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**BUSINESS**

**9609/11**

Paper 1 Short Answer/Essay

**October/November 2017**

MARK SCHEME

Maximum Mark: 40

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**Published**

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

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

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Cambridge International is publishing the mark schemes for the October/November 2017 series for most Cambridge IGCSE<sup>®</sup>, Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer	Marks
1(a)	<p><b>Define the term ‘channel of distribution’.</b></p> <p>It is the chain of intermediaries a product passes through (1) from producer to consumer. (1)</p> <p>A definition such as this merits <b>2</b> marks.</p> <p>A partial definition such as ‘the way a business distributes its products’ or ‘method used by a business to get products to customers’ merits <b>1</b> mark.</p> <p>Sound definition (2 marks)            Partial definition – limited understanding (1 mark)            No creditable content (0 marks)</p>	<b>2</b>
1(b)	<p><b>Briefly explain <u>two</u> factors a manufacturing business might consider in deciding on an appropriate channel of distribution.</b></p> <p>Answers may include:</p> <ul style="list-style-type: none"> <li>• cost of different distribution channels e.g. direct selling involves shipping costs and requires the manufacturer to hold inventory.</li> <li>• using intermediaries means reduced profits for the manufacturer.</li> <li>• efficiency of distribution channel; which will reach the customer the quickest and at the lowest cost to the manufacturer.</li> <li>• which channel gives the manufacturer the control they require over how the product is presented to the customer.</li> <li>• type of product – industrial products tend to be sold more directly than consumer goods, perishable direct to retailers.</li> <li>• the nature of the chosen market – if it is large and dispersed, intermediaries may well be needed.</li> <li>• level of service required or demanded by customers – so some products will not be sold via internet (e.g. bespoke products).</li> <li>• technical complexity of the product – may be direct selling, e.g. computers.</li> <li>• number of customers – if high value product and few customers, direct selling might be used (luxury yacht).</li> </ul> <p><b>NOTE: Some answers refer to methods of transportation but not specific intermediaries. The question is ‘channel of distribution’ so methods of transportation only cannot gain marks.</b></p> <p>Sound explanation of <b>two</b> factors (3 marks)            Sound explanation of <b>one</b> factor or partial explanation of <b>two</b> factors (2 marks)            Partial example of <b>one</b> factor or a list of <b>two</b> factors (1 mark)            No creditable content (0 marks)</p>	<b>3</b>

Question	Answer	Marks
2(a)	<p><b>Define the term 'job re-design'.</b></p> <p>The re-structuring / altering / changing of a job (1), usually with employee involvement and agreement, (1) to make the work / job more interesting / satisfying / challenging. (1)</p> <p>A definition that merits <b>2</b> marks will contain 2 of the 3 points listed above.</p> <p>A partial definition that merits <b>1</b> mark will contain 1 of the 3 points above.</p> <p><b>NOTE: Some answers refer to the role of an employee changing but do not refer to a 'job' The question is 'job re-design' so explicit reference to a 'job/tasks' must be made for marks to be awarded.</b></p> <p>Sound definition given (2 marks)            Partial definition given (1 mark)            No creditable content (0 marks)</p>	<b>2</b>
2(b)	<p><b>Briefly explain the benefits to a business of job re-design.</b></p> <p>Answers could include:</p> <p>Job re-design is designed to:</p> <ul style="list-style-type: none"> <li>• make the job holder feel more valued by increasing their role. This leads to maximum output from satisfied workers.</li> <li>• increase motivation of workers and hence help to retain them so reducing costs of recruitment.</li> <li>• create a right person – right job fit leading to efficient and effective workforce so increasing productivity.</li> <li>• adapt the business / job roles to suit changing economic conditions, therefore having the right staff and skills to deal with change so the business can survive/grow.</li> </ul> <p><b>NOTE: Candidates that do not refer to a 'job' in question 2(a) may nevertheless give acceptable answers in question 2(b) by referring to the impact of job re-design on employees such as new skills and motivation, leading to increased productivity and should be rewarded accordingly.</b></p> <p>Sound explanation of the benefits of job re-design to a business (3 marks)            Limited explanation of the benefits of job re-design (2 marks)            Some general comment on job re-design (1 mark)            No creditable content (0 marks)</p>	<b>3</b>

