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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.

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This document consists of **12** printed pages.

Cambridge Assessment International Education

Question	Answer	Marks	Guidance
1(a)	**Identify two characteristics of a successful entrepreneur.** Knowledge [2 × 1] – award 1 mark for each relevant characteristic Points could include: risk taker, innovator, creative, self-confident, optimistic, hardworking, independent, effective communicator, leadership, initiative, self-motivating/determined, results driven, good at networking, multi-skilled	2	Award any reasonable answer.
1(b)	**Identify two possible reasons why Ella plans to produce the lights in another country** Application: [2 × 1] award 1 mark for each relevant reason Points might include: • lower costs • no local factory or capacity to make it • access to materials • Fewer restrictions	2	
1(c)	**Identify and explain two reasons why obtaining finance might be difficult for Ella's business.** Knowledge [2 × 1] – award 1 mark for each relevant reason Application [2 × 1] – award 1 mark for each explanation in context Possible points might include: • No business experience [k] of making lights [app] • Seen as higher risk OR don't trust her OR can't repay [k] as just left college [app] • Can offer no security [k] • May not have a business plan OR documentation to support request for finance [k] • Unproven product [k]	4	Application marks may be awarded for appropriate use of the following: just left college, bicycle light, new business or product or entrepreneur, produce in another country, correct use of numbers e.g. $8, $500, $750 and $300.

Question	Answer	Marks	Guidance
1(d)	**Identify and explain one advantage and one disadvantage to Ella of using price skimming.** Knowledge [2 × 1] award one mark for one advantage and one disadvantage Application [2 × 1] award one mark for each relevant reference to this business Analysis [2 × 1] award one mark for each relevant explanation Points might include: Advantages: • Recover costs quicker [k] as need to sell fewer than 300 [app] to pay for development [an] • Gives the image of a quality product [k] which can attract wealthy customers [an] to try out the new light [app] • Higher revenue **per item** [k] • Break even at a lower output [k] Disadvantages: • Put off some potential customers [k] leading to lower sales [an] • Only work in short term [k] as competitors could produce cheaper alternatives [an]	6	Application marks may be awarded for appropriate use of the following: just left college, light, new business, new product, new entrepreneur, produce in another country, raising finance difficult, correct use of numbers, safety features Note: be wary of 'higher sales'/ 'higher revenue' as a K point. It must be per unit
1(e)	**Recommend which promotion option Ella should choose. Justify your answer using the information in Table 1.** Knowledge [1] – award 1 mark for identification of relevant points (s) Application [1] – award 1 mark for relevant reference made to this business Analysis [2] – award up to 2 marks for relevant development of point(s) Evaluation [2] – justified decision made as to which method of promotion Ella should use Points might include: • Option 2 is cheaper [k] as is $200 less than option 1 [app] + [an] • Ella can't afford much advertising [k] as a new business [app] she can't afford a website [an] • Specialist magazine reaches the target market [k] for bicycle lights [app] therefore likely to sell more [an] • Website may not be required [k] already has an order for 300 [app]	6	Application marks may be awarded for appropriate use of the following: just left college, light, new business, produce overseas, raising finance difficult, price skimming, correct use of numbers, magazine, website Either option is acceptable if justified. **Note: $250 is incorrect** as this is an incorrect calculation of the difference between the cost of a website with and without online ordering

Question	Answer	Marks	Guidance
2(a)	**What is meant by 'productivity'?** Clear understanding [2] e.g. a measure of the output of a business in relation to its inputs [2] OR effective utilisation of resources in a time period [2] Equation: output divided by Input [2] Some understanding [1] e.g. output per worker OR measure of efficiency OR rate at which they produce goods	2	
2(b)	**Identify two reasons why a business might need working capital.** Knowledge [2 × 1] award one mark per reason • Paying invoices/bills • Day to day expenses • Buying raw materials • Paying wages • Paying salaries • Paying rent • Re-payment of short term debts • Paying utilities • Use in an emergency • Evidence to support requests for finance	2	
2(c)	**Calculate the following values shown on the cash flow forecast.** Application [4] award one mark per correct answer **W**: 5 or 5000 **X:** 75 or 75 000 **Y:** 5 or 5000 **Z:** (10) or (10 000) Note: **Z** must be shown as a negative number to be credited.	4	Note: answers can be written on the cash flow forecast or in the space provided **Do not** use OFR as no wage calculation is required.

