Turner is increased.</b>				<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	
			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><b>Context / content:</b></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"> <li>• Take great pride in their work.</li> <li>• Very loyal to the company and their co-workers.</li> <li>• Most of the employees have been with the company for over 10 years.</li> <li>• Enjoy good relationships with all the directors.</li> </ul> <p>If morale falls employees might:</p> <ul style="list-style-type: none"> <li>• Look for other jobs</li> <li>• Find it hard to concentrate</li> <li>• Resent the directors for the change</li> <li>• Cause conflict with management and even co-workers</li> <li>• Produce less</li> <li>• Be absent more frequently</li> <li>• Lower quality of work</li> </ul> <p>Evaluation could include:</p> <ul style="list-style-type: none"> <li>• The fact that there are strong relationships within the company so employees could be persuaded that the change is good for all.</li> <li>• It's possible that pay might increase.</li> <li>• Some employees might welcome learning new skills to operate the machinery.</li> <li>• The design team is still required so not as much change for them.</li> <li>• Management could consult and communicate benefits of change to employees so that they are comfortable with the changes.</li> <li>• Other toys might still be handmade.</li> </ul> <p>An example of how an answer could develop and how it should be annotated:</p>	

Question	Answer			Marks
2(d)	<b>K</b>	<b>APP</b>	<b>AN</b>	
	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)	<b>DEV</b>	<b>EVAL</b>	
	<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>		