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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **October/November 2025**

MARK SCHEME

Maximum Mark: 60

Published

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

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

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

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

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

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

1 Components using point-based marking:

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

From this it follows that we:

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

2 Presentation of mark scheme:

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

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3 Calculation questions:

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

4 Annotation:

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

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Annotations guidance for centres

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

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

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

Annotations

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

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

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Guidance on using levels-based marking

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

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

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

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

Assessment objectives

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

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

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

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>Identify <u>one</u> stage of the transformational process.

Responses include:
The stages of the transformational process:

• Inputs
• Adding value / production / manufacturing / operations / process
• Outputs

Do not accept examples of inputs and outputs</td><td>1</td></tr>
<tr><td>1(a)(ii)</td><td>Explain the term multinational business.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:

AO1 Knowledge and understanding
Knowledge of a multinational businesses (max 1 mark).
Must be knowledge that shows clear distinction between a national and international business including:
• Capital in more than one country
• Operates in more than one country</td><td>3</td></tr>
</table>

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Question	Answer	Marks
1(a)(ii)	**AO2 Application** APP *Limited applicatior* APP *applies knowledge of a multinational business to a business context.* *Developed applicatio*n APP - APP *applies knowledge of a multinational business to a business context.* • Any exemplification of a multinational business (not just naming a MNC) • A business might have production factories in country F and another country • Can take advantage of lower cost production in low-income countries • Benefits of lower transport costs and better market information about consumer tastes etc • Can bring the business closer to their main markets • Can take advantage of relatively weak government restrictions. • May avoid import restrictions by producing in the local country. • Gain access to natural resources which might not be available in their base country. • Communication links with headquarters may be poor. • Language, legal and culture differences could make communications difficult. • Coordination with other plants in the multinational group will become more difficult. • Skill levels of the local employees may be low, requiring substantial investment in training programmes. Do not expect, but reward • Can take advantage of comparative/absolute advantage in countries • To gain economies of scale Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A business with capital in more than one country K . For example, a business that has factories in two countries APP to take advantage of lower production costs abroad APP .</td><td>3</td><td>Clear distinction between MN and international/national business. Example of factories in two countries and a benefit.</td></tr>
<tr><td>Headquarters in one country, but with operating branches in another K . This can allow the business to operate within other markets APP to reduce transportation costs APP .</td><td>3</td><td>Knowledge of an MNC and a reason and a benefit.</td></tr>
<tr><td>Own shops in two or more countries K so that it can take advantage of lower transportation costs APP .</td><td>2</td><td>Distinction shown by shops in more than one country (capital) and understanding of a feature of MN.</td></tr>
<tr><td>Operating in different countries K by selling goods abroad.</td><td>1</td><td>A definition, but ‘selling abroad’ is an international business, not a multi-national.</td></tr>
<tr><td>A business that sells in other countries.</td><td>0</td><td>No credit – this is an international business.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(i)	**Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water.** **Formula:** Number of potential customers = number who prefer lemon + number who prefer strawberry (1 – formula may be inferred by correct use of numbers) OR **Calculation:** 34% of 8000 = 2720 (1) 28% of 8000 = 2240 (1) 2720 + 2240 = 4960 (1 – OFR applies) 34% + 28% = 62(%) (1) 62% of 8000 (1) = 4960 (1) **Ans = 4960 (3 marks)**	

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

Examples and annotations

<table>
<tr><th>Marks Awarded</th><th>Explanation</th><th>Annotations</th></tr>
<tr><td>3 marks</td><td>Correct answer
4960</td><td>Working and $ do not matter.
Allow one ✓ to denote the three marks next to correct answer.</td></tr>
<tr><td>2 marks</td><td>Two of the following:
• Correct formula
• Correct calculation of number who prefer lemon (2720)
• Correct calculation of number who prefer strawberry (2240)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula
• Correct calculation of number who prefer lemon (2720)
• Correct calculation of number who prefer strawberry (2240)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

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

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Question	Answer	Marks
1(b)(ii)	**Explain <u>one</u> reason why TRA uses sampling.**	

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

Responses may include:

AO1 Knowledge and understanding

Identification of a reason why a business uses sampling K (max 1 mark), including:

- Cheaper/low cost
- Quicker/less time
- More representative

AO2 Application

Explanation of a reason why a business uses sampling APP (max 1 mark), including:

- Explanation of how this affects market research
- More practical, for example than asking the entire population
- Opportunity cost