Question	Answer	Marks	Guidance
2(d)	**Identify and explain one advantage and one disadvantage to NMBJ of having a low level of inventory.** Knowledge [2 × 1] – award 1 mark for one advantage and one disadvantage identified Application [2 × 1] – award 1 mark for each relevant reference made to this business Analysis [2 × 1] – award 1 mark for each relevant explanation Possible points might include: Advantages: • Lower inventory holding costs [k] help reduce variable costs [an] • Lower security OR rent costs OR insurance [k] as less space needed [an] for ingredients [app] • More flexible [k] as adapt to each different batch [app] to keep customers returning [an] • Help cash flow [k] • Less risk of waste OR damage OR obsolescence [k] which could lower productivity [app] Disadvantages: • Possible delays in production [k] as batches delayed [app] leading to lower output [an] • Few OR no purchasing economies of scale [k] which could help reduce cash outflows [app] • Not able to meet orders [k] for cookies [app] so could damage reputation [an]	6	Application marks may be awarded for appropriate use of the following: cookies/biscuits, related words such as ingredients or examples, productivity, use of numbers, batch production, $1.5 million. Note: Points can refer to raw materials or finished goods.

Question	Answer	Marks	Guidance
2(e)	**Do you think paying higher wages is the best way for NMBJ to improve employee motivation? Justify your answer.** Knowledge [1] – award 1 mark for identification of relevant points (s) Application [1] – award 1 mark for relevant reference made to this business Analysis [2] – award up to 2 marks for relevant development of point(s) Evaluation [2] award up to 2 marks for justified decision as to whether paying higher wages is the best way for NMBJ to improve employee motivation Points might include • Only a short term incentive [k] have to pay, whatever the output [an] • Money is the main motivator [k] • Other ways to motivate e.g. job rotation, enrichment, fringe benefits [k] • Help retain workers [k] so not as many people leave [app] leading to lower recruitment costs [an] • This will increase costs for the business [k] by $15 000 per month [app] so output per worker would need to rise [an]	6	Application marks may be awarded for appropriate use of the following: correct use of numbers, batch production, cookies or related words such as ingredients; workers leave, profits increased, 1.5 million, increased productivity Candidates could calculate value of wages per worker (to show increase i.e. $200 to $250) App and AN Note: The focus needs to be on the business for analysis to be awarded. e.g. 'Job rotation is a better motivator[k] so workers are not bored' is only awarded as knowledge

Question	Answer	Marks	Guidance
3(a)	**What is meant by 'economies of scale'?** Clear understanding: [2] factors that lead to lower average costs as a business increases in size. Some understanding:[1] benefit of increasing in size	2	Do not award answers such as 'benefit of being big' as this does not explain the term

Question	Answer	Marks	Guidance
3(b)	**What is meant by 'autocratic leadership style'?** Clear understanding: [2] managers expect to be in charge of business and expect their orders to be followed OR managers make decisions without consulting workers [2] Some understanding: [1] workers have no say in decisions OR decisions made by managers [1]	2	
3(c)	**Identify and explain one advantage and one disadvantage of GDC's organisational structure.** Knowledge [2 × 1] award 1 mark for one advantage and one disadvantage identified Application [2 × 1] award 1 mark for each explanation in context Advantages • Employees have a clearly defined role [k] so know where they fit into delivery process [app] • Clear chain of command OR know their manager [k] so know who to ask for help if problem with a parcel [app] • Employees have a clear career structure [k] so can see how to progress from driver [app] • Specialists can be employed [k] Disadvantages • Slow communication [k] due to many number of levels [app] • Heavy workload for managers [k] so do they have time to focus on expansion [app] • Communication between departments can be difficult [k] which could damage its good reputation [app] • Can create rivalry between departments [k] • Workers can feel isolated [k]	4	Application marks may be awarded for appropriate use of the following: competitive market, expand to other countries, correct use of numbers, business customers, good reputation, delivery, parcels, many levels of hierarchy, long chain of command, 5000 employees, autocratic.

