Cambridge International AS & A Level

Cambridge Assessment International Education
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/13**

Paper 1 Short Answer and Essay **May/June 2018**

MARK SCHEME

Maximum Mark: 40

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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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 descriptors 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.

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9084 Paper 1 Specific Marking Principles

Marks are awarded for each answer when the following Assessment Objectives (AO) are met. The mark scheme for each answer indicates when and how each AO can be met.

AO1 – Demonstrate knowledge and understanding of business concepts.
The focus in Section A of the Examination Paper is on this first AO.

(a) Questions 1, 2, and 4 will meet this AO using definitions and explanations of business concepts.
(b) Question 3 provides an opportunity for the application and a more developed explanation of a business concept. The 4–5-mark level specifically provides for this more developed explanation.

In Section B of the Examination Paper
(a) Questions 5, 6, and 7 still require supporting **Knowledge and Understanding (AO1)**, but there is now a focus on **Application (AO2), Analysis (AO3),** and **Evaluation (AO4).** These skills are set out below:

AO2 – Apply knowledge and understanding of business concepts to general and specific situations and contexts.

(a) Where a specific business or context is named in the question then the candidate is required to relate answers specifically to this business or context.
(b) It is not sufficient to merely repeat the name of the business or the context.

AO3 – Analyse business problems, issues, situations and contexts, through a discussion and interpretation of evidence, debate, theory, impact and consequence, to produce reasoned and coherent arguments.

(a) Level 3 answers will likely use terms such as – because, leads to, therefore, so that, as a result, consequently – thereby showing analytical development for AO3.

AO4 – Limited Evaluation is given
(a) When an attempt is made, (probably in a concluding section of an answer), to address and comment on the value and validity of the previous analysis.
(b) These comments may be quite brief and be more opinionated than reasoned.
(c) A mere concluding summary of preceding analysis is, however, not evaluation.

AO4 – Evaluation occurs
(a) When an answer comments on the validity/significance of previous analysis in an evidence based and reasoned way.
(b) This often leads to the presentation of appropriate substantiated judgements, decisions, or recommendations.

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Question	Answer	Marks
1(a)	**Define the term 'leadership'.** Leadership involves giving clear direction / vision for a business (1), setting an example and engaging others to follow (1), motivating / inspiring / guiding a group of people (1) towards achieving a common objective / goal / aim (1). Giving long term direction to an organisation / taking the business forward (1). Giving a new direction for a business (1). Definitions only of 'management' such as setting objectives, organising resources, controlling, etc., that mention none of the above leadership definitional features should be awarded 0 marks. Sound definition 2 of the factors listed above (2 marks) Partial definition 1 of the factors listed above (1 mark) No creditable content (0 marks)	**2**
1(b)	**Briefly explain <u>two</u> styles of business leadership.** Explanations could include: • **Autocratic / authoritarian** – all decisions kept at top of the organisation or with the leader – impact on employees / business operations. • **Democratic** – workers encouraged to take part in decisions –impact on employees / business operations. • **Paternalistic** – leader will listen and consult but will take decisions themselves as 'they know best' – impact on employees / business operations. • **Laissez-faire** – 'hands off' approach – opposite of autocratic – most decisions left to workforce – impact on employees / business operations. A 'sound' explanation of a style of business leadership (2 marks) should comment on the impact of that style on employees or the business. A 'partial' explanation will simply define a style of leadership with no reference to impact. Sound explanation of **two** styles of business leadership. (3 marks) Sound explanation of **one** style or partial explanation of **two**. (2 marks) Partial explanation of **one** style or a list of **two**. (1 mark) No creditable content. (0 marks)	**3**

Question	Answer	Marks
2(a)	**Define the term 'operations management'.** The process of managing resources e.g. labour / capital / stock at the operational level (1) to achieve efficient production (1) and provision of goods / services (1). Managing/planning the transformation process – inputs into outputs (1) managing the production process (1). Deciding what to produce (1). Deciding on method of production e.g. using technology (1). The scale of production (1). What materials to use (1). The process of adding value (1). Quality control (1). Sound definition lists 2 of the factors listed above (2 marks) Partial definition lists 1 of the factors listed above (1 mark) No creditable content (0 marks)	**2**
2(b)	**Briefly describe <u>two</u> ways in which changes in technology might affect the operations management of a business.** Answers could include the following: • Technological change / advancement could mean greater efficiency in productive process. • However, failures in newly installed technology may cause disruption to production. • Might require business to purchase new technically advanced machinery – new investment required. • Changes in technology will take time to implement. • Businesses that do not invest in and use new technology may fall behind competitors. • Impact on employees – new training required to work new advanced machinery. • Might mean fewer staff in operations management. Sound explanation of **two** ways operations management might be affected. (3 marks) Sound explanation of **one** way or partial explanation of **two**. (2 marks) Partial explanation of **one** way or a list of **two**. (1 mark) No creditable content. (0 marks)	**3**

