www.dynamicpapers.com

CAMBRIDGE
International Education

Cambridge O Level

BUSINESS STUDIES **7115/12**

Paper 1 Short Answer/Data Response **October/November 2024**

MARK SCHEME

Maximum Mark: 80

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 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

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 descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

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.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

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).

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

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.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

PUBLISHED

Paper 1 Annotations

Annotation	Description	Use
Tick	Tick	Indicates a point which is relevant and rewardable.
X	Cross	Indicates a point which is inaccurate/irrelevant and not rewardable.
BOD	Benefit of doubt	Used when the benefit of the doubt is given in order to reward a response.
TV	Too vague	Used when parts of the answer are considered to be too vague.
REP	Repetition	Indicates where content has been repeated.
NAQ	Not answered question	Used when the answer or parts of the answer are not answering the question asked.
K	Knowledge	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Application	Indicates appropriate reference to the information in the stem.
AN	Analysis	Indicates where the answer has demonstrated analysis.
EVAL	Evaluation	Indicates where the answer has demonstrated evaluation (part (e) questions only).
OFR	Own figure rule	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Noted but no credit given	Indicates that content has been recognised but not rewarded.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
1(a)	**Identify <u>two</u> features of a private sector business.** Award 1 mark per feature (max 2). Points might include: • Owned by individuals / not owned by government • Profit motive/objective • Financed by banks/individuals Other appropriate responses should be credited.	**2**	Only award the first two responses given.
1(b)	**Identify <u>two</u> reasons why a business might remain small.** Award 1 mark per reason (max 2). Points might include: • Owner's objectives • Limited access to finance/capital • Market size • Market domination / a few large businesses control the market • Lack of knowledge/skills/experience • Wants to maintain close relationship with its customers • To remain flexible / able to respond <u>quickly</u> to changes in consumer tastes • Type/nature of industry/market/product/service Other appropriate responses should be credited.	**2**	Only award the first two responses given.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
1(c)	**Outline <u>one</u> reason why Avtar might need each of the following types of finance:** Award 1 mark for each relevant reason for needing short-term/long-term finance (max 1 for each). Award 1 mark for each relevant reference to this business (max 1 for each). Points might include: Short-term finance: • Pay day-to-day expenses/provide working capital [k] for this private sector business [app] • Pay wages/salary [k] of his 2 employees [app] • Purchase inventory [k] • To prevent cash-flow problem/improve the cash position [k] Long-term finance: • Purchase non-current assets or examples [k] for the repair business [app] • Fund expansion/growth [k] in case he decides not to keep the business small [app] • Fund takeover of another business [k] • Develop new products/services [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • (Car) repair / garage or examples • 2 workers • Full-time (employees) • Private sector business • Economic recession • Small business • Added value Other appropriate examples can be credited.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
1(d)	**Explain <u>two</u> ways an economic recession might affect Avtar's business.** Award 1 mark for identification of each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Less/lower demand/sales [k] for car repairs [app] reducing revenue / need to make redundancies [an] • Less/lower competition (as other businesses fail) [k] which could increase potential customer base [an] • Widen pool of potential employees [k] if he wants more than 2 employees [app] which may lower recruitment costs [an] • Reduce number of employees [k] so lower break-even / cash outflows / lower costs [an] so does not need finance [app] • May lower prices [k] which reduces added value [app] increase demand [an] • Material costs may be lower [k] which may increase profit margin/lower variable costs [an] • May delay any expansion plans [k] as not able to afford it [an] so business must remain small [app] • Hard to survive / may close down / objective may switch to survival [k] so may lose his investment/difficult to attract investment [an] • May have cash flow problems [k] so need overdraft/loan/cannot repay loans/day-to-day costs [an] • Customers may delay payment / more bad debts [k] • More difficult to raise finance/banks may not lend [k] Other appropriate responses should also be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • (Car) repair / garage or examples • 2 workers • Full-time (employees) • Private sector business • Small business • Added value • Short-term/long-term finance/needs finance (for many reasons) Other appropriate examples can be credited. Some points such as lower costs can be [k] or [an] but only award once. Points about repay loans/interest/need to borrow from bank is [an] only.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
1(e)	**Explain <u>two</u> ways a business can increase added value. Which is likely to be the best way for a business to use? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to which is the best way for a business to increase added value. Points might include: Ways to increase price: • (Improve) quality of product/service [k] so customers may be prepared to <u>pay higher prices</u> [an] • (Build a) brand image/marketing/packaging [k] so customers think the product is <u>worth more</u> [an] • (Improve) product features / change/create a unique design [k] making the product more desirable than similar products so willing to <u>pay more</u> [an] • Convenience [k] customers may <u>pay more</u> for a product they can have straightaway [an] Ways to lower (input/raw material) costs: • Buy cheaper raw materials / find cheaper suppliers [k] reduces material/input costs [an] widening the gap between cost and price [an] • Reduce the number of materials used [k] Other appropriate responses should also be credited. Justification might include: One way is improving the quality [k] as customers may be willing to pay a higher price [an]. It could buy cheaper raw materials [k] which may reduce material costs [an]. Improving quality is better because cheaper materials could damage the reputation leading to fewer sales [eval] while improving quality could even help attract new customers [eval].	**6**	This is a general question so there are no marks for application. To access [eval], must discuss two valid ways. The second [eval] mark must be awarded for a comparison between two valid ways. Some points could be [k] or [an] but do not award the same point twice. Some analysis can be used for more than one point, but only award once. Analysis can be awarded for explaining: • The reason why price /cost may be higher/lower • How way increases added value