Question	Answer	Marks	Guidance
3(d)	**Identify and explain two reasons why a good reputation might be important to GDC.** Knowledge [2 × 1] award one mark for each reason Application [2 × 1] award one mark for each relevant reference to this business Analysis [2 × 1] award one mark for each relevant explanation Points might include: • Build trust OR loyalty [k] so customers want to use their delivery services [app] and keep purchasing from them [an] • Attract new customers [k] and therefore sales will increase [an] • Easier to raise finance [k] which could help growth plans [app] • Way to attract OR retain employees [k] so able to offer a good service [an] • Can charge higher prices [k] for each delivery [app] helping it increase revenue per unit [an] • Create brand awareness [k] so customers do not buy from competitors [an] in this competitive market [app] • Word of mouth promotion [k]	6	Application marks may be awarded for appropriate use of the following: competitive market, expand to other countries, use of numbers, business customers, delivery, parcels, many levels of hierarchy, long chain of command
3(e)	**Recommend the most suitable way for GDC to expand its business to another country. Justify your answer.** Knowledge [1] – award 1 mark for identification of relevant points (s) Application [1] – award 1 mark for relevant reference made to this business Analysis [2] – award up to 2 marks for relevant development of point(s) Evaluation [2] award up to two marks for justified decision regards to the most suitable way for GDC to expand. Relevant points might include: • Joint venture [k] with a local delivery business [app] you share the risks of expansion [an] • Merger/takeover [k] they will benefit from local expertise [an] • Franchise [k] they will receive a license fee [an] • Set up own operations [k] they will keep control [an] however this is an expensive way [an]	6	Application marks may be awarded for appropriate use of the following: competitive market, correct use of numbers, business customers, good reputation, delivery, parcels, many levels of hierarchy, long chain of command, delivery vehicles, economies of scale, logistics Note: Do not award marketing methods e.g. e-commerce or hiring an agent.

Question	Answer	Marks	Guidance
4(a)	**What is meant by a 'stakeholder group'?** Clear understanding [2]: any person or people with a direct interest in the performance and activities of a business Some understanding [1]: someone affected by what a business does	2	Do not award examples.
4(b)	**Identify two ways (other than legal controls) that a government might use to influence business decisions.** Knowledge [2 × 1] award one mark per way Points might include: • cheaper rents • loans OR grants OR subsidies • training • interest rates • taxation • build infrastructure	2	

Question	Answer	Marks	Guidance
4(c)	**Identify and explain one advantage and one disadvantage of CHONS being a public limited company.** Knowledge [2 × 1] award one mark for each advantage and disadvantage Application [2 × 1] award one mark for each relevant reference to this business Advantages: • Able to sell shares on stock market [k] so no limit to potential number of shareholders [app] • Access to more sources of finance [k] so do not have to ask for support from Government [app] • Limited liability [k] • Separate legal identity [k] of mining business and owners [app] • Better status OR seen as lower risk [k] so suppliers more willing to offer credit [app] Disadvantages: • Have to disclose accounts [k] so less able to keep expansion plans secret [app] • Many legal requirements/regulations [k] • Selling shares expensive [k] • Risk of loss of control [k] for the original shareholders [app]	4	Application marks may be awarded for appropriate use of the following: coal or mining related words, correct use of data from table, no government support, export, shareholders, suppliers, expansion plans.