Question	Answer	Marks
3	<p><b>Explain how a business might benefit from acting ethically.</b></p> <p>Answers may include:</p> <p>Acting ethically is regarded as doing the ‘right thing’ – taking business decisions against a background of certain moral principles – morally correct behaviour.</p> <p>In the <b>short-term</b> there may be a ‘cost’ involved in acting ethically – only doing things in a certain way or <b>not</b> doing certain things.</p> <p>In the <b>long-term</b> there could be substantial benefits:</p> <ul style="list-style-type: none"> <li>• avoid negative publicity.</li> <li>• retain customer loyalty – retain/gain sales through high reputational perception.</li> <li>• attract ethical customers/investors.</li> <li>• attract staff/retain staff.</li> <li>• gives a competitive advantage.</li> <li>• improved brand and business awareness.</li> </ul> <p><b>Effective</b> explanation of possible benefits to a business of ethical business activities (4–5 marks)  <b>Limited</b> explanation of possible benefits of ethical business activities (2–3 marks)  Understanding of ethical business activity (1 mark)  No creditable content (0 marks)</p>	5
4(a)	<p><b>Define the term ‘micro-finance’.</b></p> <p>The provision of financial services for poor and low-income customers (1) who do not have access to banking services such as loans and overdrafts offered by traditional commercial banks. (1)</p> <p>Such a definition should be awarded <b>2</b> marks.</p> <p>A partial definition such as ‘the provision of financial services to poor customers’ should be awarded <b>1</b> mark.</p> <p><b>NOTE: Reference to ‘poor’ or ‘low-income’ must be made for 2 marks to be awarded.</b></p> <p>Sound definition (2 marks)  Partial definition (1 mark)  No creditable content (0 marks)</p>	2

Question	Answer	Marks
4(b)	<p><b>Briefly explain <u>two</u> advantages of micro-finance for entrepreneurs.</b></p> <ul style="list-style-type: none"> <li>• entrepreneurs use micro-finance to start businesses.</li> <li>• entrepreneurs use micro-finance to operate and grow businesses.</li> <li>• this provides an income and average incomes increase.</li> <li>• provide finance which otherwise would not be available to high risk entrepreneurs with no credit score.</li> <li>• such finance is likely to be at lower interest rates than traditional banks making it easier to pay back.</li> <li>• small capital sums in the form of loans to poor aspiring entrepreneurs (especially in rural areas) have encouraged small businesses to be set up where previously there was no access to such funds.</li> <li>• evidence that women, who traditionally have been denied financial services, have benefitted from micro-finance opportunities.</li> <li>• growth of local economies; incomes rise and families are able to give education to their families.</li> <li>• micro-finance institutions stimulate economic activity and development particularly through entrepreneurial activity – the multiplier effect.</li> </ul> <p>Sound explanation of <b>two</b> advantages of micro-finance for entrepreneurs (3 marks)            Sound explanation of <b>one</b> advantage or partial explanation of <b>two</b> advantages (2 marks)            Partial explanation of <b>one</b> advantage or list of <b>two</b> (1 mark)            No creditable content (0 marks)</p>	<b>3</b>