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(a)	**Define 'licensing'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Business gives permission for another company (in the new market being entered) to produce the branded/patented products (under licence) [2] OR A business in one country permits a firm (in a foreign country) to produce its branded products (under licence) [2] OR When a business gives the right to others to produce/sell its products (in another country) [2] Partial definition e.g. allow someone else to make/sell your products [1]	**2**	For two marks need the idea of permission/rights given by one business to another business and idea of what i.e. produce/sell/operate for its products. Do not need to refer to other countries/new markets to gain two marks.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(b)	**Identify <u>two</u> factors which might affect how much inventory a business should hold.** Award 1 mark per factor (max 2). Points might include: • Demand for product/amount of sales • Perishability/nature/type of product/durability • (Storage) space available • Cost of storage/warehouse • Delivery charges • Seasons/celebrations/festivals • Amount of money available (to buy inventory) / cost of inventory / finance • Lead time/reliability of supplier • Method of production / rate/quantity of output • Stock control system / JIT • Forecast/expected shortages Other appropriate responses should be credited.	**2**	Only award the first two responses given.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(c)	**Outline <u>two</u> benefits to SNT of using batch production.** Award 1 mark for each relevant benefit (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Flexible [k] helping the business adapt to the new markets in other countries [app] • Production may not be affected to any great extent if machinery breaks down [k] so can continue to make some soft drinks [app] • Range/variety of products [k] when making 300 000 (bottles per week) [app] • Can motivate workers [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Soft drinks • 300 000 (bottles per week) • New markets (in other countries)/planning to expand • (How much) inventory is important • Ethical (business) Other appropriate examples can be credited. Comparative statements such as 'More/ less' can only be accepted when referring to an alternative method e.g. quicker <u>than job production</u>.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to SNT of forming a joint venture when entering new markets in other countries.** Award 1 mark for identification of each relevant advantage/disadvantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: Advantages: • Increase capital / share costs / share resources [k] when making its soft drinks [app] which can help the business reduce borrowing [an] • Access to shared knowledge/expertise [k] increasing productivity/efficiency [an] above 300 000 (bottles per week) [app] • Less need for market research [k] lowers (marketing) costs [an] • Avoid/reduce competition [k] increasing market share [an] • Share/lower (financial) risk [k] which reduces possible losses [an] • May be a legal requirement (in some countries) [k] Disadvantages: • Possible (management) conflict/disagreements/different ways of working [k] as other business may be less concerned about being ethical [app] which can slow down decision-making [an] • Mistakes will reflect on all parties [k] which can damage its reputation [an] reducing its ability to offer licensing [app]	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Soft drinks • 300 000 (bottles per week) • Ethical business • Licensing • Batch production Other appropriate examples can be credited. Some points can be awarded as [k] or [an] but do not award the same point twice e.g. share risk.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(d)	• Must share profit [k] which may reduce motivation of each party [an] • It will take time/effort to find the right partner [k] which may delay the expansion [an] Other appropriate responses should be credited.		