Question	Answer	Marks	Guidance
4(d)	**Identify and explain two ways in which legal controls might affect CHONS.** Knowledge [2 × 1] award one mark for each way identified Application [2 × 1] award one mark for each relevant reference to this business Analysis [2 × 1] award one mark for each relevant explanation Points might include: • Need to provide safety equipment [k] such as helmets for miners [app] increasing costs [an] • Limit working hours [k] so cannot obtain 50 m tonnes [app] • Minimum wages [k] so cannot afford to create 10 000 jobs [app] • Pollution restrictions/permits [k] as coal burning could damage environment [app] so stakeholders become unhappy [an] • Where business is located [k] as need Government to allow mine to be built [app] without it they cannot start operations [an] • Restrictions on what OR how much can be produced [k] • Increase costs [k] • Banning/restricting exports [k] CHONS would not be able to operate because they are planning to export [an] coal [app] • Banning/restricting imports [k]	6	Application marks may be awarded for appropriate use of the following: coal or mining related words, no government support, correct use of data from table, export, government permission to open mine, environment, shareholders, creating jobs, 10 000

Question	Answer	Marks	Guidance
4(e)	**Do you think the Government should allow CHONS to open the coal mine? Justify your answer using the information in Table 3.** Knowledge [1] – award 1 mark for identification of relevant issue(s) Application [1] – award 1 mark for relevant reference made to this business Analysis [2] – award up to 2 marks for relevant development of point(s) Evaluation [2] award up to 2 marks for justified decision as to whether the Government should allow CHONS to open the coal mine Points might include: • Jobs created [k] for 10 000 people [app] so more money to spend in community [an] • Use up local coal [k] as plan to export it all [app] • Impact on environment [k] • Traffic problems created [k] which could discourage people OR other businesses setting up in area [an] • Other businesses will benefit [k] e.g. Suppliers [app]	6	Application marks may be awarded for appropriate use of the following: no government support, correct use of data from table, export, high unemployment, protect the environment, PLC, suppliers, shareholders, traffic Either viewpoint is acceptable Do not award reference to coal mine as application as stated in question.

BUSINESS STUDIES **0450/21**

Paper 2 Case Study **October/November 2017**

MARK SCHEME

Maximum Mark: 80

Published

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Question	Answer	Marks

1(a)	**Identify <u>two</u> ways the size of AH can be measured. Explain the limitations of each of these measures.**
	
	Knowledge [2 × 1] – award one mark for each way
	Analysis [2 × 1] – award one mark for a relevant explanation for each way
	Application [2 × 2] – award two application marks for each way
	
	Award one mark for each way (maximum of two), such as:
	   • Capital employed
	   • Number of employees
	   • Sales revenue/revenue/income
	   • Output/quantity of services/number of customers
	
	Do not accept profit
	
	Award a maximum of three additional marks for **each** explanation – **2 of which must be applied to this context** – of the way
	
	Indicative response:
	
	The number of employees (K) as the more employees a business has the larger the business. However, some businesses may use a lot of technology and therefore have fewer employees. (an) AH is a small business because it only has18 employees (ap) and it is also a service sector business as it looks after animals for their owners and therefore they do not use much technology. (ap)
	
	Possible application marks: Animals; dogs; cats; pets; pet owners; washing and brushing animals; $10 000 from grandfather; $10 000 from bank loan; 12 adults and 6 children workers; information from Appendix 3 on the costs and revenue of AH.
	
	There may be other examples in context that have not been included here.
		8

Question	Answer	Marks
1(b)	**Consider three methods of market research Elsie could use to find out the number and types of customers for the proposed locations. Recommend the best method for Elsie to use. Justify your answer.** Relevant points might include:	**12**

	Advantages	Disadvantages
Questionnaires (L1)	Quantitative data – estimate size of market	Expensive to collect May not have expertise to collect accurate information
Interviews (L1)	Qualitative information– specific information on customer needs	Interviewer bias possible Expensive to collect
Focus groups (L1)	Qualitative information	Answers may be influenced by other group members. Time taken to set up
Business reports/government statistics (L1)	Cheap to collect Wide range of data available May not be able to collect this information themselves	May be out of date Gathered for another purpose May not be valid/accurate

Note: Also reward – Survey; Observation; Newspapers; Internet/online data; Government statistics.

Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	At least 2 × Level 2 + 9–10 marks for well justified recommendation of **which method to choose for the proposed location** and why not the alternative methods. 7–8 marks for limited recommendation of which method to choose.
Level 2	4–6 marks Discussion of the method used to find out the number and types of customers and/or Detailed discussion of advantages and/or disadvantages of each method.
Level 1	1–3 marks Name of a suitable method of research stated or outlined Advantage and/or disadvantage of the method of research stated

Question	Answer	Marks
1(b)	Level 1 – 1 mark for each L1 statement (max of 3 marks) e.g. Government statistics are cheap to collect. Level 2 – 1 × L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks) e.g. Government statistics are cheap to collect and can be obtained quickly. However, the information may have been gathered for another purpose and may be of little use when trying to predict the pet owner requirements at the different locations. Level 2 – 4 marks plus one application mark for referring to the pet owners at the new locations) Level 3 – For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation of which method to choose. **Award up to 2 additional marks for relevant application.** Possible application marks: Animals; dogs; cats; pets; pet owners; washing and brushing animals; New City; expand and move to larger site; information on the three sites; information from Appendix 1 on the AH advert; complaint on the social media message; information from Appendix 3 on the costs and revenue of AH. There may be other examples in context that have not been included here.	

Question	Answer	Marks
2(a)(i)	**Calculate the profit per day for AH using the information in Appendix 3.** Revenue per day = (25 × $5) + (25 × $10) (1) = $375 (1) (Award 1 mark for method of calculating revenue but incorrect answer) $375 – $325 (1) (Award 1 mark for method of calculating profit but incorrect answer) Profit per day = $50 (1) **If $50 with no working shown then award 4 marks.**	**4**

Question	Answer	Marks

2(a)(ii)	**Identify and explain <u>one</u> way AH could use to increase profit from the existing site.**
	
	Knowledge – 1 mark for correctly identifying one way profit can be increased.
	
	Possible ways:
	  • Increase revenue (1) e.g. by increasing prices/advertising more/introducing a new service (1)
	  • Reduce costs/expenses (1) e.g. by finding cheaper suppliers/improving efficiency (1)
	
	Analysis award up to 3 marks **– 2 of which must be applied to this context –** for a relevant explanation of **one** way AH could increase profit.
	
	Indicative response:
	
	Elsie could increase her revenue (1) by promoting her existing services to attract more customers.(1) This will lead to more pet owners using her services and paying for their animals to be washed and groomed. (1)
	If costs increase by less than the increase in revenue then profit will increase. (1)
	
	Possible application marks: Animals; dogs; cats; pets; pet owners; washing and brushing animals; qualified animal nurse; set up 2 years ago; $10 000 from grandfather; $10 000 from bank loan; 12 adults and 6 children workers; paid legal minimum wage; shampoo and brushes purchased from wholesaler; expand and move to larger site; needs to recruit a new manager; information on the three sites; information from Appendix 1 on the AH advert; complaint on the social media message; information from Appendix 3 on the costs and revenue of AH.
	
	There may be other examples in context that have not been included here
		4

2(b)	**Consider why a cash flow forecast, an income statement and a balance sheet are important to AH. Which one of these do you think is most important to Elsie's decision about how to finance the new site? Justify your answer.** Relevant points might include: Cash flow forecast – predicts cash in-flows and outflows – to avoid liquidity problem – is there sufficient working capital for the larger premises? Income statement – records revenue and costs or shows profit and loss – profit available to reinvest into the new premises – indicator of success of the business – will there be sufficient revenue from larger premises to make profit? Balance sheet – records assets and liabilities – liquidity ratios – stability of the business – amount of liabilities – value of the existing business – assets to sell if necessary	12

Question	Answer	Marks
2(b)	Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.	

		Knowledge/Analysis/Evaluation
	Level 3	At least 2 × Level 2 + 9–10 marks for well justified recommendation as to which is most important to the decision **about how to finance the new site.** 7–8 marks for some limited judgement shown in recommendation as to which is most important in its general usefulness to the business.
	Level 2	4–6 marks Discussion of each financial statement, how it can be used and why it is important.
	Level 1	1–3 marks Outline of what each financial statement shows.