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Question	Answer	Marks
1(b)(ii)	Context applied to TRA APP (max 1 mark), including: • Quaternary sector business • Market is to provide social media data (vast amounts of data) • To food manufacturers in country F (large industry) • TRA is the market leader in country F to provide this data • Market has grown by over 40% over the last year • Sample size is 8000 potential consumers • 65 researchers • All work from home • Use of Fig 1.1 Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
Cheaper K which keeps the cost of market research lov APP by only asking 8000 potential consumers APP .	3	A reason identified, explained and in context, so all 3 marks.
Faster K to find out Lemon is the most preferred flavou APP .	2	A reason identified, but not explained. The context about TRA/DF is fine.
Makes it cheap K for TRA.	1	Identification of a reason, but no explanation or context. Names are not enough for context.
It allows TRA to find out information about the market. This means that it can let DF know that Lemon is the most preferred flavour and DF is likely to be able to sell more products.	0	This is a reason to use market research – not sampling.

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

Refer to Fig 1.1 and other information. Analyse <u>two</u> reasons why the data collected for DF may not be reliable.

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

Annotate the first reason in the left-hand margin and the second reason in the right-hand margin

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

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Question	Answer	Marks
1(c)	Responses may include: **AO1 Knowledge and understanding – reasons why data collected may not be reliable, including:** Identification of a reason why market research data may not be reliable K , including: • Bias • Sample size • Sample not representative of the market • Wrong/poor questions • Wrong media used • Human error • Poorly defined objectives • Time lag between research and implementation *This is not secondary market research, so do not credit answers about why secondary market research may not be reliable. However, answers which suggest the data may have changed (time lag) are acceptable.* **AO2 Application** Application of the reason to DF APP , including: • TRA is the market leader in providing social media data to food manufacturers in country F • Market has grown by over 40% over the last year • DF specialises in non-alcoholic drinks • DF is a multinational business • TRA sampled 8000 potential customers • Sampled on social media • Asked about favourite fruity flavours • Use of data in Fig 1.1 • TRA employs 65 researchers • All of TRA's researchers work from home • TRA's workers have poor motivation • TRA has high labour turnover • Suggestion that some TRA employees are not working very hard.	

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Question	Answer	Marks
1(c)	**AO3 Analysis** Limited analysis of a reason why market research data may not be reliable AN – developed analysis DEV , including: • Bias; may mean that potential customers are persuaded to give a wrong answer leading to launching the wrong product – low sales. • Sample size; not enough people asked which may mean it launches the product with few sales – leading to a loss. • Sample representation; not enough different views sought leading to the wrong product being launched – no profit. • Wrong/poor questions; potential customers may not know what is being asked, leading to the product not being purchased – makes a loss. • Wrong media used; if the customers do not tend to use that medium then the results will not transform into sales – leading to it not making a profit. • Human error; if the results are inaccurate this could lead to the wrong products being launched – ruining the brand image of the business. • Poorly defined objectives; if the reason for the research is unclear this can lead to the questions not representing what the business needs to know – leading to launch of the wrong product and weak sales. Accept all valid responses. **Exemplar and annotations**	

AO1 Knowledge	AO2 Application	AO3 Analysis
The wrong questions were asked K,	Of the 8000 potential customers APP ,	Which could lead to DF launching the wrong flavour AN leading to lower sales DEV .
Sampling bias K.	By only asking young people about their favourite fruity flavou APP ,	So the flavours only appeal to the young, which may lead to lower sales of the drink AN and therefore decrease DF's profit DEV .

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Evaluate the most effective way for TRA to improve the motivation of the home working employees.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
</table>
</td><td>12</td></tr>
</table>

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

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Question	Answer	Marks
1(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of ways to improve motivation K (max 2 marks), including: • Payment (financial) methods: time based, salary, piece rates, commission, bonuses, profit sharing, performance-related pay, fringe benefits • Non-financial motivators: training, opportunities for promotion, development, status, job re-design, team working, empowerment, participation, job enrichment • Use of the main motivation content theories (Taylor, Mayo, Maslow, Herzberg and McClelland) and motivation process theory (Vroom). **AO2 Application** Application to TRA APP, including: • TRA is the market leader in providing social media data to food manufacturers in country F • Market has grown by over 40% over the last year • Samples using social media • TRA employs 65 researchers • High speed internet connection • TRA's workers have poor motivation • TRA has high labour turnover • Suggestion that some TRA employees are not working very hard. • Data from Fig 1.2 – I hate being so isolated – I never get to speak to any other employees. – I have to use my own electricity, and the cost has doubled in the last two years. – I know some employees are not working very hard, but they get paid the same as me. It's not fair!	

