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BUSINESS **9609/21**

Paper 2 Data Response **May/June 2016**

MARK SCHEME

Maximum Mark: 60

Published

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1 (a) (i) Define the term 'public limited company' (line 1). [2]

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

This is a business owned by shareholders. Shares can be openly bought and sold on the stock exchange. Shareholders have limited liability.

A correct definition should set out characteristics of a PLC so that it could not be confused with any other form of ownership.

A response which is correct, but could be true of a PLC and another form of ownership should only be rewarded 1 mark.

(ii) Briefly explain the term 'worker representatives' (line 32). [3]

Example or some other way of showing good understanding (i.e. can improve morale/motivation, develops leadership skills, etc.)	1 mark
Meeting with/feeding back to/negotiating/coordinating with employers.	1 mark
Employees delegate/views/on behalf/voice of employees, etc. Allow '*represent the interests of the workers'*	1 mark

Beware of tautological responses, i.e. 'worker representatives represent the workers/employees'

These are workers who represent the views of employees in feeding back and negotiating with employers. Encourages two-way communication and can help improve motivation/morale. Develops leadership skills in employees.

(b) (i) Refer to Table 1. Calculate the percentage decrease in <u>total</u> revenue between 2013 and 2015. [3]

Mark	Rationale
3 marks	Correct answer with or without working (no % or no sign)
2 marks	Attempt with one error
1 mark	Correct formula* OR correct calculation of both TR figures
0 marks	No creditable content

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$$\frac{TR2015 - TR2013}{TR2013} \times 100$$

Total revenue in 2013 is $2,500,000
Total revenue in 2015 is $2,375,000
Difference is –$125,000

% difference is –125,000/2,500,000 * 100 = **5%**

(ii) Briefly explain <u>one</u> likely effect on PM of this decrease in total revenue. [3]

Level	Knowledge and Application	Marks
2b	Explanation of an effect of a decrease in total revenue on PM.	3
2a	Identification of an effect of a decrease in total revenue on PM.	2
1	Identification of an effect of a decrease in total revenue.	1
0	No creditable content	0

Possible effects may include:
- profits
- re-investment
- source of finance
- profit-sharing scheme
- Affordability of market research/attendance at trade fairs, etc.
- Development of new products

Context may include:
- May affect share price (on stock exchange)
- May affect business/customer confidence in products/warranties, etc.
- May affect production of ovens
- May not be able to afford to develop a new oven (to compete against advanced products of competitors)
- May need to make salespeople redundant – could affect customer relationships which have become increasingly important
- May not be able to afford to attend trade fairs
- May affect profit sharing scheme/production targets
- May lead to industrial action (workers blame poor marketing and lack of product development)

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(c) Analyse how PM could use the 4Cs to improve its customer relationships. [8]

Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2b	Shows understanding of how PM could use two or more of the 4Cs	4	Good analysis of how the use of two or more of the 4Cs could improve PMs customer relationships	4
2a	Shows understanding of how PM could use one of the 4Cs	3	Good analysis of how the use of one of the 4Cs could improve PMs customer relationships	3
1	Shows knowledge of the 4Cs	1–2	Limited analysis of the effect of using two or more of the 4Cs	2
			Limited analysis of the effect of using one of the 4Cs	1
0	No creditable content			

Content and context may include:

- Cost to customer – customers are more demanding when negotiating prices
- Convenience to the customer – this is business to business, so it must be convenient to this market/bakeries
- Communication with the customer – use of trade fairs, other appropriate business to business communication methods
- Customer solution – advanced products needed, lack of product development, competitive market

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(d) Discuss the advantages and disadvantages to PM's employees of the change from performance related pay to a profit sharing scheme. [11]

Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks
		Justified judgement(s) that follow on from a balanced argument that considers the impact on PM's employees of one or more advantages **AND** disadvantages of changing from performance related pay to a profit sharing scheme	7
		Judgement(s) that follow on from a balanced argument that considers the impact on PM's employees of one or more advantages **AND** disadvantages of changing from performance related pay to a profit sharing scheme	6
		A balanced argument that considers the impact on PM's employees of one or more advantages **AND** disadvantages of changing from performance related pay to a profit sharing scheme	5
Shows understanding of PM's performance related pay scheme **AND** PM's profit sharing scheme	4	Argument based on the impact on PM's employees of two or more advantages **OR** two or more disadvantages of changing from performance related pay to a profit sharing scheme	4
Shows understanding of PM's performance related pay scheme **OR** PM's profit sharing scheme	3	Argument based on the impact on PM's employees of one advantage **OR** one disadvantages of changing from performance related pay to a profit sharing scheme	3
Shows knowledge of performance related pay **AND** profit sharing	2	Limited analysis of one or more advantages **AND** one or more disadvantages of changing from performance related pay to a profit sharing scheme	2
Shows knowledge of performance related pay **OR** profit sharing	1	Limited analysis of one or more advantages **OR** one or more disadvantages of changing from performance related pay to a profit sharing scheme	1
No creditable content			

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Context likely to come from:

- Could motivate or demotivate marketing and sales teams if this is the core problem of declining sales (e.g. it could galvanise these teams and push them forward or it could encourage some to leave if they feel blamed)
- This motivation of sales teams and marketing could reverse the trend in declining sales
- Upsetting for employees who may be working hard but will financially suffer, for what they say is a marketing problem. Could lead to union activity, disruption to production. Impact on employee's standard of living.