Level 1 – 1 mark for each L1 statement (max of 3 marks)
e.g. A balance sheet shows the value of the business.

Level 2 – 1 × L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks)
e.g. A balance sheet shows the value of the business. If Elsie wants to take out a bank loan then she will need to take the balance sheet to show the bank manager the value of the assets of the business that can be used as security for the loan. (4 marks for level 2)

Level 3 – For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation which is most important to the decision.

Award up to 2 additional marks for relevant application.

Possible application marks: Animals; dogs; cats; pets; pet owners; washing and brushing animals; set up 2 years ago; $10 000 from grandfather; $10 000 from bank loan; 12 adults and 6 children workers; paid legal minimum wage; shampoo and brushes purchased from wholesaler; expand and move to larger site; needs to recruit a new manager; information on the three sites; information from Appendix 1 on the AH advert; information from Appendix 3 on the costs and revenue of AH.

There may be other examples in context that have not been included here.

Question	Answer	Marks

3(a)	**Identify and explain <u>two</u> possible ethical issues that AH should consider.**
	
	Knowledge [2 × 1] – award one mark for each ethical issue ('Doing the right thing')
	Analysis [2 × 1] – award one mark for a relevant explanation for each ethical issue
	Application [2 × 2] – award two application marks for each ethical issue
	
	Award one mark for each ethical issue (maximum of two), such as:
	  • Types of animals looked after – all legal?
	  • Welfare of animals/danger to animals
	  • Working conditions
	  • Child labour employed
	  • Fair pay/paying minimum wage
	  • Disposal of waste in a responsible manner
	
	Award a maximum of three additional marks for **each** explanation – **2 of which must be applied to this context** – of the ethical issue
	
	Indicative response:
	
	AH employs children (K) and then pays them below the legal minimum wage. (ap) This keeps costs low but will give AH a bad reputation leading to a lower number of customers. (an) This will make it more difficult for Elsie to expand the business to a larger site as there may be insufficient number of customers to make this worthwhile. (ap)
	
	Possible application marks: Animals; dogs; cats; pets; pet owners; washing and brushing animals; 12 adults and 6 children workers; paid legal minimum wage; complaint on the social media message; cage; rare animal
	
	There may be other examples in context that have not been included here.
		8

Question	Answer	Marks
3(b)	**Consider the advantages and disadvantages of the three sites Elsie is considering. Recommend which site is the best one for AH to choose. Justify your answer.** Relevant points might include:	**12**

	Advantages	Disadvantages
Site X	Lowest cost Plenty of room for large kennels – owners will like this Room to expand in the future so will not need to relocate again soon	Small farm buildings = not big enough Needs converting and a long way from customers – would they travel that far? Additional costs of $10 000 to repair. Serving fewer customers than they have already = 25 per day
Site Y	Larger area – more demand Buildings in good repair so less required to convert them Serve twice as many customers as Site X and more customers than existing site	Additional costs of $5 000 to convert the building. A lot fewer customers served than Site Z
Site Z	Existing customers – large demand – serve the most customers Near to many potential customers as in centre of city – convenient for customers	High cost – most expensive of the three sites Busy area – hard to park Limited space – small cages – not able to expand in the future – may need to move again in the future Cramped space may lead to bad reputation – lower quality services

Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	At least 2 × Level 2 + 9–10 marks for well justified recommendation as to best site to choose and why not the other sites. 7–8 marks for some limited judgement shown in recommendation as to best site to choose.
Level 2	4–6 marks Detailed advantages and/or disadvantages of each site or explanation of the impact of the site on the business
Level 1	1–3 marks Outline advantages and/or disadvantages of each site or simple comparative statement