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Question	Answer	Marks
1(d)	**AO3 Analysis** Limited analysis of ways to improve motivation AN – developed analysis DEV , including: • Payment methods: may increase costs – however may make employees work harder for higher pay, leading to improved productivity. • Non-financial methods; may be less cost or free – leading to higher productivity without impacting the costs of the business. • Content theories: likely to improve working conditions for the employees leading to increased productivity – however may have a significant cost increase leading to lower profit. • Process theory: increased productivity for workers who expect increased rewards – however if the employees do not believe the promises, then this may increase costs for no benefit. **AO4 Evaluation** Limited evaluation of the most effective way to improve motivation EVAL – developed E – developed in context EE , including: • Relative importance of motivation to TRA – how important is the productivity of employees – likely to be highly important due to the quaternary nature of the business. • Choice of method depends on; cost of method, likely increases in productivity, finance available, future forecasts in market changes, how skilled the researchers job actually is and what training is involved. • The impact of the chosen motivation method(s) and the impact of poor motivation / high labour turnover. • The extent to which this is a matter of working from home and is inherent in the whole country, as opposed to just TRA employees. • A judgement that other issues may be more important than motivation of the employees. *A valid judgement must identify one way to motivate the employees (a 'depends upon' may include more than one because it is not a judgement as such). If the candidate gives more than one judgement, only reward the best judgement and put SEEN next to the other(s).* Accept all valid responses.	

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

Exemplars for awarding evaluation

Evaluate the most effective way for TRA to improve the motivation of the home working employees.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>Money is the most effective way.</td><td>Money is the most effective way, because it will allow all of TRA's employees to fix the issues which they are complaining about.</td><td>Money is the most effective way, because it will allow all of TRA's employees to fix the issues which they are complaining about, such as their rising electricity bills.</td></tr>
<tr><td>TRA should use teamworking as it is the best solution.</td><td>TRA should use teamworking as it is the best solution because it will motivate the employees, without adding significantly to the costs of the business.</td><td>TRA should use teamworking as it is the best solution because it will motivate the isolated employees, without adding significantly to the costs of the business.</td></tr>
<tr><td>The most effective way depends on the type of employees at TRA.</td><td>The most effective way depends on the type of employees at TRA. If the employees are Theory X, then money is more likely to be the best way. However, if they are Theory Y, then teamworking may be better.</td><td>The most effective way depends on the type of employees at TRA. If the employees are more concerned about their electricity bills, then money is more likely to be the best way. However, if they are more concerned about being isolated, then teamworking may be better.</td></tr>
</table>

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

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> external stakeholder of a business partnership.** Responses may include: Knowledge of an external stakeholder of a partnership • Customers / consumers • Suppliers • Competitors • Government • Local community • <u>Potential</u> investors/owners • Banks *Do not accept owners, investors or shareholders, as these are internal stakeholders.* Accept all valid responses.	**1**

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

Explain the term *outsourcing*.

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

Responses may include:
AO1 Knowledge and understanding
Knowledge of outsourcing K (max 1 mark), including:
- Using another business (a third party) to undertake a business function
- Using an external business/producer to undertake a business function

AO2 Application
Limited application APP *applies knowledge of outsourcing to a business context*
Developed application APP - APP *applies knowledge of outsourcing to a business context*

- Examples of an outsourcing function; manufacturing, accounting and finance, HRM etc.
- Allow explanations of reasons for outsourcing; lack of skills, cost advantage, increasing capacity etc.
- Not using the business's own resources; employees, machines etc.

Accept all valid responses.

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

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Question	Answer	Marks

2(a)(ii)

Exemplar and annotations	Mark	Rationale
Another business producing for you [K] . To increase capacity [APP] by using the other business's facilities [APP] .	3	Knowledge of outsourcing, a reason to outsource and explanation of how this might happen.
Using a third party to do tasks for your busines [K] , such as outsourcing HR tasks [APP] if they can do it cheape [APP] .	3	Knowledge of outsourcing, with an example of an outsourced task and a reason.
Contracting another business to do a job [K] such as marketing [K]	2	Knowledge of outsourcing and an example of an outsourced task.
Using another business to do a business function [K] . Drake uses outsourcing for some areas of his website.	1	Knowledge of outsourcing. Do not credit copied sections from the case.
Partnering with another business to sell goods.	0	This is not outsourcing – this could be a distribution agreement.
Drake uses another business for some areas of his website, such as keeping it up to date.	0	No knowledge of outsourcing. Do not credit copying of the case material.