Evaluation – most likely impact overall (judgement and justification)

2 (a) (i) Define the term 'income statement' (line 13). [2]

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

A correct definition identifies that an income statement includes:

- Revenue
- Costs
- Profit/loss

This is a key summary of revenue, cost of sales for a business and will show the operating profit and profit for the end of year.

(ii) Briefly explain the term 'human resource management' (line 19). [3]

An example of an HRM activity (i.e. recruitment, appraisal, dismissal, etc.) or some other way of showing good understanding	1 mark
An idea that this is about employees/staff/workers, etc.	1 mark
An idea of what management involves	1 mark

NB beware of tautological responses that do not explain at least one characteristic of 'management'

This is an aspect of human resources involving the control and coordination of staff welfare and morale at the same time as maximising the productivity and efficiency of labour. Can involve recruitment, selection and motivation.

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(b) (i) Refer to Table 3. Calculate PJ's gross profit margin. [3]

Mark	Rationale
3 marks	Correct answer with or without working (no % sign needed)
2 marks	Attempt with one error
1 mark	Correct formula* OR correct calculation of gross profit
0 marks	No creditable content

$$\frac{\text{Revenue} - \text{Cost of sales}}{\text{Revenue}} \times 100$$

OR

$$\frac{\text{Gross Profit}}{\text{Revenue}} \times 100$$

Revenue $400,000 – cost of sales $300,000= gross profit of $100,000
GPM = 100,000/400,000 x 100 = **25%**

(ii) Explain <u>one</u> benefit to PJ of accurate cost data. [3]

Level	Knowledge and Application	Marks
2b	Explanation of a benefit of accurate cost data to PJ	3
2a	Identification of a benefit of accurate cost data to PJ	2
1	Identification of a benefit of accurate cost data	1
0	No creditable content	0

Context and content is likely to come from:
- Unit costs are high and so PJ needs to be able to make sure they set a selling price that makes enough profit to cover costs
- Although they have an up-market/luxury/bespoke product, they still have to check pricing
- Accurate data means Tariq/Tanbir can manage the business more effectively especially for example if diamonds rise in price

Context may include:
- Partnership – to provide information to other partner
- Niche market – risky
- Jewellery – expensive so need to budget, volatile market
- Manufacturing/job production – requires materials, etc.
- Four workers
- Jewellery made to order – pricing, 25% deposit
- Four-week lead time
- Low (25%) GP margin
- Budgeting for new shop

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(c) Analyse the advantages to PJ of using job production. [8]

Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2b	Shows understanding of two or more advantages to PJ of job production	4	Good analysis of two or more advantages to PJ of using job production	4
2a	Shows understanding of one advantage to PJ of job production	3	Good analysis of one advantage to PJ of using job production	3
1b	Shows knowledge of job production	2	Limited analysis of two or more advantages of using job production	2
1a	Shows knowledge of production methods	1	Limited analysis of one advantage of using job production	1
0	No creditable content			

Contextual advantages likely to come from:

- Luxury nature of the PJ jewellery range
- High prices charged by PJ
- Impact on PJ's reputation and brand
- Success of the method in encouraging PJ to expand

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(d) Discuss the methods of selection that PJ could use to <u>select</u> a manager for the new shop. [11]

Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks
		Judgement(s) that follow on from a balanced argument that considers two or methods of selection in context	7
		A balanced (two-sided) argument that considers two or more methods of selection in context	6
		A balanced (two-sided) argument that considers one method of selection in context	5
Shows understanding of how PJ could use two or more methods of selection	4	Argument based on the use of two or more methods of selection in context	4
Shows understanding of how PJ could use one method of selection	3	Argument based on the use of one method of selection in context	3
Shows knowledge of two or more methods of selection	2	Limited analysis of two or more methods of selection	2
Shows knowledge of one method of selection	1	Limited analysis of one method of selection	1
No creditable content			

Remember this is SELECTION not recruitment. Context likely to come from:

- The image and reputation of PJ so need a method that selects someone who "fits"
- Knowledge of the jewellery industry important given the specialised nature and quality of the PJ product
- The importance of customer service and managerial responsibility

So methods:

- CV/application forms – look for experience in the industry, advantages and disadvantaged of using CVs. All on paper. Does not bring the candidate to life and show communication and customer service skills
- Interviews – ask questions that shows knowledge and how the applicant would deal with situations, e.g. customer service
- Tests – e.g. role play could be used as part of the selection process. This would have good advantages for PJ. Tanbir and Tariq can see who has the best customer service skills.
- Trial period (probation) before formalising any job offer. Advantages and disadvantages of this.

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