Cambridge International AS & A Level

Cambridge Assessment International Education
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/12**

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

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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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 'unique selling point' (USP).** The special feature(s) of a product / service / business / an example may be given (1) what makes a product stand out or seem special (1) that differentiates it from competitor products or services (1) gives a business a competitive advantage (1). 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> benefits to a business of having a USP.** Answers could include: • An effective way of distancing a product or service from competitive rivals. • A competitive advantage can be created. • Opportunity to charge higher prices due to exclusive design. • Decrease price elasticity of demand. • Differentiated products / services may lead to higher sales / increased market share. • Effective promotion can focus on the differentiated features. • Customers are attracted to the 'special', 'different' or 'exclusive' nature of the product / service so creating a strong brand and customer loyalty. Sound explanation of **two** benefits to a business of having a USP (3 marks) Sound explanation of **one** benefit or partial explanation of **two** (2 marks) Partial explanation of **one** benefit or a list of **two** (1 mark) No creditable content (0 marks)	**3**

Question	Answer	Marks
2(a)	**Define the term 'empowerment'.** Gives power / authority / rights to employees (1) to take part in decision-making (1) it is a form of delegation (1) to have more control over the business / their working lives / over others / tasks and objectives (1) the opportunity to perform tasks as they decide (1) it is a type of motivation (1). 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**
2(b)	**Briefly explain <u>two</u> reasons why a business might decide to empower its employees.** Answers could include: • To help employees feel part of the organisation / to get employees and managers working together / to achieve the same goals. • To generate new ideas which might benefit the business. • To increase motivation / self-esteem / commitment of employees. • To tap into the skills and competences of employees. • To give employees greater control over their lives / the business. • To reduce the burden on managers / supervisor systems and costs. • To increase productivity and the bottom line. • To identify skills in readiness for promotion. • To reduce absenteeism and labour turnover. • To attract high quality labour. • To enhance the public image of the company. **NOTE: Apply the OFR and allow 'correct answers' to 2(b) even if 2(a) is not precise/correct.** Sound explanation of **two** reasons why a business might decide to empower its employees (3 marks) Sound explanation of **one** reason or partial explanation of **two** (2 marks) Partial explanation of **one** reason or a list of **two** (1 mark) No creditable content (0 marks)	**3**

Question	Answer	Marks
3	**Explain how a large manufacturing business could finance investment in new machinery.** Answers could include: • The context suggests a significant amount of capital investment. • It depends on the assumptions made about the existing financial position of the business – has it significant retained earnings? – has it assets to sell? • Internal sources may be limited and insufficient to finance all the expenditure required. • Externally the following might be sources of finance:– – Equity finance if a plc. – Bank loans. – Government grants. – Hire purchase/leasing. **Effective** explanation of relevant sources of finance with clear reference to the context of a large manufacturing business/new machinery (4–5 marks) **Limited** explanation of source(s) of finance for purchasing of capital equipment (2–3 marks) Understanding of source(s) of business finance (1 mark) No creditable content (0 marks)	**5**

Question	Answer	Marks
4(a)	**Define the term 'value added'.** Value added can be defined as: • the amount by which the value of a product/service is increased during the production process (2), ***or*** • the difference between the price of a finished product/service and the cost of the inputs involved in producing it (2). Sound definition – as the two examples above (2 marks) Partial definition – correct reference only to the cost of inputs, **or** reference only to the price of finished product/services. (1 mark) No creditable content. (0 marks)	**2**

Question	Answer	Marks
4(b)	**Briefly explain <u>two</u> ways a restaurant could increase its value added.** Answers could include: • Reduce costs by changing supplier or purchasing in bulk or reducing wastage of ingredients. • Increase prices to reflect enhanced product / service provision. • Producing more unique / distinctive 'celebrity chef' meals. • Creating a more superior/distinctive eating environment / ambience. • Upgrade the kitchen to produce more distinctive food offerings. • Offer a more comprehensive / distinctive menu. • Carry out more effective promotion. Sound explanation of **two** ways a restaurant could increase its value added (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**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5(a)</td><td>

