Cambridge International AS & A Level

BUSINESS **9609/32**

Paper 3 Business Decision-Making **February/March 2026**

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 February/March 2026 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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.

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.

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).

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.

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 standardisation 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 correct.
✗	For objective points that are wrong.
TV	When the candidate has attempted something, but the mark/skill has not been awarded as the answer is not sufficiently clear.
Highlighter	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.
SEEN	To show a page/section has been seen/read.
REP	The repetition of a previous point in a response **or** the candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. The number of Ks should match the mark awarded.

Annotation	Meaning
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
L2 AN	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
L2 EVAL	When AO4 at Level 2 has been awarded.
L2	When AO3 or AO4 has been awarded at Level 2.
L3	When AO4 has been awarded at Level 3.

PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS

Crossed out work

1 **All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes question onto an Answer Booklet.

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.

Question	Answer	Marks
1	**Analyse <u>two</u> impacts of suppliers on PP's decisions.**	**8**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 4 marks
2			**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.
1	**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.	**1–2 marks** • Application of **two** relevant points to a business context. • Application of **one** relevant point to a business context.	**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.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Note:
- If more than two impacts are referred to, reward the best two.
- L2AN (3 marks) is possible for just one point made.
- For L2AN there must be link to decision.

All annotation (K APP AN L2) should be in the left margin.

Question	Answer	Marks
1	Responses may include: **AO1 Knowledge and understanding** A supplier is a business that provides goods or services to PP. (K1) Knowledge of impacts suppliers can have on PP (Max K2 marks) • Cost of Production – change in price of raw material. • Quality of Inputs – change in quality of raw material. • Reliability/delivery – ability to deliver on time. • Flexibility and Responsiveness – ability to meet changes in orders. • Credit Terms and Payment Conditions. • Innovation and Competitive Advantage – new or better materials • Ethical and Environmental Considerations – impact of unethical labour practices or pollution. • Supply Chain Risks from external shocks EG: tariffs or wars. • Knowledge of decisions • Increase / decrease price of products. • Time taken to pay suppliers. • Keeping buffer inventory • Looking for new suppliers • Adapting product range • Reducing level of wastage **AO2 Application** *Limited application, APP applies knowledge to PP once.* *Developed application, APP + APP applies knowledge to PP twice.* *Max one APP for application for the first element and max one APP for application for the second element.* Application is making use of relevant case information not just repeating it. • Country W only has one supplier of clay. • PP uses this supplier. • The supplier offers 30 days payment terms with a 5% discount if PP pays within 20 days. • The supplier imports clay from China and so it has limited control over the quality or cost.	

Question	Answer	Marks
1	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2AN *– candidate shows two or more links in the chain of analysis.* Chains of reasoning highlighting likely impact of suppliers on PP's decisions: • Cost of Production could increase K for PP if the supplier increases their price. This is because PP only uses one supplier and so will have to accept the price they charge AN which means they may have to put up the price of their products to cover the increases. L2AN • Quality of clay could decrease K because the supplier does not have control over the quality and this would mean that PP's finished goods of plates and mugs APP may be of a lower quality which could lead to customers not being satisfied. AN This could result in PP deciding to change supplier and import directly from abroad. L2AN • Reliability/delays in delivery could lead to PP running out of clay K to make their tea lights and other clay products APP which means they may not be able to fulfil orders which are placed through their website AN and this may lead to PP reviewing its growth objective. L2AN • If the supplier changed the credit terms from 30 days APP to 40 days this could improve PP's cash flow K and enable them to retain cash within the business for longer, AN and therefore PP could offer longer credit terms to its customers. L2AN Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
Analyse <u>one</u> advantage and <u>one</u> disadvantage to PP of the changing role of Information Technology (IT) in its marketing.
<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>
Note:
• Only reward one advantage and one disadvantage
• Reward the best advantage and the best disadvantage if multiple advantages / disadvantages are referred to.
• L2AN (3 marks) is possible for just one point made.
</td><td>8</td></tr>
</table>

