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BUSINESS **9609/21**

Paper 2 Data Response **October/November 2017**

MARK SCHEME

Maximum Mark: 60

Published

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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 ‘brand’ (line 2).

<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>

A correct definition will contain:
- A brand is a name, term, design or symbol
- Distinguishes one seller's product from those of others/makes it unique.

<table>
<tr><th>Exemplar</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>A brand-name differentiates a product from similar products</td><td>2</td><td>A correct definition</td></tr>
<tr><td>A brand is a name/symbol/design that differentiates a product from similar products.</td><td>2</td><td>A correct definition</td></tr>
<tr><td>A brand is a name/image/logo</td><td>1</td><td>Vague as brands could also differentiate products with names/images/ logos</td></tr>
<tr><td>Distinguishes one product from another.</td><td>1</td><td>Other factors could also do this</td></tr>
</table>

</td><td>**2**</td></tr>
</table>

Question	Answer	Marks
1(a)(ii)	**Briefly explain the term 'labour turnover' (lines 11–12).** Award one mark for each point of explanation: **C** Percentage/proportion or formula — 1 mark **B** per year/time period (this could be in the formula) — 1 mark **A** Employees/workforce that leave — 1 mark **Content** The proportion/percentage/rate of a firm's workforce/employees that leave during a certain time period. $\frac{\text{Number employees who left in a given time period}}{\text{Total number of employees}} \times 100$	**3**

Exemplar	Marks	Rationale
The percentage of a firm's workforce that leave in a year	3	Points from A, B and C
$\frac{\text{Number employees who left in a year}}{\text{Total employees}} \times 100$	3	Formula covering all three points
$\frac{\text{Number employees who left}}{\text{Total employees}} \times 100$	2	Formula missing the B point
Number of employees that leave per year.	2	A and B points
percentage leaving	1	Does not refer to workforce/ employees so a C point only
Numbers of employees that leave	1	Does not explain 'turnover' so point from A only

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
Refer to Fig. 1. Identify the size of:
• Maximum inventory level
• Buffer inventory level
• Re-order quantity

<table>
<tr><th>Marks</th><th>Rationale</th></tr>
<tr><td>3</td><td>Correct calculation of three figures</td></tr>
<tr><td>2</td><td>Correct identification of two figures</td></tr>
<tr><td>1</td><td>Correct identification of one figure</td></tr>
<tr><td>0</td><td>No creditable content</td></tr>
</table>
No own figure rule applicable

Answers:
• Maximum inventory level 60 000 (1 mark)
• Buffer inventory level 10 000 (1 mark)
• Re-order quantity 50 000 (1 mark)

Allow 60, 10, 50
Note: Reward if you are confident that they have identified the correct figures
</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain one possible use of an inventory control chart to RBP
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b (APP+APP)</td><td>Shows understanding of a use of an inventory control chart in context</td><td>3</td></tr>
<tr><td>2a (APP)</td><td>Identification of a use of an inventory control chart in context</td><td>2</td></tr>
<tr><td>1 (K)</td><td>Identification of a use of an inventory control chart</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Correct use of an incorrect answer to 1(b)(i) should be fully rewarded (own figure rule –OFR).
Note: identification of a figure ONLY would not gain any marks as marks have been awarded in the previous question – the answer must identify a USE

Content
Answers may include:
• Can be used to make sure RBP do not run out of stock – v important as shops require quick response
• Can analyse the lead time required for re-orders
• Can make sure RBP do not hold too much stock

Context may include:
• RBP known for reliability
• Retailers require a fast response
• RPB holds high levels of inventory to ensure a fast response to retail orders
• Respond to orders within 48 hours
</td><td>3</td></tr>
</table>

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

Analyse two disadvantages to RBP of holding a high level of inventory

<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 rowspan="2">2</td><td rowspan="2">Shows knowledge of holding a high level of inventory in context</td><td>4</td><td>Good analysis of two (or more) disadvantages of holding a high level of inventory in context</td><td>4</td></tr>
<tr><td>3</td><td>Good analysis of one disadvantage of holding a high level of inventory in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Shows knowledge of inventory and/or knowledge of holding a high level of inventory</td><td>1–2</td><td>Limited analysis of two (or more) disadvantages of holding a high level of inventory</td><td>2</td></tr>
<tr><td></td><td></td><td>Limited analysis of one disadvantage of holding a high level of inventory</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>