Question	Answer	Marks																		
5(a)	<p data-bbox="316 248 1134 282"><b>Analyse the role of marketing in adding value to a product</b></p> <table border="1" data-bbox="316 315 1310 752"> <thead> <tr> <th data-bbox="316 315 435 365">Level</th> <th data-bbox="435 315 1198 365">Description</th> <th data-bbox="1198 315 1310 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 365 435 450">4</td> <td data-bbox="435 365 1198 450">Good analysis of how marketing can add value to a product.</td> <td data-bbox="1198 365 1310 450">7–8</td> </tr> <tr> <td data-bbox="316 450 435 535">3</td> <td data-bbox="435 450 1198 535">Some analysis of how marketing can add value to a product.</td> <td data-bbox="1198 450 1310 535">5–6</td> </tr> <tr> <td data-bbox="316 535 435 651">2</td> <td data-bbox="435 535 1198 651">Some application of how marketing can add value to a product or convince customers that a product is more desirable.</td> <td data-bbox="1198 535 1310 651">3–4</td> </tr> <tr> <td data-bbox="316 651 435 701">1</td> <td data-bbox="435 651 1198 701">Understanding of value added and/or marketing.</td> <td data-bbox="1198 651 1310 701">1–2</td> </tr> <tr> <td data-bbox="316 701 435 752">0</td> <td data-bbox="435 701 1198 752">No creditable content.</td> <td data-bbox="1198 701 1310 752">0</td> </tr> </tbody> </table> <p data-bbox="316 786 608 819">Answers may include:</p> <p data-bbox="316 853 1270 920">Candidates may well use the 4Ps framework to answer this question, but <b>must link to adding value</b> to gain Level 2.</p> <p data-bbox="316 954 1278 1021">Marketing is linking the production of goods and services to the consumer profitably and satisfying business and consumer objectives.</p> <p data-bbox="316 1055 1310 1155">Adding value is the difference between the cost of purchasing bought in materials and the price finished goods/services are sold for – the greater the difference the greater the potential for more profit.</p> <p data-bbox="316 1189 1257 1223"><b>Marketing / market research / market intelligence can add value by:</b></p> <ul data-bbox="316 1223 1310 1908" style="list-style-type: none"> <li>• identifying how to get a product to the right customers more effectively/cheaply so reducing cost and adding value.</li> <li>• determining the right offer price to set for the target market so creating the optimal amount of added value for that target market.</li> <li>• creating a distinctive brand that becomes a ‘must have’ name that consumers will pay a premium price for.</li> <li>• increase the perception of this product being more valuable so customers are willing to pay more for it.</li> <li>• positioning a business/product/creating a USP so that it stands out from the competition; customers likely to buy the product even if the price is higher than rivals.</li> <li>• creating an exclusive and luxurious retail environment to convince customers to pay more for a ‘luxurious’ product – cosmetic retailers, luxury cars.</li> <li>• using high quality packaging to differentiate a product – perfume – luxury chocolates and make it appear worth the higher price.</li> <li>• promoting the benefits of a product to achieve a result / outcome / emotion – not just a commodity so higher price is justified.</li> <li>• including testimonials in advertising to suggest social proof that the product should be bought at the higher price.</li> </ul>	Level	Description	Marks	4	Good analysis of how marketing can add value to a product.	7–8	3	Some analysis of how marketing can add value to a product.	5–6	2	Some application of how marketing can add value to a product or convince customers that a product is more desirable.	3–4	1	Understanding of value added and/or marketing.	1–2	0	No creditable content.	0	8
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5(b)	<p><b>Discuss how market segmentation could be used to improve the profitability of a hotel.</b></p> <table border="1" data-bbox="316 344 1313 815"> <thead> <tr> <th data-bbox="316 344 435 398">Level</th> <th data-bbox="435 344 1177 398">Description</th> <th data-bbox="1177 344 1313 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 398 435 481">4</td> <td data-bbox="435 398 1177 481">Effective evaluation of how market segmentation could be used to improve the profitability of a hotel.</td> <td data-bbox="1177 398 1313 481">9–12</td> </tr> <tr> <td data-bbox="316 481 435 564">3</td> <td data-bbox="435 481 1177 564">Limited evaluation of how market segmentation could be used to improve the profitability of a hotel.