Analyse how the 4Cs marketing approach is different to the 4Ps marketing approach.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Good analysis of the difference between the 4Cs model and the 4Ps marketing model</td><td>7–8</td></tr>
<tr><td>3</td><td>Some analysis of the difference between the 4Cs model and the 4Ps marketing model</td><td>5–6</td></tr>
<tr><td>2</td><td>Some explanation / application of the 4Cs marketing model and the 4Ps marketing model</td><td>3–4</td></tr>
<tr><td>1</td><td>Understanding of the 4Cs or 4Ps marketing model(s)</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

NOTE: Many candidates may simply but effectively analyse the component parts of both the 4P's and the 4C's and recognise that they differ i.e. one has a focus on the customer and the other a focus on the product. This approach is acceptable and can achieve Level 3 or 4 with the mark depending on there being analysis and on the quality of that analysis.

Answers could also include:

- The suggestion is that the two models can be combined – Product and Customer, Price and Cost, Promotion and Communication, and Place and Convenience.
- Are they not the two sides of the same coin? You need to consider both sides of the marketing mix to maximise possibility of marketing success.
- Both marketing models seek to identify and analyse the key decisions that need to be taken for the effective marketing of a product/service.
- Distinction between product /price/promotion/place and customer solution /cost to customer /communication with customer /convenience to customer.
- 4Cs developed as some see the 4Ps as being too much focused on the business and its product / service rather than on the ultimate user – the consumer.
- The 4Cs is an alternative view of the key elements of successful marketing.
- The 4Cs put the customer first in marketing decisions and is a key feature of customer relationship management.
- The suggestion is that the 4Ps is outdated, it is too product-orientated and is a risk to your businesses – a customer-orientated approach is said to be a better basis for an effective marketing strategy.

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

Discuss how a house construction business could improve its customer relations.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Effective evaluation of how a house construction business could improve its customer relations</td><td>9–12</td></tr>
<tr><td>3</td><td>Limited evaluation of how a house construction business could improve its customer relations</td><td>7–8</td></tr>
<tr><td>2</td><td>Analysis and some application of how a business could improve its customer relations</td><td>3–6</td></tr>
<tr><td>1</td><td>Understanding of customer relations / house construction business</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Answers could include:
Some candidates may start by referring to the importance of customer relations.

- Good customer relations is said to be concerned with meeting and exceeding customer needs. It is much less expensive and much more profitable to retain existing customers than to acquire new ones.
- **Generic suggestions to improve customer relations could include**:
  - Have better and well-trained staff that responds to customers' needs effectively and promptly.
  - Develop good customer service standards.
  - Take responsibility for problems / complaints.
  - Be accessible to customers.
  - Invite and respond to customer feedback.
- **Specific customer relations improvements for a house-building business could include**:–
  - Higher quality build specifications.
  - Realistic completion dates for new build.
  - More involvement of customers with the final product design and possibly with the builders and architects.
  - Good after-sales service.
  - Longer guarantees of work standard.

Evaluative comments could discuss the importance of customer relations in any business and in a house construction business and the potential costs/benefits resulting from good public relations. Could also comment on what could happen in a business if customer relations are poor and are not improving.

</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 the extent to which the stakeholders of a large clothing retailer might want the business to become more ethical and socially responsible.
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>5</td><td>Effective evaluation of the extent to which stakeholders of a large clothing retailer might want the business to become more ethical and socially responsible.</td><td>17–20</td></tr>
<tr><td>4</td><td>Limited evaluation and good analysis of the extent to which stakeholders of a large clothing retailer might want the business to become more ethical and socially responsible</td><td>13–16</td></tr>
<tr><td>3</td><td>Analysis of the extent to which stakeholders of a large clothing retailer might want the business to become more ethical and socially responsible
Limited analysis, with application, of the extent to which the stakeholders of a business might want it to become</td><td>11–12</td></tr>
<tr><td>2</td><td>more ethical and socially responsible. Alternatively limited analysis with application of the extent to which a business might want to become more ethical and socially responsible.</td><td>5–10</td></tr>
<tr><td>1</td><td>Understanding of stakeholders / retailers / ethics / social responsibility</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Answers may include:
Candidates may well recognise that such a business will have different stakeholders – customers, suppliers, employees, managers, owners, shareholders, communities, who may well have different and possibly conflicting objectives / ideals.