Question	Answer	Marks
2	Responses may include: **AO1 Knowledge and understanding** Only definition of marketing and/or definition of IT in marketing (max 1 mark) Only knowledge of one advantage/disadvantage of IT in marketing (max K 1 mark) Knowledge of one advantage **and** one disadvantage of the changing role of IT in marketing on PP (up to K 2) Knowledge of IT in marketing is – internet, email, mobile, in store digital signage, social media. Advantages of using IT in marketing: • Wider Reach through emails, social media. • Better Targeted Marketing – emails to existing customers. • Cost-Effective Methods – social media/internet less costly than print communication. • Real-Time Feedback of views/interactions. • Quick to make changes. Disadvantages of using IT in marketing • Investment in skilled employee to create and manage the promotion. • Could be too successful if the campaign is viral and PP may not be able to meet demand. • Customers could feel overloaded with information if there are too many posts / emails / adverts. • Junk mail setting/Ad blockers could stop some marketing reaching the intended target. • Ability to follow laws if data is collected. • Not everybody has access to IT. **AO2 Application** *Limited application,* APP *applies knowledge to PP once.* *Developed application,* APP + APP *applies knowledge to PP twice.* *Max one* APP *for application for the first benefit and max one* APP *for application for the second benefit.* Application is making use of relevant case information not just repeating it. • Opportunity cost of investment in IT in marketing such as the finance needed for a new kiln to meet increased demand. • Role of IT extending beyond PP having a website for consumers to order direct. • Forecasts indicate that the gift market could grow to $540 million by 2029.	

Question	Answer	Marks
2	• Fiza has a marketing degree and limited experience – does she have the necessary skill to develop AI for use in customer service without technical support. • Link to objective to increase B2C sales. • Impact of IT on PP's brand recognition which has started to develop. • Impact on PP's financial efficiency such as the rate of inventory turnover of 24.5 times in 2025. • Change in proportion of B2C sales from 25% to more than 50%. **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Using social media posts can allow PP to reach more potential consumers K in more areas than with print marketing. This means more people will know about PP AN which can lead to more sales of pottery items L2 AN and therefore support its growth objective. APP • Using websites and email can be more cost effective K which means Pavni will not need to spend as much capital on marketing AN which means the money can be spent on other things like the new kiln project APP enabling PP to grow. L2 AN • Employing a specialist in social media marketing may be expensive and will increase PPs expenses K on salaries if she invests in social media marketing by employing someone. This means there will be less money to spend on other projects AN like encouraging intrapreneurship APP which may mean there are less new product ideas. L2 AN • PP could overuse IT in marketing and send out too many emails advertising new products or prices. This means consumers may become annoyed K by the emails and not look at them AN and the marketing will not increase sales. L2 AN Accept all valid responses.	

Question	Answer	Marks
3(a)	**Using the data in Table 1.2, calculate PP's trade receivables turnover for 2025.** Trade receivables / credit sales × 365 (1) 2325 / 42 000 × 365 = 20.21 or 21 allow 20 (days) (2) $20.21 or 20.21% – incorrect units (1)	**2**
3(b)	**Using the data in Table 1.2, calculate PP's rate of inventory turnover for 2025.** Cost of Sales / Average Inventory (1) 19 630 / 800 = 24.54 OR 24 Allow 25 (times) (2) $24.54 or 24.54% – incorrect units (1) Note: 800 / 19 630 × 365 = 14.9 days (1)	**2**

Question	Answer	Marks
3(c)	**Evaluate the importance of financial efficiency to PP's growth.**	**12**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
3				**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.
2	**2 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Question	Answer	Marks
3(c)	Responses may include:	

AO1 Knowledge and understanding
Limited knowledge K *will be demonstrated through knowledge of the key elements of financial efficiency.*
Limited knowledge K *will be demonstrated through knowledge of growth.*
Developed knowledge K + K + *will be demonstrated through knowledge of financial efficiency* ***and*** *knowledge of impact on growth.*

Financial efficiency refers to how well a business is using working capital, assets, and inventory to generate revenue and profit. Efficient financial management means PP is not tying up too much money in inventory or trade receivables.

