Cambridge International AS & A Level

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Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/23**

Paper 2 Data Response **May/June 2018**

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.

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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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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>Define the term ‘tertiary sector’ (line 1).

<table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>A correct definition</td><td>2</td></tr><tr><td>A partial, vague or unfocused definition</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table>
Content

Made up of businesses which sell services to consumers.</td><td>2</td></tr>
<tr><td>1(a)(ii)</td><td>Briefly explain the term ‘human resource manager’ (line 15).

Award one mark for each point of explanation:

<table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>Example or some other way of showing good understanding</td><td>1</td></tr><tr><td>Explanation of manager/management</td><td>1</td></tr><tr><td>Explanation of human resource</td><td>1</td></tr></table>
Content

Human resources are the workers/labour used within a business
Management requires the planning, co-ordination, organisation, motivation etc. of these human resources</td><td>3</td></tr>
<tr><td>1(b)(i)</td><td>Calculate the retained earnings for DTY in 2017.

<table><tr><th>Rationale</th><th>Marks</th></tr><tr><td>Correct answer with or without working</td><td>2</td></tr><tr><td>Correct use of figures/formula</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table>
Content

80% of profit for the year

$15m – $10m = $5m (profit for the year)

$5m × 80% = $4m</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>two</u> possible effects of DTY's Board of Directors' decision to have a high level of retained earnings.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b (APP +APP)</td><td>Explanation of two effects of a high level of retained profit in context</td><td>4</td></tr>
<tr><td>2a (APP)</td><td>Explanation of one effect of a high level of retained profit in context</td><td>3</td></tr>
<tr><td>1b (KK)</td><td>Explanation of two effects of a high level of retained profit</td><td>2</td></tr>
<tr><td>1a (K)</td><td>Explanation of one effect of a high level of retained profit</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Content
• Shareholders may sell their shares (DTY is a PLC) reducing the share price and leading to a potential takeover of DTY
• Poor image for DTY – may be seen as a sigh of weakness in the market
• Shareholders may expect a bigger dividend in the future
• Can afford to expand the business – retained profits will be a source of finance
• DTY might avoid taking expensive external finance
• Will reduce the gearing of DTY
• Can be used to improve cash flow/working capital
</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>

Analyse two methods of recruitment that DTY could use for the new delivery drivers.

<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows understanding of how DTY could use two or more methods of recruitment</td><td>4</td><td>Good analysis of two method of recruitment in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of how DTY could use one method of recruitment</td><td>3</td><td>Good analysis of one method of recruitment in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of two or more methods of recruitment</td><td>2</td><td>Limited analysis of two or more methods of recruitment</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one method of recruitment</td><td>1</td><td>Limited analysis of one method of recruitment</td><td>1</td></tr>
<tr><td>0</td><td colspan="3">No creditable content</td><td>0</td></tr>
</table>

Content

- Internal recruitment – unlikely to be possible because of expansion
- Job advertisements – obvious places such as newspaper. Qualifications are not specialist so could be in mass media
- Job centres
- Specialist online job websites
- Recruitment agency
- Personal recommendations
- Social media recruitment
- Recruitment from schools
- Direct recruitment – poster in window, advert on vans etc.

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</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)(ii)</td><td>

Discuss methods of market research that DTY could use to help the directors decide which country to expand into.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>A justified judgement of the methods of market research DTY could use to decide on locations for expansion</td><td>7</td></tr>
<tr><td></td><td></td><td>A recommendation of the methods of market research DTY could use to decide on locations for expansion</td><td>6</td></tr>
<tr><td></td><td></td><td>A balanced argument (two-sided) that evaluates methods of market research in context</td><td>5</td></tr>
<tr><td rowspan="2">Shows understanding of methods of market research in context</td><td rowspan="2">3–4</td><td>Argument (one-sided) based on two methods of market research in context</td><td>4</td></tr>
<tr><td>Argument (one-sided) based on one method of market research in context</td><td>3</td></tr>
<tr><td rowspan="2">Shows knowledge of market research</td><td rowspan="2">1–2</td><td>Limited analysis of two methods of market research</td><td>2</td></tr>
<tr><td>Limited analysis of one method of market research</td><td>1</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table>

Content

Primary:
- Surveys
- Focus Groups
- Interviews
- Observation
- Field Trials/Testing

Secondary:
- Internal source – accounts, sales figures, inventory figures etc.
- External sources – competitors, government, census data, internet

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</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(i)</td><td>Define the term ‘capital intensive’ (line 19).