</td> <td data-bbox="1177 481 1313 564">7–8</td> </tr> <tr> <td data-bbox="316 564 435 680">2</td> <td data-bbox="435 564 1177 680">Analysis and some application of how market segmentation could be used to improve the profitability of a hotel.</td> <td data-bbox="1177 564 1313 680">3–6</td> </tr> <tr> <td data-bbox="316 680 435 763">1</td> <td data-bbox="435 680 1177 763">Understanding of market segmentation and/or profitability.</td> <td data-bbox="1177 680 1313 763">1–2</td> </tr> <tr> <td data-bbox="316 763 435 815">0</td> <td data-bbox="435 763 1177 815">No creditable content.</td> <td data-bbox="1177 763 1313 815">0</td> </tr> </tbody> </table> <p>Answers may include:</p> <ul style="list-style-type: none"> <li>• market segmentation – identify different segments within a market and target different products/services to those segments.</li> <li>• a customer-focused marketing strategy with the promise of increased sales and profitability.</li> <li>• it might lead to gaps in the market being identified and exploited.</li> <li>• price discrimination can be used to increase revenue and profits.</li> <li>• profitability – the ability of a business to earn a profit by increasing revenues and decreasing costs.</li> </ul> <p><b>NOTE. Some may adopt a ‘macro approach’ and focus on the whole of the hotel being segmented such as becoming a luxury hotel. This is acceptable if appropriately discussed.</b></p> <ul style="list-style-type: none"> <li>• Hotel objectives might include – growth, profitability, full occupancy.</li> <li>• Specific hotel market segments i.e. business traffic during the week, leisure traffic at weekends, special event traffic (celebrations, weddings), conference traffic, all ensuring different revenue streams.</li> <li>• Specific provision could include: luxury penthouse rooms for high-income earners, family rooms, budget rooms etc. all potentially generating higher levels of profit.</li> </ul> <p><b>Evaluative points:</b> increasing hotel facilities to suit different segments involves costs e.g. refurbishment, staffing, materials. Must be enough potential revenue to cover this. Depends on existing reputation / location / competition of hotel as to how successful and therefore profitable, increased market segmentation might be. Impact on decisions if say an economy goes into recession.</p>	Level	Description	Marks	4	Effective evaluation of how market segmentation could be used to improve the profitability of a hotel.	9–12	3	Limited evaluation of how market segmentation could be used to improve the profitability of a hotel.	7–8	2	Analysis and some application of how market segmentation could be used to improve the profitability of a hotel.	3–6	1	Understanding of market segmentation and/or profitability.	1–2	0	No creditable content.	0	12
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6	<p><b>'Location is the most important factor determining the success of a large car manufacturing business.' Discuss this statement.</b></p> <table border="1" data-bbox="316 344 1313 936"> <thead> <tr> <th data-bbox="316 344 435 398">Level</th> <th data-bbox="435 344 1197 398">Description</th> <th data-bbox="1197 344 1313 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 398 435 517">5</td> <td data-bbox="435 398 1197 517">Effective evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business.</td> <td data-bbox="1197 398 1313 517">17–20</td> </tr> <tr> <td data-bbox="316 517 435 636">4</td> <td data-bbox="435 517 1197 636">Good analysis and limited evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business.</td> <td data-bbox="1197 517 1313 636">13–16</td> </tr> <tr> <td data-bbox="316 636 435 754">3</td> <td data-bbox="435 636 1197 754">Analysis of the statement that location is the most important factor determining the success of a large car manufacturing business.</td> <td data-bbox="1197 636 1313 754">11–12</td> </tr> <tr> <td data-bbox="316 754 435 837">2</td> <td data-bbox="435 754 1197 837">Limited analysis with application of the importance of business location and business success.</td> <td data-bbox="1197 754 1313 837">5–10</td> </tr> <tr> <td data-bbox="316 837 435 891">1</td> <td data-bbox="435 837 1197 891">Understanding of business location / business success.</td> <td data-bbox="1197 837 1313 891">1–4</td> </tr> <tr> <td data-bbox="316 891 435 936">0</td> <td data-bbox="435 891 1197 936">No creditable content.</td> <td data-bbox="1197 891 1313 936">0</td> </tr> </tbody> </table> <p><b>Answers may interpret</b> the question in terms of business location generally within a particular country or area, or relating to a decision to relocate / diversify, possibly to another country.