Question	Answer	Marks
3(b)	Level 1 – 1 mark for each L1 statement (max of 3 marks) e.g. Site X is the cheapest of the three sites. Level 2 – 1 × L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks) e.g. Site X is the cheapest of the three sites and this will reduce the amount of finance required to purchase the site. However, it is a long way from customers who are in the city centre and this may mean she has to reduce prices. (L2 = 4 marks plus one application mark for using the information in case) Level 3 – For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation which justifies the best site to choose. **Award up to 2 additional marks for relevant application.** Possible application marks: Animals; dogs; cats; pets; pet owners; ;washing and brushing animals; set up 2 years ago; $10 000 from grandfather; $10 000 from bank loan; 12 adults and 6 children workers; shampoo and brushes purchased from wholesaler; needs to recruit a new manager; information on the three sites; information from Appendix 1 on the AH advert; information from Appendix 3 on the costs and revenue of AH.	

Question	Answer	Marks

4(a)	**Identify and explain <u>one</u> advantage and <u>one</u> disadvantage of using social media networks for the promotion of AH.**
	
	Knowledge [2 × 1] – award one mark for each advantage/disadvantage.
	Analysis [2 × 1] – award one mark for a relevant explanation for each advantage/disadvantage.
	Application [2 × 2] – award two application marks for each advantage/disadvantage.
	
	Award one mark for each advantage/disadvantage (maximum of two), such as:
	Advantages
	   • Cheap to advertise the business
	   • Will be seen by many people
	   • Covers a wide area
	   • Easy to update
	   • Target specific customers
	   • Cheap way to gain customer feedback
	
	Disadvantages
	   • One unhappy customer can give the business a bad reputation quickly
	   • Message lost amongst many messages on social media
	   • Quickly forgotten and no hard copy to remind customers of the services provided
	   • Not all customers have access to internet/social media
	
	Award a maximum of three additional marks for **each** explanation – **2 of which must be applied to this context** – of the advantage/disadvantage.
	
	Indicative response:
	
	Using social media is very cheap (k) and will quickly get the message to a lot of people about the services provided by AH. (an) Many of these people may own animals and need help looking after them. (ap) The message will raise awareness of AH and make potential customers think about contacting them to have their animals washed and groomed therefore increasing sales. (ap)
	
	Possible application marks: Animals; dogs; cats; pets; rare animals; small cage; washing and brushing animals; animals cared for overnight; pet owners; business set up 2 years ago; shampoo and brushes; expand and move to larger site; complaint on the social media message
	
	There may be other examples in context that have not been included here.
		8

Question	Answer	Marks
4(b)	**Consider the <u>advantages</u> of internal and external recruitment for the new manager. Recommend which method of recruitment is best for AH to use. Justify your answer.** **Relevant points might include:**	12

	Advantages
Internal recruitment	Lower recruitment costs Motivating for employees – increased chance of promotion – work hard Already know the business and processes – no induction training Suitability of applicants already known by the business
External recruitment	New ideas New skills/experience Less training needed

Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	At least 2 × Level 2 + 9–10 marks for well justified recommendation as to whether to use internal or external recruitment and why not the alternative. 7–8 marks for some limited recommendation as to whether to use internal or external recruitment.
Level 2	4–6 marks Detailed discussion of the advantages of internal and/or external recruitment.
Level 1	1–3 marks Outline of the advantages of internal and/or external recruitment.

Level 1 – 1 mark for each L1 statement (max of 3 marks)
e.g. Internal recruitment is cheaper than external.

Level 2 – one L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks)
e.g. Internal recruitment is cheaper than external as it is carried out by existing employees. They are used to the ways of working at AH and can tell the new manager how things are done with the animals. The existing employees can show the manager how the grooming and brushing is carried out so that customers do not see anything new and are happy with the way their animals are looked after. (4 marks for L2 explanation plus one application mark for referring to the grooming and brushing of animals)

Level 3 – For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation whether to use internal or external recruitment..

Question	Answer	Marks
4(b)	**Award up to 2 additional marks for relevant application.** Possible application marks: Animals; unskilled workers; dogs; cats; pets; washing and brushing animals; qualified animal nurse;12 adults and 6 children workers; information from Appendix 1 on the AH advert; complaint on the social media message; There may be other examples in context that have not been included here	