A non-contextual answer can only be awarded a maximum of 2 + 2 = 4
Limited analysis in context: Marks limited to 4 + 2 = 6
Analysis of only one disadvantage in context: Marks limited to 3 + 3 = 6

Content
Answers could include:
- Cost of storing the stock (i.e. warehousing, insurance etc.)
- Possibility of stock becoming obsolete – new designs, materials etc.
- Possibility of demand changing – colours, fashions etc.
- Cash tied up inventory – opportunity cost

<table>
<tr><th>Examples of knowledge of holding a high level of inventory</th><th>Examples of application/context</th><th>Examples of possible analysis</th></tr>
<tr><td>High cost of holding stock</td><td>RBP produces large items (travel bags) and keep them in a warehouse next to the factory</td><td>Will increase the cost of each bag produced and decrease the profit of the business.</td></tr>
</table>

ARA

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Evaluate the importance to RBP of Maya having a high level of emotional intelligence.
<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 evaluation based on argument(s) of the importance of emotional intelligence in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed evaluation based on argument(s) of the importance of emotional intelligence in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement based on argument(s) of the importance of emotional intelligence in context</td><td>5</td></tr>
<tr><td rowspan="2">Shows understanding of emotional intelligence in context</td><td rowspan="2">3–4</td><td>Argument (two-sided) about the importance of emotional intelligence in context</td><td>4</td></tr>
<tr><td>Argument (one-sided) about the importance of emotional intelligence in context</td><td>3</td></tr>
<tr><td>Shows knowledge of emotional intelligence</td><td>1–2</td><td>Limited analysis of emotional intelligence</td><td>1–2</td></tr>
</table>
Justification can come from looking at the importance and/or importance of other qualities/leadership style required in a leader/manager or importance of training of workers/providing adequate resources
</td><td>11</td></tr>
</table>

Question	Answer	Marks
1(d)	Answers could include: Emotional intelligence is the ability to recognise your own and other people's emotions, to discriminate between different feelings and identify them appropriately, and to use emotional information to guide thinking and behaviour. Importance in motivating employees, increasing productivity, reducing absenteeism and turnover. • 100 workers who will need to be motivated and led and this may require emotional intelligence, especially since the workers are skilled and therefore not easily replaced. • RBP has high levels of absenteeism and labour turnover – Maya will need to resolve the underlying issues if she is to make the factory more productive • The previous manager was sacked due to lack of productivity. If this is to be solved Maya will need to be able to motivate the workers • However, the productivity issue may not be due to a lack of emotional intelligence from the previous manager, but there may be a more important reasons, such as poor training, equipment etc... • The factory may need a more authoritarian approach to increase productivity	

An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>ANAN (one sided)</th><th>EVAL</th></tr>
<tr><td rowspan="2">Emotional intelligence is recognising your own and other people’s emotions. (K)</td><td>Maya needs to understand the emotions of the 100 workers so that she can tackle the productivity issues. (APP)</td><td>By understanding their emotions, Maya can make changes to the factory, which may increase the workers motivation. (AN)</td><td>This could lead to better productivity and hit the production targets. (ANAN)</td><td rowspan="2">Overall Maya having high levels of emotional intelligence is likely to be important, as it will help her understand the issues of the workforce that she manages. (EVAL – statement)

However, it depends upon why the productivity levels are low. If the main issue was the disagreement between the previous manager and the workforce then it is likely to be very important. (EVAL – developed)

However, this is unlikely to be the only issue and Maya will need more than just emotional intelligence to hit the production targets for RBP. (EVAL – justified)</td></tr>
<tr><td>The factory has high levels of absenteeism and labour turnover. (APP)</td><td>The workers may be absent and leaving RBP because of poor working conditions in the factory. This issue requires action from Maya not an understanding of their emotions. (AN)</td><td>ANAN (two-sided)

Without better conditions the workers are unlikely to improve their absenteeism and turnover and therefore RBP will not have improved productivity and hit the targets. (ANAN)</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 ‘franchise’. (line 1)

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

A correct definition will contain:
What the franchisee gains (i.e. use of name/logo/trading system/operations system etc…)
What the franchisor gains (i.e. royalties/license fee/percentage of profits/sales etc...)