<table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>A correct definition</td><td>2</td></tr><tr><td>A partial, vague or unfocused definition</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table>
Content

The use of machinery/equipment/technology rather than labour.</td><td>2</td></tr>
<tr><td>2(a)(ii)</td><td>Briefly explain the term ‘niche market’ (line 2–3).

Award one mark for each point of explanation:

<table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>Example or some other way of showing good understanding</td><td>1</td></tr><tr><td>Specific target market</td><td>1</td></tr><tr><td>Small segment</td><td>1</td></tr></table>
Content

A small sector of the market – targeting a specific group. Can be defined by a number of different characteristics. Examples.</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>Calculate how many packs of pencils PP must sell to break even each month.
<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working</td><td>4</td></tr>
<tr><td>Correct calculation of contribution</td><td>3</td></tr>
<tr><td>Correct calculation of VC per pack price</td><td>2</td></tr>
<tr><td>Formulae</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
Content
$\frac{\text{Fixed costs}}{\text{Contribution}}$
$\frac{\$3.00}{100 \text{ pencils}}$ = \$0.03 (per pencil)
\$0.03 × 5 (pack) = \$0.15 (per pack of 5 pencils)
\$1.00 – \$0.15 = \$0.85 (contribution)
$\frac{\$8500}{\$0.85}$ = 10 000 pencils</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain how Jacqueline could use your answer to <u>2(b)(i)</u>.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2 (APP)</td><td>Explanation of a use of the answer to 1(b)(i) in context</td><td>2</td></tr>
<tr><td>1 (K)</td><td>Explanation of a use of break-even analysis/ calculation</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
N.B. Correct use of an incorrect answer to 1(b)(i) should be fully rewarded (own figure rule – OFR)

Content

• To plan for inventory
• To increase production to meet BE
• To manage capacity
• To calculate margin of safety
• To understand level of risk

ARA and OFR
</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analyse <u>two</u> methods Jacqueline could use to improve PP's cash flow.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows understanding of two methods of improving cash flow in context</td><td>4</td><td>Good analysis of two methods of improving cash flow in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one method of improving cash flow in context</td><td>3</td><td>Good analysis of one method of improving cash flow in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Shows knowledge of methods to improve cash flow</td><td rowspan="2">1–2</td><td>Limited analysis of two methods of improving cash flow</td><td>2</td></tr>
<tr><td>Limited analysis of one method of improving cash flow</td><td>1</td></tr>
<tr><td>0</td><td colspan="3">No creditable content</td><td>0</td></tr>
</table>
Content

• Reduce the debtor time – however will shops still trade with PP?
• Take out a short-term source of finance (no debt)
• Reduce inventory (PP has high inventory) – however will PP be able to fulfill orders in time?
• Ask suppliers for time to pay (no creditors at present) – 30–60 days might allow PP to pay for supplies when they have been paid by customers.
• Increase revenue – however likely to need short term investment in marketing
• Discounts for prompt payment – however could reduce profitability
• Increase price – however likely to reduce demand and revenue – depends on elasticity

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</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Evaluate Jacqueline's decision to target the mass market.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>A justified about Jacqueline's decision to enter the mass market</td><td>7</td></tr>
<tr><td></td><td></td><td>A judgement about Jacqueline's decision to enter the mass market</td><td>6</td></tr>
<tr><td></td><td></td><td>A balanced argument (two-sided) that evaluates Jacqueline's decision to target the mass market</td><td>5</td></tr>
<tr><td>Shows understanding of mass marketing in context</td><td>3-4</td><td>Argument (one-sided) based on Jacqueline's decision to target the mass market</td><td>3-4</td></tr>
<tr><td>Shows knowledge of market segmentation/mass marketing</td><td>1-2</td><td>Limited analysis of mass marketing</td><td>1-2</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table>

Content

<table>
<tr><th>Pros of mass market</th><th>Cons of mass market</th></tr>
<tr><td>• More potential customers – the mass market for pencils may include everyone, so demand will be higher
• Retailers provide a route to market
• Retailers may provide some of the promotion needed
• Few barriers to entry – competitive market
• Potential for economies of scale</td><td>• More competitive – 10 producers
• Lower profit margin – retailers will reduce profit margin and competition
• PP will need to build up brand and reputation (high costs – only established 6 months ago)</td></tr>
</table>

</td><td>11</td></tr>
</table>