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BUSINESS **9609/13**

Paper 1 Short Answer/Essay **October/November 2017**

MARK SCHEME

Maximum Mark: 40

Published

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Question	Answer	Marks
1(a)	**Define the term 'marketing mix'.** Defined as the four decisions that must be taken in the effective marketing of a product (or service) (1); i.e. product, price, promotion, place / or it is concerned with the 4Ps (1). A definition such as this merits **2** marks. A partial definition that merits **1** mark will contain 1 of the 2 points above. Sound definition (2 marks) Partial definition – limited understanding (1 mark) No creditable content (0 marks)	**2**
1(b)	**Briefly explain the importance to a business of product in the marketing mix.** Answers may include: • the marketing mix is a range of tactical marketing decisions for a product; the aim is to sell products and services profitably using an appropriate marketing mix. • the right product or service must be made available to the customer. • a business must focus on quality, performance, appearance of a product. • a focus on new product development, on establishing a USP – a brand may be necessary. • product life-cycle is very relevant. • product is, therefore, a critical aspect of the marketing mix; it must meet customer expectations. Sound explanation of the importance of product in the marketing mix (3 marks) Limited explanation of the importance of product in the marketing mix. (2 marks) Some general comment on product (1 mark) No creditable content (0 marks)	**3**

Question	Answer	Marks
2(a)	**Define the term 'induction training'.** An introductory training programme for new business recruits (1) to provide awareness of the systems and practices used in the business (1). A definition such as this merits **2** marks. A partial definition that merits **1** mark will contain 1 of the 2 points above. Sound definition given (2 marks) Partial definition given (1 mark) No creditable content (0 marks)	**2**
2(b)	**Briefly explain <u>two</u> benefits to a business of training employees** Answers could include benefits such as: • the business chooses what skills to give to its employees. • you can target the skills needed now and for the future. • you give a message to employees that they are valued. • improves staff loyalty and retention. • may well improve performance/productivity/motivation. • business can get a competitive advantage with a skilled workforce. • strengthens the intellectual capital of the business. • an attractive recruitment tool. • increases the adaptability of the business and assists change. • potentially improves staff morale/performance and profits. Sound explanation of **two** benefits of employee training for business (3 marks) Sound explanation of **one** benefit or partial explanation of **two** benefits (2 marks) Partial explanation of **one** benefit or a list of **two** (1 mark) No creditable content (0 marks)	**3**

Question	Answer	Marks
3	**Explain the responsibilities employees have to the business that employs them.** Answers may include: • stakeholder theory suggests that those interested in and affected by a business have roles, rights, and responsibilities. • employees are said to be important business stakeholders and to have important responsibilities in respect of business performance. • employees are said to have specific responsibilities to the business that employs them: – to meet the conditions and requirements of their employment contracts. – to co-operate with management in all reasonable requests. – to observe the ethical code of conduct or values in a mission statement. – to be honest and respect the rights of fellow workers. – to fulfil Health and Safety requirements. **Effective** explanation of employee responsibilities. (4–5 marks) **Limited** explanation of employee responsibilities. (2–3 marks) Understanding of employees and/or stakeholder responsibilities. (1 mark) No creditable content (0 marks)	**5**