Exemplar	Marks	Rationale
A business that pays a licence fee/royalties to use the logo and trading systems of an existing business	2	Correct definition
A business that uses the logo and trading systems of another business	1	Partial definition but no sense of a payment/licensing
A business that uses the name of another business	1	Partial definition

</td><td>**2**</td></tr>
</table>

Question	Answer	Marks
2(a)(ii)	**Briefly explain the term 'entrepreneur' (line 2).** Award one mark for each point of explanation: **C** Example of a quality, i.e. qualities required by an entrepreneur; innovation, self-motivation, creativity, multi- skilled, leadership, confidence. — 1 mark **B** Makes the decisions/runs/manages/leads a business venture/owns/starts a business — 1 mark **A** Takes the risk — 1 mark **Content** Someone who takes the financial risk of starting and managing a new venture. Qualities may include innovation, self-motivation, multi-skilled, leadership, confidence, risk taking. .	**3**

Exemplar	Marks	Rationale
An entrepreneur takes the risk of starting a business and makes the decisions, An entrepreneur should be confident	3	All three elements
Someone who makes decisions about the factors of production, takes risks and comes up with creative ideas.	3	All three elements
Someone who takes the financial risk of starting and managing a new venture.	2	A and B only
Someone who takes the risks in a business	1	**A** only
Running a business	1	B only

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

Refer to Table 1 and any other relevant information. Calculate the forecast closing balance at the end of Month 2.

Marks	Rationale
3	Correct answer (with or without working or $)
2	Correct calculation of net cashflow for both months (can be one calculation or two)
1	Formula **or** one correct calculation of net cashflow; i.e. cash inflow-cash outflow (can be month 1 or month 2)
0	No creditable content

Formula:
Opening balance + net cash flow (Cash inflow – cash outflow)

Calculations:
Opening balance $10 000
Cash inflow $40 000
Cash outflow $35 000
Closing balance **$15 000 (3 marks for correct answer)**

Common incorrect answers

Answer	Marks	Rationale
M1 $20 000 – $25 000 = –$5000 (1) M2 $20 000 – $10 000 = $10 000 (1) Answer = **$5000**	2	Missed off opening balance
$5000 (no working)	0	No idea where the figure came from so no marks
10 000 + 20 000 – 10 000 = **20 000**	1	Some understanding with opening balance but cash inflow and outflow for month 2 only
20 000 – 10 000 = **10 000**	1	No opening balance and cash inflow and outflow for month 2 only
10 000	0	No working
Correct formula	1	Correct formula

</td><td>**3**</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain one benefit for Palesh of producing a cash flow forecast.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b (APPAPP)</td><td>Explanation of one benefit of cash flow forecasting used in context</td><td>3</td></tr>
<tr><td>2a (APP)</td><td>Identification of one benefit of cash flow forecasting in context</td><td>2</td></tr>
<tr><td>1a (K)</td><td>Identification of one benefit of cash flow forecasting</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Correct use of an incorrect answer to 1bi should be fully rewarded (own figure rule – OFR)

Content
Answers could include:
• Palesh can show the cash flow forecast to CW to help get the franchise
• One of the major causes of new business failure is poor cash flow. A cash flow forecast will help Palesh to foresee any potential problems such as not having enough cash to pay wages
• Allows Palesh to see when he may need extra finance
• May help Palesh to get external finance if required

Note: a positive cashflow does not mean profit will be made – do not reward this confusion in an answer.
</td><td>4</td></tr>
</table>

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

Analyse one advantage and one disadvantage to Palesh of how he carried out his market research.