</p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• a discussion of the importance of location to any business (including a car manufacturing business) – access to skilled labour, raw materials, transport and communication facilities, governmental support / incentives / light regulations, proximity to other businesses and services, customers.</li> <li>• an understanding that the particular needs and strategies of specific businesses will affect location decisions and considerations and influence the significance of particular location issues and decisions.</li> <li>• a recognition that while location is likely to be a significant success factor it will not be the only important factor or necessarily the most important factor.</li> <li>• other critical success factors determining success will be discussed, i.e.:       <ul style="list-style-type: none"> <li>- <b>Operational efficiency</b> – including innovative design, lean / efficient production processes leading to –</li> <li>- <b>Product differentiation</b> – distinctive features, 'bells and whistles' that lead to distinctive brand attributes leading to –</li> <li>- <b>Customer satisfaction</b> – supported by effective marketing and an effective response to the demands of existing and emerging market opportunities.</li> </ul> </li> </ul> <p><b>Strong answers</b> will fully explain the potential contribution made by 'Location' to success of a car manufacturing business– <b>but</b> will also recognise that other factors might be equally / more important such as the 3 set out above and not forgetting the quality of leadership and management in the business – location is but one important factor.</p>	Level	Description	Marks	5	Effective evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business.	17–20	4	Good analysis and limited evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business.	13–16	3	Analysis of the statement that location is the most important factor determining the success of a large car manufacturing business.	11–12	2	Limited analysis with application of the importance of business location and business success.	5–10	1	Understanding of business location / business success.	1–4	0	No creditable content.	0	20
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7(a)	<p data-bbox="316 248 1294 282"><b>Analyse how a business might use Mintzberg’s roles of management.</b></p> <table border="1" data-bbox="316 315 1313 808"> <thead> <tr> <th data-bbox="316 315 435 376">Level</th> <th data-bbox="435 315 1198 376">Description</th> <th data-bbox="1198 315 1313 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 376 435 479">4</td> <td data-bbox="435 376 1198 479">Good analysis of how a business might use Mintzberg’s roles of management.</td> <td data-bbox="1198 376 1313 479">7–8</td> </tr> <tr> <td data-bbox="316 479 435 580">3</td> <td data-bbox="435 479 1198 580">Some analysis of how a business might use Mintzberg’s roles of management.</td> <td data-bbox="1198 479 1313 580">5–6</td> </tr> <tr> <td data-bbox="316 580 435 680">2</td> <td data-bbox="435 580 1198 680">Some explanation of how a business might use Mintzberg’s roles of management.</td> <td data-bbox="1198 580 1313 680">3–4</td> </tr> <tr> <td data-bbox="316 680 435 741">1</td> <td data-bbox="435 680 1198 741">Understanding of Mintzberg’s roles of management.</td> <td data-bbox="1198 680 1313 741">1–2</td> </tr> <tr> <td data-bbox="316 741 435 808">0</td> <td data-bbox="435 741 1198 808">No creditable content.</td> <td data-bbox="1198 741 1313 808">0</td> </tr> </tbody> </table> <p data-bbox="316 842 608 875">Answers may include:</p> <p data-bbox="316 909 1307 976">Mintzberg identified ten roles common to the work of all managers – divided into three groups:</p> <p data-bbox="316 1010 1203 1144"> <b>Interpersonal:</b> Figurehead, Leader and Liaison.  <b>Informational:</b> Monitor, Disseminator and Spokesperson.  <b>Decisional:</b> Entrepreneur, Disturbance Handler, Resource Allocator and Negotiator. </p> <ul data-bbox="316 1178 1313 1559" style="list-style-type: none"> <li>• allows a business / HRM to analyse the roles that need to be performed to support the effective management of a business and to identify any gaps</li> <li>• acts as a benchmark for drawing up job specifications / recruitment criteria</li> <li>• acts as a guide for the content of training and development programmes</li> <li>• can be used as evaluative criteria for assessing the performance of managers</li> <li>• allows a business to recognise that management roles are varied and demanding</li> </ul> <p data-bbox="316 1592 1313 1727"><b>NOTE. Answers in which the candidate discusses how a manager uses Mintzberg’s roles and how the result of the manager’s actions affects the business e.g. achieving objectives, having good working relationships, etc. are valid and can be fully rewarded.