Question	Answer	Marks
4(a)	**Define the term 'economies of scale'.** Defined as reductions in the unit costs of a business (1) resulting from an increase in the scale of operations (1). A definition such as this merits **2** marks. A partial definition that merits **1** mark will contain 1 of the 2 points above. Sound definition (2 marks) Partial definition (1 mark) No creditable content (0 marks)	**2**
4(b)	**Briefly explain <u>two</u> economies of scale.** Answers may include: • purchasing economies – discounts for bulk buying. • technical economies – use of flow production lines and sophisticated computer equipment; high cost equipment spread over large-scale production. • financial economies – large firms advantaged in raising loan finance and at better rates. • marketing economies – these costs (e.g. sales force) spread over a higher level of sales. • managerial economies – large businesses able to employ more specialised managers. Sound explanation of **two** economies of scale. (3 marks) Sound explanation of **one** economy of scale or partial explanation of **two**. (2 marks) Partial explanation of **one** economy of scale 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 why primary market research could be more useful to a business than secondary market research.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Good analysis of why primary research could be more useful to a business than secondary research.</td><td>7–8</td></tr>
<tr><td>3</td><td>Some analysis of why primary research could be more useful to a business than secondary research.</td><td>5–6</td></tr>
<tr><td>2</td><td>Some application of why primary research could be more useful to a business than secondary research.</td><td>3–4</td></tr>
<tr><td>1</td><td>Understanding of primary research.</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Answers may include:

It may well depend on the type of business and its requirement.
Definitions may well be given of both types of market research.
Primary research and its advantages will be described.

Advantages/disadvantages of primary market research

- Up-to-date information.
- Relevant information – collected specifically for a business.
- Examples such as evidence for pricing policy, extent and type of market/ customer demand.
- A business has a higher level of control over how the information is collected.
- Information can be kept hidden from competitors.

Advantages/disadvantages of secondary market research

- Information readily available.
- Information relatively inexpensive.
- Can be substantial information available.
- Can be out-of-date information.
- Information can be misleading.
- Might not be specific to the business' needs.

</td><td>**8**</td></tr>
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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(b)</td><td>

Discuss the advantages and disadvantages to a business of using focus groups to collect market information on a new product.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Effective evaluation of the advantages and disadvantages of using focus groups to collect market information on a new product.</td><td>9–12</td></tr>
<tr><td>3</td><td>Limited evaluation of the advantages and disadvantages of using focus groups to collect market information on a new product.</td><td>7–8</td></tr>
<tr><td>2</td><td>Analysis and some application of the advantages and disadvantages of focus groups to collect market information.</td><td>3–6</td></tr>
<tr><td>1</td><td>Understanding of focus groups.</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Answers may include:
Define focus groups – a group of people asked about their views on a product.
In this context, a new product, views gained on, for example, its price in relation to competition; its promotion/packaging; how it performs/might perform; pros/cons.

Advantages of focus groups
- Information considered to be more accurate than consumer surveys (interviews and questionnaires).
- The discussion allows perceptions and opinions to be recorded.
- More cost-effective than individual interviews.
- Offer the opportunity to seek clarification of views.
- Can provide ideas for improvement of a product.
- Provide information about the reaction of consumers to design and message of the product.
- Researcher can interact and stimulate the group.
- Researcher can get information from non-verbal responses – facial expressions or body language.

Disadvantages of focus groups
- small groups may not be a good representation of the market population.
- group discussions can be difficult to steer and control – time can be lost through non-relevant discussion.
- respondents can feel peer pressure to give similar answers to questions.
- the qualitative information produced can be difficult to analyse and present.
- moderator bias may impact upon the outcome of a focus group.
- Can be expensive to bring all participants together.

</td><td>**12**</td></tr>
</table>

Question	Answer	Marks
5(b)	Focus groups likely to be used in conjunction with other qualitative / quantitative methods but clearly do offer opportunities to gain important market information on a new product. However, there are limitations and potential disadvantages.	

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

Discuss the view that cash flow forecasts for a newly operating international airport may be of limited use to its senior managers.

Level	Description	Marks
5	Effective evaluation of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.	17–20
4	Good analysis and limited evaluation of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.	13–16
3	Analysis of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.	11–12
2	Limited analysis with application of the view that cash flow forecasts may be of limited use to senior managers.	5–10
1	Understanding of cash flow forecasts.	1–4
0	No creditable content	0

Answers may include:
Cash flow forecasting aims to estimate cash inflows and outflows to allow effective financial management of a business.
The airport is a major capital investment project with significant operational expenditure.
The cash flow forecasts will contain estimates of inflows and outflows.