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1. Calculate the profit variance for Drake's website in the previous month. State whether the variance is favourable or adverse.** **Formula:** Actual – Budget = Variance (1) OR Budget – Actual (1) **Calculation:** Variance = $3250 – $3900 = $650 (1) Adverse (1) – only award if this is evidenced by the working/answer **Ans = $650 adverse (3 marks)** *Accept 16.67% (must include % sign and be correctly rounded, i.e. 17%, 16.7% etc.) adverse as a correct answer* **Examples and annotations**	

Marks	Answer	Rationale
3 marks	Correct answer **$650 adverse** *Accept 16.67% adverse*	**Working and $ do not matter**. **Award one** ✓ to denote the three marks. Do not award the minus sign as adverse.
2 marks	• A correct answer with incorrect or missing variance (650)	To award two marks, there must be • Two ✓ and a ✗ **OR** • One ✓ , one ✗ and one OFR
1 mark	**One** of the following: • Correct formula (can be implied)	To award one mark, there must be: • One ✓ and two ✗
0 marks	No creditable content.	To award zero marks, there must be • One ✗

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>one</u> way Drake could use the budget data in Table 2.1.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responses may include:
AO1 Knowledge and understanding
Identification of a way to use budget data (max 1 mark), including:

measuring performance
allocating resources
controlling
monitoring a business
decision making (or examples of decision making, e.g. pricing, costing)
planning.

AO2 Application
Explanation of a way to use budget data (max 1 mark), including:

measuring performance; by comparing actual data with budgeted data
allocating resources; by allocating more budget to priorities
controlling; by allocating less budget to low priority functions
monitoring a business; to see areas of a business with greater variances.

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

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Question	Answer	Marks
2(b)(ii)	Context applied to Drake/LAF APP (max 1 mark), including: • Drake ran his website in the weekends and evenings • Drake gave free legal advice • LAF still provides free legal advice but paid legal services • Drake was the only internal stakeholder of his website • Drake uses outsourcing • Use of data in Table 2.1 • Drake has expanded LAF • Will employ five lawyers • Will employ three administrators • Labour intensive business • Sole trader Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
To identify variances K of areas where LAF is overspending APP leading to the adverse profit variance of $65(APP .	3	A way identified, explained and in context, so all 3 marks.
To monitor the business K to decide if Drake should continue outsourcing APP .	2	A way identified, and in context for Drake/LAF.
To know how much money is left K	1	Identification of a way.
To grow the business	0	No specific way identified.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analyse <u>two</u> possible limitations for LAF as a labour intensive operation.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
</table>
</td><td>8</td></tr>
</table>

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

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first reason in the left-hand margin and the second reason in the right-hand margin

Answers must be about the limitations of operating as a labour intensive business, not simply the limitations of managing/having labour.

Responses may include:

AO1 Knowledge and understanding
Identification of a limitation of operating as a labour intensive operation , including:
• High labour cost
• Ongoing costs of labour (wages, salary, health care, training, induction etc.)
• Inconsistent quality – human error
• Labour relations problems
• Potential shortage of skilled employees
• Slower production

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

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Question	Answer	Marks
2(c)	**AO2 Application** Application of the advantage to LAF APP , including: • Drake ran his website in the weekends and evenings • Drake gave free legal advice • LAF still provides free legal advice but paid legal services • Drake was the only internal stakeholder of his website • Drake uses outsourcing • Use of data in Table 2.1 • Drake has expanded LAF • Will employ five lawyers • Will employ three administrators • Developed a business plan • All employees would work in the same office in city G • Employees will need to be able to use IT equipment • Sole trader **AO3 Analysis** Limited analysis of a limitation of operating as a labour intensive busines AN – developed analys DEV , including: • High labour cost: increasing the pressure on the business to increase revenue – so that it does not make a loss. • Ongoing costs of labour (wages, salary, health care etc.); which may make the business unprofitable – leading to bankruptcy. • Inconsistent quality: leading to customer dissatisfaction and being sued in court – increasing business costs. • Labour relations problems: workers may not get on together leading to high labour turnover – which may increase the business costs of recruitment and training and reduce profit / lead to loss. • Potential shortage of skilled employees; so, the business is unable to meet demand and loses sales – reduced profitability. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Exemplar and annotations
<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>High wage costs K,</td><td>of the five lawyers APP ,</td><td>Which will increase the <u>total costs</u> of the business AN leading to lower profit DEV .</td></tr>
<tr><td>A slower service K.</td><td>Because LAF will be using five human lawyers APP,</td><td>Which may reduce demand for LAF's services AN and therefore decrease the profit DEV .</td></tr>
</table></td><td></td></tr>
</table>

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

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Responsibility is the duty or state of being accountable for something, meaning Drake has the obligation to take care of it or to ensure this is done.