Importance of financial efficiency for growth
Calculated through trade receivables days, trade payables days, rate of inventory turnover

- Improved Cash Flow.
- Increased Profitability.
- Better Access to Finance.
- Competitiveness and Scalability.

AO2 Application
Limited application, APP *applies knowledge to PP once.*
Developed application, APP + APP *applies knowledge to PP twice.*

- Trade receivables – 20.21 or 21 days.
- Inventory turnover – 24.54 times.
- Use of data from table – explaining how changes are impacting PP;

year	trade payables turnover	trade receivables turnover	rate of inventory turnover
2023	8 days	12 days	33 times
2024	8 days	14 days	30 times

- Calculation of 2025 trade payables 8.5 days.
- The supplier offers 30 days payment terms with a 5% discount if PP pays within 20 days.

Question	Answer	Marks
3(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • By improving financial efficiency through decreasing the trade receivables turnover days, they are getting their money from customers who have paid on credit quicker. K From 2023 to 2025 PPs trade receivables days have increased from 12 to 21 days. APP This means they are taking more time to be paid, which means they do not have the cash in their business AN which can hinder growth plans because they may not be able to invest in the kiln as quickly. L2 AN However, this extended credit period could encourage more B2C customers, which would lead to growth of the business. EVAL • By improving financial efficiency through increasing the rate of inventory turnover PP would have less cash tied up in inventory. K They are reducing their rate of inventory turnover from 33 times in 2023, to 30 times in 2024 to 24.54 times in 2025 APP which means more working capital is tied up in inventory of pottery. This means it is taking longer to turn finished goods into cash. AN This means revenue will increase at a slower rate which may hinder growth plans. L2 AN However, it has only fallen by 5 days from 2024 to 2025 and this may change when PP start to sell more products through their website. EVAL • PP are paying their trade payables in an average of 8.5 days, APP despite their supplier allowing them a discount up to 20 days. This could create a cash flow problem K for PP as they are paying their suppliers faster than they are receiving their payments from customers. This means they may need to use an overdraft, AN which could hinder them taking loans to pay for growth. L2 AN However, they could delay their payments to suppliers and make use of the 20 days to improve this. EVAL **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • However statements after analysis showing an alternative view of the point being explained (see above). • 1 EVAL for an answer showing a balanced view. • A judgement on the most important element of financial efficiency for growth.	

Question	Answer	Marks
3(c)	• What the judgement may depend on. - What other businesses do. - Impact of making changes. - Importance of other factors influencing growth such as use of IT in marketing and role of intrapreneurship. - Consequence of financial efficiency in terms of access to finance to fund growth. • Weighing up of relevant arguments • Short/long term impact on PP Example evaluation Trade receivables is the most important element of financial efficiency which will impact the growth of PP. Without receiving payment from customers more quickly they will be unable to pay for new employees to manage their online marketing which means they may not improve how recognisable their brand is. They may not be able to pay for the kiln if they use credit to purchase it as they are paying suppliers before they are paid by customers, creating a cash flow issue. In the short-term PP should increase its trade payables to match the credit period offered and in the long term decrease the trade receivables from 21 days to ensure they have enough working capital to fund their growth. L3EVAL. Accept all valid responses.	