<u>Inflows may include</u>:
- Capital injection by investors.
- Fees paid by airlines for use of the airport.
- Income from retail outlets in the airport.

<u>Outflows may include</u>:
- Interest payments on any loan capital.
- Wages and salaries for staff running the airport.
- Payment for security of the facility.

CFF are important for financial planning and management, but CFF have limitations; factors internal and external to the business can blow CFF off course.
Business uncertainty may be especially important in this situation: domestic or international economic recession may affect the flow of business at the airport
the price of oil may be volatile and critically affect forecasting.
The cash flow estimating may be inadequate; important issues missed or underestimated; wrong assumptions may have been made about, say, the amount of retail income expected.

</td><td>**20**</td></tr>
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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>6</td><td>This is a question on the uses and limitations of cash flow forecasting in a specific context. Good answers will address the view stated in the question and provide evidence and analysis to decide if the view expressed is realistic or perhaps a little exaggerated. How significant might be business uncertainty? How realistic are the cash flow forecasts?</td><td></td></tr>
<tr><td>7(a)</td><td>Analyse the methods managers might use to help employees satisfy their ‘self-actualisation’ needs as identified by Maslow.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Good analysis of the methods managers might use to help employees satisfy their ‘self-actualisation’ needs.</td><td>7–8</td></tr>
<tr><td>3</td><td>Some analysis of the methods managers might use to help satisfy employees’ ‘self-actualisation’ needs.</td><td>5–6</td></tr>
<tr><td>2</td><td>Some application of the methods managers might use to help satisfy employees’ ‘self-actualisation’ needs.</td><td>3–4</td></tr>
<tr><td>1</td><td>Understanding of ‘self-actualisation’ or Maslow’s Hierarchy of Needs.</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Answers may include:

Define ‘self-actualisation’ – a need to feel self-fulfilled – feeling enriched and developed as a worker in an organisation – the top of Maslow’s hierarchy of needs – the need to reach one’s maximum potential.
The need to become what one is capable of becoming.
It is, of course, not a simple concept – it will differ as between workers and may well change over the life of a worker.

Identify and discuss methods that managers might use such as:

• satisfying some of the other needs first – good salary, secure employment, rich organisation culture.
• then providing worker development programmes – opportunity for career growth – recognise worker strengths.
• providing work opportunities for accomplishment and recognition
• placing employees in positions of leadership, responsibility and accountability.
• providing challenge – give opportunity for creativity – job enrichment.

Candidates may well consider that this top level need in the hierarchy is very personal and may be as much a personal responsibility status factor as it is a managerial responsibility.</td><td>8</td></tr>
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<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>7(b)</td><td>

Discuss the view that the ability to motivate others is the most important quality of an effective business leader.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Effective evaluation of the view that the ability to motivate others is the most important quality of an effective leader.</td><td>9–12</td></tr>
<tr><td>3</td><td>Limited evaluation of the view that the ability to motivate others is the most important quality of an effective leader.</td><td>7–8</td></tr>
<tr><td>2</td><td>Analysis and some application of the view that the ability to motivate others is the most important quality of an effective leader.</td><td>3–6</td></tr>
<tr><td>1</td><td>Understanding of business leadership/motivation.</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content.</td><td>0</td></tr>
</table>

Answers could include:

- leadership is said to be about giving direction to a business.
- having a vision for the business and inspiring employees to follow the direction given.
- leadership has been defined (in one of the books on the reading list) as “the art of motivating a group of people towards achieving a common objective”.
- leadership thus implies an ability to motivate.
- whether it is the most important tool of effective leadership of a business is debateable – some may argue that strategic direction and vision is more important.
- autocratic leaders may not be too concerned about motivating staff – ‘get the job done, leave the motivation to the managers and/or supervisors

Strong answers should focus on leaders rather than managers.

Evaluative comments could discuss other leadership qualities and make a judgement about their relative importance.

</td><td>12</td></tr>
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