Question	Answer	Marks
3	**Explain why the objectives of a business may change over time.** Answers could include the following: • Business objectives are the stated measurable targets (tactical, strategic, corporate, departmental) that move an organisation to achieve its aims and purpose. • Objectives can include survival, growth, profit maximisation, sales growth, socially responsible aspirations. • Changes may take place in response to: – – Initial objectives achieved (survival). – Competitive environment changes. – New leadership and management. – Technology changes – new production possibilities. – New opportunities arise – international trade. – Economic / external situation changes – e.g. recession. – Unique products are no longer unique. – Customer demands change. – Change of ownership. An effective explanation of why the objectives of a business may change over time will clearly identify specific objectives that may change and will give an explanation of at least two. (4–5 marks) Limited explanation of why the objective(s) of a business may change over time. (2–3 marks) Understanding of business objectives. (1 mark) No creditable content. (0 marks)	**5**

Question	Answer	Marks
4(a)	**Define the term 'marginal costs'.** The cost / extra cost of producing one more unit of output (2). Or partial definitions such as – Addition to total cost (1) Additional costs of production (1) Sound definition gives the full two-mark definition above (2 marks) Partial definition lists 1 of the partial factors above. (1 mark) No creditable content. (0 marks)	**2**

Question	Answer	Marks
4(b)	**Briefly explain, with examples, <u>two</u> other types of business costs.** Answers could include the following costs: • **Fixed costs** – costs that do not vary with output in the short-term e.g. rent of premises. • **Variable costs** – costs that change with output e.g. cost of materials used in making a computer. • **Semi-variable costs** – these have a fixed and variable element, e.g. the basic wage of a salesperson (fixed) and commission earned (variable). • **Direct costs** – costs that can clearly be identified with each unit of production and can be allocated to a cost centre, e.g. the wages of a garage mechanic. • **Indirect costs** – costs that cannot be clearly identified with a unit of production and cannot be allocated directly to a cost centre – e.g. the cost of cleaning a retail shop. Sound explanation of **two** other types of business costs, with an example of each. (3 marks) Sound explanation of **one** other type of business cost, with an example, or a partial explanation of **two** types of business cost (a cost explained without an example). (2 marks) Partial explanation of **one** other type of business cost or a list of **two**. (1 mark) No creditable content. (0 marks)	**3**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)</td><td>
Analyse the advantages of venture capital as a source of finance for a small business.
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Good analysis of the advantages of venture capital as a source of finance for a small business</td><td>7–8</td></tr>
<tr><td>3</td><td>Some analysis of the advantages of venture capital as a source of finance for a small business</td><td>5–6</td></tr>
<tr><td>2</td><td>Some explanation / application of the advantages of venture capital as a source of finance for a small business</td><td>3–4</td></tr>
<tr><td>1</td><td>Understanding of venture capital / source of finance / small business</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Answers may include the following:

Venture capitalists are organisations or wealthy individuals who lend risk capital for start-up or expansion.
Small companies may find it difficult to raise capital even if they are profitable.
Venture capitalists supply essential financial backing for small businesses.
They are usually easy to locate and many available at a relatively low cost.
They are usually under strict supervision by regulatory bodies.
Angel investors operate on a smaller scale.
There is no repayment schedule – it is an investment so there is no repayment of debt as a cost of doing business.
An immediate source of temporary finance unavailable elsewhere.
Venture capitalists can also provide important advice, guidance, and consultation – can help with financial management.

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</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(b)</td><td>
Discuss the view that non-financial measures of business performance are just as important as financial measures of business performance.
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Effective evaluation of the view that non-financial measures of business performance are just as important as financial measures of business performance</td><td>9–12</td></tr>
<tr><td>3</td><td>Limited evaluation of the view that non-financial measures of business performance are just as important as financial measures of business performance</td><td>7–8</td></tr>
<tr><td>2</td><td>Analysis and some application of the importance of non-financial and/or financial measures of business performance</td><td>3–6</td></tr>
<tr><td>1</td><td>Understanding of non-financial / financial measures of business performance</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Answers may include the following:

• Focus on quantitative financial data such as financial ratios seen as limiting and possibly misleading.
• Financial data can be historic and manipulated.
• Financial data gives only a partial picture of performance and misses out measures such as innovation, quality, employee relations, intangible assets – the qualitative drivers of performance.
• Non-financial factors such as customer loyalty, brand value, intellectual capital may well point to a significant part of the value of a business.
• Financial factors take no account of such factors.
• Non-financial measures may well be more closely linked to the long-term performance of a business while traditional financial measures may place too much emphasis on short term issues – focus on strategy rather than just tactics.