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(e)	**Do you think the advantages to a business of being ethical are greater than the disadvantages? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to whether the advantages to a business of being ethical are greater than the disadvantages. Points might include: Advantages: • Good image/reputation [k] so can charge high(er) prices [an] • Good relations with customers [k] which can develop customer loyalty [an] • Increase demand/sales/customers / enter new market [k] increasing revenue [an] • Help motivate workers [k] leading to lower absenteeism / lower labour turnover / increased productivity [an] • Help recruit/attract employees [k] • Investors more likely to invest [k] which may make it easier to expand/grow the business [an] • Can help create better supplier relations [k] Disadvantages: • Limited/fewer materials available [k] leading to less output [an] • High(er) costs [k] could lead to higher prices [an] • May take time to source suitable/ethical supplies [k] which could delay production [an] • May have to pay more to suppliers / for materials [k] leading to higher variable costs/cost of goods sold / lower gross profit margin [an]	**6**	This is a general question so there are no marks for application. Some points could be awarded as either [k] or [an] but do not award the same point twice e.g. customer loyalty, increase prices. To access [eval], must discuss a valid advantage and a valid disadvantage. Accept problems of not being ethical e.g. damage reputation

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
2(e)	Other appropriate responses should be credited. Justification might include: One disadvantage is the business may have higher cost of materials [k] leading to a lower gross profit margin [an]. The business may have a better reputation [k] so able to charge higher prices [an]. Being ethical is better because higher prices could increase its profit margin [eval] which could cover the additional costs of materials [eval].		

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
3(a)	**Define 'non-current assets'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Resources owned by a business which will be used for a period longer than one year [2] OR Items owned by a business for more than one year [2] Partial definition e.g. items owned/bought/possessed by the business [1] OR Items in the business for more than one year [1]	**2**	For both marks must have idea of 'owned by a business' and held for 'more than 1 year'.
3(b)	**Calculate HRO's current ratio. Show your working.** Award 2 marks for a correct answer. Award 1 mark for correct method but incorrect answer. Correct answer 1.25:1 [2] OR 1.25 [2] Correct method but incorrect answer e.g. Current assets ÷ current liabilities [1] OR 250/200 [1] If correct answer given with no working shown, award 2 marks.	**2**	Award only 1 mark if 1.25 is written as part of the answer but is not given as the final answer. If answer incorrect, check for the correct working.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
3(c)	**State whether each of the following would be classified as a current asset or as a current liability.** Award 1 mark per correct answer (max 2). • Trade receivables: Current asset • Trade payables: Current liability • Overdraft: Current liability • Inventory: Current asset	**4**	Only award the first response given for each answer.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
3(d)	**Explain <u>one</u> way the objective of HRO's shareholders to increase profit might conflict with the objectives of each of the following stakeholder groups:** Award 1 mark for identification of each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: Customers: • Value for money/lower prices [k] but HRO might want to increase prices [an] of its toys [app] • HRO might want to increase the prices [k] of its toys [app] whereas customers want value for money/lower prices/refuse to buy / go to competitor [an] • Customers want good/better quality of products [k] which may increase (material) costs [an] of this private limited company [app] • Wider range of products [k] but this could increase HRO's costs [an] • Reliable products/services [k] Suppliers: • Might want to increase prices [k] whereas HRO might want to lower prices [an], so HRO has more funds for market research [app] • HRO wants to pay lower prices [k] which lowers revenue/profit for suppliers [an] • Increased/regular number of orders [k] but HRO might want to place fewer orders [an] to reduce its $200 000 current liabilities [app] • To be treated fairly [k] Other appropriate responses should also be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • (Children's) toys • Private limited company • Market research • 30 (suppliers) • $200 000 (current liabilities) Other appropriate examples can be credited. Knowledge can be awarded for identifying an objective of either the business (other than profit) or stakeholder. Analysis mark for explaining how this might conflict with the other party.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
3(e)	**Do you think the advantages to a business of using primary market research are greater than the disadvantages? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to whether the advantages to a business of using primary market research are greater than the disadvantages. Points might include: Advantages: • Up to date/new (data) [k] which can help make better/informed decisions/able to satisfy customer demand [an] increasing sales [an] • Business specific/relevant data can be gathered [k] so should help the business find out only what it needs to know [an] • Only available to own business / not available to the competition [k] Disadvantages: • Expensive [k] as need to recruit experts to assist [an] which increase cash outflows/increase costs [an] • Time to collect [k] which could mean opportunities are missed [an] Other appropriate points should also be credited. Justification might include: It allows for business specific data to be gathered [k] helping the business find out exactly what it wants to know [an]. However, it does take time to collect [k] which may mean opportunities are missed [an].	**6**	This is a general question so there are no marks for application. To access [eval], must discuss a valid advantage and a valid disadvantage. For analysis: Can explain the effect of the advantage/disadvantage Reason why the advantage/disadvantage arises

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
3(e)	The advantages are greater because the time spent now to gather specific information is likely to help the business make better decisions [eval] which could save the business from wasting resources in the future [eval].		