Question	Answer	Marks
4(a)	**Using the data in Table 1.3, calculate the accounting rate of return (ARR) for kiln option A.** Calculation: $\dfrac{\text{Average profit}}{\text{(Capital Cost + Residual value) / 2}} \times 100$ OR Average profit / average investment × 100 (1 mark if no rewardable calculation) Profit = 113 000 – 80 000 = 33 000 OR average investment = (80 000 + 0) / 2 =40 000 (1 mark) Average profit = 33 000 / 5 = 6600 (2 marks) AND average investment = 40 000 (3 marks) 6600 / 40 000 × 100 = 16.5% OR 17% (4 marks) 16.5 or 16.5% (4 marks) 16 OR 16% (3 marks) Note: 6600 / 80 000 × 100 = 8.25% (3) 33 000 / 40 000 × 100 = 82.5% (3)	**4**

Question	Answer	Marks
4(b)	**Evaluate the most suitable option for Pavni to choose for the new kiln investment.**	**12**

Level	AO1 Knowledge and understanding 2 marks	AO2 Application 2 marks	AO3 Analysis 2 marks	AO4 Evaluation 6 marks
3				**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.
2	**2 marks** **Developed knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**2 marks** **Developed application** of relevant point(s) to the business context.	**2 marks** **Developed analysis** that identifies connections between causes, impacts and/or consequences.	**3–4 marks** **Developed evaluation** • A developed judgement/conclusion is made. • Developed evaluative comments which balance some key arguments.
1	**1 mark** **Limited knowledge** of relevant key term(s) and/or factor(s) is used to answer the question.	**1 mark** **Limited application** of relevant point(s) to the business context.	**1 mark** **Limited analysis** that identifies connections between causes, impacts and/or consequences.	**1–2 marks** **Limited evaluation** • A judgement/conclusion is made with limited supporting comment/evidence. • An attempt is made to balance the arguments.
0	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.	**0 marks** No creditable response.

Question	Answer	Marks
4(b)	Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of factor in decision making* *Developed knowledge* K + K *will be demonstrated through knowledge of two or more factors* • Knowledge of investment appraisal techniques: Quicker payback Higher ARR or NPV • Knowledge of other factors in the decision: Environmental impact of kiln Cost Reliability **AO2 Application** *Limited application,* APP *applies knowledge to PP once.* *Developed application,* APP + APP *applies knowledge to PP twice.* • Figures for ARR and Payback from insert and Q4a Payback for Option B is 6 months quicker. ARR for Option A is higher by 12.9% points. • Other factors Lower environmental impact of Option A. Longer term technical support for Option B. Capital cost of Option B is $20 000 higher. 4% point higher rejection rate of Option A **AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2AN *– candidate shows two or more links in the chain of analysis.* • An advantage of option A is the higher ARR K of 16.5% which is 12.9% points higher than option B. APP This is good because the return on the original investment of $80 000 is much higher and is therefore a much better use of capital AN which means Pavni will see higher levels of profitability. L2AN	

Question	Answer	Marks
4(b)	• An advantage of option B is the lower percentage of faulty products K by 4%. APP this is good because there will be less waste AN within PP which means the business will save money associated with higher levels of faulty products. L2 AN • An advantage of option A is the lower cost of energy K . This means PP can use the savings associated with lower energy costs to invest in more intrapreneurship APP which may mean there are more new product ranges AN which are more successful than the tealights and will increase sales for PP. L2 AN **AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • However statements after evaluation showing an alternative view of the point being explained. • 1 EVAL for an answer showing a balanced view – one positive and one negative or one positive/negative with a however for balance. • Most important factor with justification. Risk Return Long-term growth • Weighing up of relevant arguments • Short/long-term impact on PP Example conclusion PP should choose Option A because it is the best decision financially and non-financially. In the short term the initial outlay is \$20 000 less than option B which means PP will have more retained capital to invest in other aspects of the growing business, like the social media marketing. In the long term Option A has lower pollution levels which could be another USP for Pavni as a way to attract more environmentally conscious customers. Overall option A is the best decision. L3EVAL The decision does depend on the long term aims of the business and what is important to PP. However, PP should choose option B. Even though it is \$20 000 more than option A if Pavni is looking to reduce waste within her business in order to be more cost effective then this option is better. Reducing waste by having less faulty products will save money and time and will use less resources overall. L3EVAL Accept all valid responses.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>
Evaluate the impact of delegation on the success of PP's intrapreneurship.
<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>
<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>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>
Responses may include:

AO1 Knowledge and understanding
Limited knowledge K will be demonstrated through definition of knowledge of delegation OR intrapreneurship.
Developed knowledge K + K will be demonstrated through knowledge of delegation <u>and</u> knowledge of how delegation will impact intrapreneurship.
Definition of delegation: passing authority down the organisational hierarchy.
Definition of intrapreneurship: employees are encouraged to use and develop entrepreneurial skills to create new products, services, or processes within their existing business.
• Shows responsibility and trust in employees which will generate more ideas.
• Creates a culture that encourages employees to take risks and be creative.
• Develops and trains employees.
• If the responsibility is not well defined it may not succeed.
• Enough decision-making power must be given to the employee for it to succeed.
• Will allow Pavni more time to focus on strategy.

AO2 Application
Limited application, APP applies knowledge to PP once.
Developed application, APP + APP applies knowledge to PP twice.
• Employees given paid time to develop new ideas.
• Flat hierarchy.
• Tealights are the most successful range, they are new and are likely to be the product of intrapreneurship.
• Potters are experienced in design and manufacture.
• Market predicted to increase to $540m.
• Shift towards B2C – different products may need to be developed.
• Pavni evaluates designs and decides whether to produce the suggested new products.
</td><td></td></tr>
</table>

Question	Answer	Marks
5	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Delegating design of new product ranges to the experienced potters APP and giving them paid time for intrapreneurship will encourage new ideas to be generated. K This means PP will have new products to launch and sell AN which will attract more customers to the growing business. L2 AN • Giving the potters paid time APP to develop new ideas is motivating. K this means they will be more fulfilled at work, AN especially if Pavni decides to launch their ideas. This means they are less likely to leave which means PP does not lose experienced and creative potters L2 AN • If Pavni is not clear about the intrapreneurial project the potters may not have enough direction K which means they may not use the paid time effectively. AN This means PP will not benefit from new designs like the tealight holders or magnets APP as they will not meet the needs of PP. L2 AN • Pavni evaluates the designs APP of the new products which the potters are developing during paid intrapreneurial time. If she does not involve the potters in this decision making K they may not feel like they have enough responsibility for the project AN and they may not be motivated to come up with new ideas. L2 AN **AO4 Evaluation** Limited evaluation EVAL – limited supported judgement and/or a weak attempt at evaluative comment. Developed evaluation L2 EVAL – supported judgement and/or reasonable evaluative comment. Developed evaluation in context L3 EVAL – supported judgement in context and/or reasonable evaluative comment in context. • 'However' statements after evaluation showing an alternative view of the point being explained. • It depends on arguments -May give insufficient authority to potters to introduce ideas -Pavni evaluates designs and decides whether to produce. This could demotivate potters if designs rejected. -Successful intrapreneurship will need to be supported by relevant market research to evaluate demand for new ideas. -Cost of new ideas will impact success of intrapreneurship. • 1 EVAL for an answer showing a balanced view. • Short/long term impact of delegation on intrapreneurship. • Judgement on the balance between benefits and drawbacks of delegation to PP. • Weighing up of relevant arguments.	

Question	Answer	Marks
5	Example conclusion: Impact of delegation on the success of PP's intrapreneurship. The biggest impact of delegation on intrapreneurship in the short term is ensuring the employees are clear on task they are being asked to do. If they do not understand the intrapreneurial project they will not come up with suitable new designs and the paid time will be wasted. In the long term the motivation of employees will determine the success of intrapreneurship in PP, if they are delegated tasks they can complete and given some degree of control over decision making in terms of which products will be made, they are more likely to want to work on the project and create products that will make PP even more successful in the growing gift market. L3EVAL Accept all valid responses.	