<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 rowspan="2">2</td><td rowspan="2">Shows understanding of market research techniques in context</td><td rowspan="2">3–4</td><td>Good analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of market research techniques in context</td><td>4</td></tr>
<tr><td>Good analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of market research techniques in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Shows knowledge of market research techniques</td><td rowspan="2">1–2</td><td>Limited analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of market research techniques</td><td>2</td></tr>
<tr><td>Limited analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of market research techniques</td><td>1</td></tr>
</table>

Limited analysis in context: Marks limited to 4+2=6

Answers could include: Advantages
- Quick – reduces costs to Palesh
- This is primary research which can be more up-to-date than secondary
- Cheaper than other methods that may require more preparation time
- Focused on the local area where Palesh is planning to set up his business

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Disadvantages
• Choose random – surely Palesh is only interested in people who have cars
• On high street – is this the best place to sample people who might want to use a car wash?
• Limited questions – e.g. could have asked what time of day might use the car wash</td><td></td></tr>
<tr><td>2(d)</td><td>Recommend how Palesh could motivate his employees.
<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 rowspan="3"></td><td rowspan="3"></td><td>A justified recommendation for for Palesh based on the given argument(s) of one or more motivation methods in context</td><td>7</td></tr>
<tr><td>A developed recommendation for Palesh based on the given argument(s) of one or more motivation methods in context</td><td>6</td></tr>
<tr><td>An evaluative statement/ recommendation based on the given argument(s) of one or more motivation methods in context</td><td>5</td></tr>
<tr><td rowspan="2">Shows knowledge of motivation methods in context</td><td rowspan="2">3–4</td><td>Argument (two-sided) based on one or more motivation methods in context</td><td>4</td></tr>
<tr><td>Argument (one-sided) based on one or more motivation methods in context</td><td>3</td></tr>
<tr><td>Shows knowledge of motivation/motivation methods</td><td>1–2</td><td>Limited analysis of one or more motivation methods</td><td>1–2</td></tr>
<tr><td colspan="4">No creditable content</td></tr>
</table></td><td>11</td></tr>
</table>

Question	Answer	Marks
2(d)	**Content:** Answers could include: • Payment methods are unlikely to be in context as Palesh has already stated he must pay a low wage. Commission/bonus or piece rate could be viable options as both of these keep costs linked to revenue. Alternatively, fringe benefits (such as free car washing) could be an option. • Job rotation – there may be some way of moving employees around the different jobs to stop them becoming demotivated • Job enlargement – there may be some additional responsibilities (such as a supervisor role) that Palesh could utilise • Job enrichment – unlikely to be much scope, but it may be possible to allow employees to decide on certain aspects of their role • Team working • Quality circles • Target setting – This may work as a motivational tool as long as there are enough cars to maintain the targets (could be linked to bonus or profit sharing scheme) • Delegation • Empowerment • Participation – Allowing workers to participate in decisions about the business may be a useful form of motivation, especially in a new business	

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Question	Answer	Marks

2(d) An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>ANAN
(one sided)</th><th>EVAL</th></tr>
<tr><td rowspan="2">Motivation methods are used to inspire staff to work harder. (K)

Motivation methods could be financial and non-financial. (K)</td><td>CW is labour intensive so it is important that Palesh finds ways to motivate staff. (APP)</td><td>If Palesh uses a method such as allowing workers to participate in decision making they will feel part of the business and work harder to make it a success. (AN)</td><td>Less absenteeism would mean higher productivity and they would be able to wash more cars. (ANAN)</td><td rowspan="2">However, not all workers are motivated by the same methods so Palesh might need to use more than one non-financial method of motivation. (EVAL – statement)

As car washing can be boring some workers might be motivated by more interesting work such as extra responsibilities maybe as supervisors or by changing roles during a shift so not always being the person who cleans inside cars (EVAL – developed)

However, if Palesh was to ask some to take on extra responsibilities he might have to offer higher pay and this might not be possible as it would raise costs so Palesh might have to consider less costly motivation methods such as team working where the team can decide how they will complete the necessary tasks. This would fit in with Palesh’s cost concerns. (EVAL – justified)</td></tr>
<tr><td>The best methods would be non-financial as Palesh wants to keep costs low. (APP)</td><td>This will mean that they are less likely to take unnecessary days off work. (AN)</td><td>ANAN (two-sided)

Working conditions mean that employees work outside and they will get wet which could make them feel miserable and more likely to take days off or leave the job which could result in a bad reputation for CW. (ANAN)</td></tr>
</table>