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
4(a)	**Identify <u>one</u> advantage and <u>one</u> disadvantage to employees of being members of a trade union.** Award 1 mark per advantage/disadvantage (max 2). Points might include: Advantages: • Strength in numbers/more power when negotiating with employers / collective bargaining • Offer (legal) advice to employees • Protect job security / protect against possible redundancy / protect against unfair dismissal • Improve health and safety / better/good working environment / protect against unfair work practices • Help obtain a pay rise/extra holiday entitlement/change in hours • Improved benefits for members who are not working because they are sick, retired or made redundant • Protect employee rights / ensure workers are not exploited / protect interests Disadvantages: • Must pay (membership fee) / expensive • Decisions of majority is binding on all members, even if do not agree with the decision Other appropriate responses should be credited.	**2**	Only award the first response given for each answer.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
4(b)	**Identify <u>one</u> benefit and <u>one</u> limitation of a business using induction training.** Award 1 mark for each benefit/limitation of induction training (max 2). Points might include: Benefits: • Familiarise with work/settle quickly into the job • Helps to be made aware of workplace/ important health and safety issues before starting the job • Helps to understand job role/who the main personnel in the organisation are • May be a legal requirement for health and safety (at start of job) • Workers are less likely to make mistakes Limitations: • Increases costs/expensive • (Wages are paid but) there is no output • Time-consuming • Delay when employee starts working Other appropriate responses should be credited.	**2**	Only award the first response given for each answer. Do not award: Answers about on-the-job/off-the-job training

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
4(c)	**Outline <u>one</u> reason why each of the following stages of recruitment might be important for TLA:** Award 1 mark for each relevant reason (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: Job description: • Provides a clear idea of what job involves / sets out clearly the roles and responsibilities of the position [k] for the 3000 employees [app] • Provides basis for drawing up a contract [k] for the new managers [app] • Helps decide basis for pay [k] • Helps create person specification [k] • Helps create appropriate job advert/help decide where to advertise [k] • Helps resolve disputes [k] Job advertisement: • Makes (potential) applicants aware of / know about the job [k] at the hotel [app] • Helps attract a range of applicants [k] as planning to expand [app] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Large business • Hotel • 200 rooms • 3000 (employees) • (2/new) managers • Induction training • Trade union • Planning to expand/grow Other appropriate examples can be credited.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
4(d)	**Explain <u>two</u> possible diseconomies of scale as TLA grows.** Award 1 mark for identification of each relevant diseconomy of scale (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Low morale/motivation / lack of loyalty/commitment [k] from its 3000 employees [app] leading to higher labour turnover / more workers leaving [an] • Poor communication [k] as more levels for messages to pass through / more mistakes [an] in the hotel [app] • Weak/lack of co-ordination [k] leading to the wrong decisions [an] by the 2 managers [app] • Lack of control [k] which may lead to some employees working less efficiently [an] at this large business [app] Other appropriate responses should also be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Large business • Hotel • 200 rooms • 3000 (employees) • <u>2/new</u> managers • Induction training • Trade union Other appropriate examples can be credited. Increase in <u>average/unit</u> cost [an] only. Analysis can be awarded for either: Explaining the effect of the diseconomy. Reasons why the diseconomy arises.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
4(e)	**Do you think the advantages of managers using a democratic leadership style are greater than the disadvantages for a business? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to whether the advantages of managers using a democratic leadership style are greater than the disadvantages for a business. Points might include: Advantages: • Gain (more) ideas/suggestions [k] which may increase sales [an] • Can increase motivation/more committed [k] leading to less absenteeism/(lower) labour turnover / improve efficiency/output [an] • Better decisions could be made [k] as can use employees' experience and skills [an] • Positive work environment [k] Disadvantages: • Employees may not have the necessary experience / want to be involved in decisions [k] leading to mistakes [an] • Takes time to consult employees [k] which can slow down decision-making [an] Other appropriate answers should also be credited.	**6**	This is a general question so there are no marks for application. To access [eval], must discuss a valid advantage and a valid disadvantage. Some points can be [k] or [an] but only award once e.g. help keep worker loyalty. Points about motivation could be an advantage or disadvantage but only award once. Do not award: Reference to delegation.

© Cambridge University Press & Assessment 2024

www.dynamicpapers.com

Question	Answer	Marks	Notes
4(e)	Justification might include: One advantage is that it can lead to new ideas [k] which can increase sales [an]. However, it can take time to consult all employees [k] which delays decision-making [an]. The advantage is greater because if the employees' ideas are successful, they could increase revenue [eval] so the extra time to obtain these ideas would be worthwhile [eval].		

© Cambridge University Press & Assessment 2024