Do not reward characteristics/qualities of an entrepreneur – it must be something that an owner/manager is responsible for in a business.
</td><td></td></tr>
</table>

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Question	Answer	Marks
2(d)	Responses may include: **AO1 Knowledge and understanding** Knowledge of owner responsibilities K (max 2 marks), including: • To create a business plan • To develop aims, objectives, strategy and tactics • To keep track of finances and accounting • To manage marketing and sales • To make sure the business is operating legally and compliantly • Ensure excellent customer service • To employ and co-ordinate human resources • Manage day-to-day operations • Plan new initiatives • To train the employees • To facilitate operations • To oversee purchasing **AO2 Application** Application to Drake/LAF APP, including: • Drake ran his website in the weekends and evenings • Drake gave free legal advice • LAF still provides free legal advice but paid legal services • Drake was the only internal stakeholder of his website • Drake uses outsourcing • Use of data in Table 2.1 • Drake has expanded LAF • Will employ five lawyers • Will employ three administrators • Labour intensive business • Developed a business plan • All employees would work in the same office in city G • Employees will need to be able to use IT equipment • Sole trader.	

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Question	Answer	Marks
2(d)	**AO3 Analysis** Limited analysis of owner responsibilities AN – developed analysi DEV , including: • To create a business plan; to give the business direction so that it can operate efficiently – reduce costs / increase revenue. • To develop aims, objectives, strategy and tactics – to give the business direction so that it can operate efficiently – reduce costs / increase revenue. • To keep track of finances and accounting; so that the business does not go into debt – and go bankrupt. • To manage marketing and sales; so that the business can gain revenue – to increase profit. • To make sure the business is operating legally and compliantly; so that the business is not sued – which could increase the costs. • Ensure excellent customer service; so that customers return – increasing revenue. • To employ and co-ordinate human resources; so that the business can operate efficiently – reducing costs and increasing profitability. • Manage day-to-day operations; to enable to business to meet its customers' needs – increasing revenue and repeat purchases. • Plan new initiatives; to expand the business – increasing revenue. • To train the employees; to increase customer satisfaction – increasing profit. • To facilitate operations; to enable revenue to be created – increasing profitability. • To oversee purchasing; to enable efficient operations – reducing average costs and increasing profitability. **AO4 Evaluation** Limited evaluation of the most important owner responsibility EVAL – developed E – developed in contex EE , including: • A judgement of the most important responsibility of Drake as the owner of LAF. • What the judgement may depend upon; Drake's own objectives/skills, the likely success of LAF as it expands, the finances available to Drake etc. • It is unknown what the legal structure of LAF is – as a shareholder, Drake would have different responsibilities than a sole trader. • Whether Drake is able to expand LAF as he plans to – his responsibilities as a 'one-person' business are different than his responsibilities as LAF grows and employs more people. • The type of legal advice that Drake may be providing and the laws pertaining to legal advice in the countries where LAF operates. • A judgement about the importance of one responsibility or a weighing up of the comparative importance of more than one responsibility. Accept all valid responses	

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

Exemplars for awarding evaluation

Evaluate the most important responsibility that Drake has as the owner of LAF.

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>The most important responsibility is to pay the lawyers.</td><td>The most important responsibility is to pay the lawyers because without them, the business has no service to provide and will go bankrupt.</td><td>The most important responsibility is to pay the five lawyers because without them, the business has no service to provide and will go bankrupt.</td></tr>
<tr><td>The most important depends on the size of the business.</td><td>The most important depends on the size of the business. As a small business, Drake might need to focus on making sure there is enough finance. When the business grows, this might change to customer satisfaction.</td><td>The most important depends on the size of the business. As a sole trader, Drake might need to focus on making sure there is enough finance. When the business grows, this might change to customer satisfaction.</td></tr>
</table>

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

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