</b></p>	Level	Description	Marks	4	Good analysis of how a business might use Mintzberg’s roles of management.	7–8	3	Some analysis of how a business might use Mintzberg’s roles of management.	5–6	2	Some explanation of how a business might use Mintzberg’s roles of management.	3–4	1	Understanding of Mintzberg’s roles of management.	1–2	0	No creditable content.	0	8
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7(b)	<p><b>'Emotional intelligence is the most important quality of an effective leader.'</b> Do you agree with this view? Justify your answer.</p> <table border="1" data-bbox="316 344 1313 972"> <thead> <tr> <th data-bbox="316 344 437 409">Level</th> <th data-bbox="437 344 1193 409">Description</th> <th data-bbox="1193 344 1313 409">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 409 437 544">4</td> <td data-bbox="437 409 1193 544">Effective evaluation of the statement that emotional intelligence is the most important quality of an effective leader.</td> <td data-bbox="1193 409 1313 544">9–12</td> </tr> <tr> <td data-bbox="316 544 437 678">3</td> <td data-bbox="437 544 1193 678">Limited evaluation of the statement that emotional intelligence is the most important quality of an effective leader.</td> <td data-bbox="1193 544 1313 678">7–8</td> </tr> <tr> <td data-bbox="316 678 437 813">2</td> <td data-bbox="437 678 1193 813">Analysis and some application of the statement that emotional intelligence is the most important quality of an effective leader.</td> <td data-bbox="1193 678 1313 813">3–6</td> </tr> <tr> <td data-bbox="316 813 437 902">1</td> <td data-bbox="437 813 1193 902">Understanding of emotional intelligence and / or qualities of leaders.</td> <td data-bbox="1193 813 1313 902">1–2</td> </tr> <tr> <td data-bbox="316 902 437 972">0</td> <td data-bbox="437 902 1193 972">No creditable content.</td> <td data-bbox="1193 902 1313 972">0</td> </tr> </tbody> </table> <p>Answers could include:</p> <p><b>Effective leadership qualities</b> will be identified such as:</p> <ul style="list-style-type: none"> <li>• ability to set a clear vision and direction;</li> <li>• ability to think strategically and see the big picture;</li> <li>• motivate and carry staff along in successful achievement of goals; demonstrate resilience and risk-taking skills;</li> <li>• inspire followers etc.</li> </ul> <p><b>Emotional intelligence</b> – Some say EI is more important than IQ.</p> <ul style="list-style-type: none"> <li>• ability of leaders to understand their own emotions and those of others to achieve business performance;</li> <li>• the ability to understand people and to get staff to respond through respect and understanding;</li> <li>• authentic leadership and servant leadership</li> <li>• Goleman's EI competencies: self-awareness; self-management; social awareness; social skills.</li> </ul> <p><b>The relative importance of emotional intelligence</b> –</p> <ul style="list-style-type: none"> <li>• how does EI complement and support other leadership qualities?</li> <li>• without EI leaders may not gain the confidence of employees.</li> <li>• 'soft is hard' in business leadership but it would be risky not to expect a balance and variety of qualities from an effective business leader.</li> </ul> <p><b>Evaluative comment/judgement</b> of the view stated. EI may be one of a number of important qualities required of an effective leader. The balance within the cluster of qualities may well be critical, as would the specific needs of a business at particular times.</p>	Level	Description	Marks	4	Effective evaluation of the statement that emotional intelligence is the most important quality of an effective leader.	9–12	3	Limited evaluation of the statement that emotional intelligence is the most important quality of an effective leader.	7–8	2	Analysis and some application of the statement that emotional intelligence is the most important quality of an effective leader.	3–6	1	Understanding of emotional intelligence and / or qualities of leaders.	1–2	0	No creditable content.	0	12
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