Evaluative comments could be made about the need for a more integrated set of performance measures – a balanced scorecard approach.
</td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6</td><td>

Discuss how the motivational theory of Maslow differs from that of Vroom.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>5</td><td>Effective evaluation of how the motivational theory of Maslow differs from that of Vroom</td><td>17–20</td></tr>
<tr><td>4</td><td>Limited evaluation and good analysis of how the motivational theory of Maslow differs from that of Vroom</td><td>13–16</td></tr>
<tr><td>3</td><td>Analysis of how the motivational theory of Maslow differs from that of Vroom</td><td>11–12</td></tr>
<tr><td>2</td><td>Limited analysis, with application of the motivational theory of Maslow and / or the motivational theory of Vroom</td><td>5–10</td></tr>
<tr><td>1</td><td>Understanding of Maslow / Vroom / motivation</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Answers may include the following:

Maslow's theory of motivation is classified as a **'content'** theory of motivation where the assumption is that employees are motivated when their inner needs are fulfilled. Employees will be motivated as business managers create working conditions that allow employees to satisfy their needs.

- Maslow was concerned with identifying and classifying the needs that humans have, and his motivational theory is based on how businesses might satisfy needs in the workplace.
- Motivation is concerned with how need and goal-directed behaviour is initiated, energised and maintained.
- Maslow's hierarchy of needs approach (physical needs, safety needs, social needs, esteem needs, and self-actualisation needs) suggests that everyone has similar needs and examines what employees require in order to satisfy those needs.
- Maslow suggested that individual needs start at the lowest level (physical) and that once one level of need has been satisfied people will strive to achieve the next level.
- Sound answers may well comment on limitations / criticisms of Maslow's theory.

Vroom's theory of motivation is classified as a **'process'** theory of motivation concerned with 'how' motivation occurs – the output of motivation occurs when a certain input occurs – this is the process that must be repeated. Process theories study what people are thinking about when they decide whether or not to put effort into a particular activity.

- Vroom developed 'expectancy' theory – individuals will choose to behave in ways they believe will lead to outcomes they value.
- So, there is a positive link between effort and performance –there is a belief that good performance will lead to a desirable reward.

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</table>

Question	Answer	Marks
6	• Vroom proposed that in order to motivate employees, managers need to convince workers that increased work effort will improve performance and that this improved performance will lead to valued rewards. Perceptive answers may point to the similarities as well as the differences in these theoretical approaches. Needs may be said to be important to those who take the process approach and instrumentality might be said to have relevance to content theory.	

Question	Answer	Marks
7(a)	**Analyse the potential advantages to a community of a business with 'triple bottom line' targets.**	**8**

Level	Description	Marks
4	Good analysis of the potential advantages to a community of a business with 'triple bottom line' targets	7–8
3	Some analysis of the potential advantages to a community of a business with 'triple bottom line' targets	5–6
2	Some explanation / application of the potential advantages to a business with 'triple bottom line' targets	3–4
1	Understanding of community / triple bottom line / business targets	1–2
0	No creditable content	0

Answers may include the following:

The 'triple bottom line' approach goes beyond the traditional measures of profits, return on investment, and shareholder value to include social and environmental dimensions – profits, people and the planet.

A triple bottom line business may provide benefits to a community such as:

- **Economic** – make profits to reinvest back into the business and the local / national economy as well as to shareholders.
- **Social** – provide jobs or local support to disadvantaged sections of the community.
- **Environmental** – protect the environment and manage the business in an environmentally sustainable way.
- These 3 benefits may be more valuable to a community than the traditional targets of a private sector profit driven business.

The triple bottom line organisation (social enterprise) has the capacity to temper the extremes of a purely capitalist / profit-centred approach to business activity and offer much more socially responsible and valuable business performance.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>7(b)</td><td>

Discuss the role of 'business enterprise' to the development of a country.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Effective evaluation of the role of business enterprise to the development of a country</td><td>9–12</td></tr>
<tr><td>3</td><td>Limited evaluation of the role of business enterprise to the development of a country</td><td>7–8</td></tr>
<tr><td>2</td><td>Analysis and some application of the role of business enterprise to the development of a country</td><td>3–6</td></tr>
<tr><td>1</td><td>Understanding of business enterprise / country development / the role of a business</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Note: Candidates may well interpret the question as the role of a specific business enterprise. Accept this alternative interpretation particularly if the discussion of the 'enterprise actions' of these businesses relates to the indicative material below.

Credit local examples of the impact of business enterprise.

Answers may include the following:

- Business enterprise is about entrepreneurial activity, taking risks, setting up businesses raising capital, exploring business ideas.
- Those involved in 'business enterprise' make things happen – make a major contribution to the development of business activity and the growth of a business economic sector.
- Create jobs, add value, make goods and services available.
- Increase living standards, raise taxation, create infrastructure possibilities.
- The economy develops – multi-national businesses are attracted.
- Increased use of IT and new technology.
- International competitiveness develops – exports.
- Finances for social development and cohesion created.
- Economic development takes place.

Evaluative comments may well consider that there are potential disadvantages to business enterprise development such as unrestricted profit making or unregulated capitalism.

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