There are opportunities for a business to focus only on making profits and this could lead to unethical and socially irresponsible behaviour, e.g. exploiting low wage / child labour clothing production.
The main objectives of the business may be

– Profit maximisation
– Being socially responsible and ethically minded
– Cost reduction e.g. cheap clothing production
– Short-term profitability
– Long-term sustainability
– Building reputation
– Establishing a competitive advantage through ethics and social responsibility

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</table>

Question	Answer	Marks
6	Evaluative comments might discuss questions such as who the dominant stakeholders are and what the dominant business objectives are. The answer may well depend on stakeholder perceptions of what is best for the business / society in short and long term. Stronger evaluation may mention the influence of social/political pressure for more ethical and socially responsible business activity, which could give stakeholders little choice in the matter, or the influence of the business cultures in individual countries, or the stage of economic development in different countries.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>7(a)</td><td>
Analyse how the efficiency of the operations of a manufacturing business could be influenced by its human resources department.
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Good analysis of how the efficiency of the operations of a manufacturing business could be influenced by its human resources department</td><td>7–8</td></tr>
<tr><td>3</td><td>Some analysis of how the efficiency of the operations of a (manufacturing) business could be influenced by its human resources department</td><td>5–6</td></tr>
<tr><td>2</td><td>Some explanation / application of how the efficiency of the operations of a business could be influenced by its human resources department</td><td>3–4</td></tr>
<tr><td>1</td><td>Understanding operations / manufacturing business / human resources department</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Answers could include:
• Operations management is responsible for making effective use of resources – land, labour, and capital in transforming inputs into outputs of goods and services.
• There is a responsibility to use all opportunities to combine resources in such a way as to ensure operational efficiency and effectiveness.
• This involves selection, organising, and scheduling of work processes.
• HR is clearly a critical factor affecting operational processes.
• People management (HR) decisions and activities, such as the recruitment of skilled operational staff, training and development to retain and strengthen core competencies, are vital.
• The impact of HR on the morale and motivation of staff generally and specifically on the culture of operations management will affect effectiveness of production.
</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>7(b)</td><td>
Discuss how the actions of competitors could affect the operational management decisions of a car manufacturer.
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>4</td><td>Effective evaluation of how the actions of competitors could influence the operational management decisions of a car manufacturer</td><td>9–12</td></tr>
<tr><td>3</td><td>Limited evaluation of how the actions of competitors could influence the operational management decisions of a car manufacturer</td><td>7–8</td></tr>
<tr><td>2</td><td>Analysis and some application of how the actions of competitors could influence operational management decisions.</td><td>3–6</td></tr>
<tr><td>1</td><td>Understanding of operational management decisions</td><td>1–2</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Answers could include:

Operational management decisions of a car manufacturer (in conjunction with other departments, e.g. marketing) include producing cars that satisfy customer needs – the key decisions include what to produce, how to produce, where to produce.

Competitor actions can include:–
• improvements in design and quality
• cost reduction
• new models
• price reductions
• improved customer service activities.

An operations management department can respond by taking such action as:–
• Adopting a new computer-aided design process.
• Adopting a new CAM process.
• Creating new production platforms.
• Innovation in models, new models.
• More efficient distribution channels.
• Developing new unique ‘bells and whistles’ – USP.
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</table>

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Question	Answer	Marks
7(b)	**Evaluative comments may include:** It may not be appropriate to take knee jerk action in response to competitor actions. A reduction in competitor price may be temporary and the brand strength of the car manufacturer may be strong enough to resist the price reduction. It may well depend on the strength and agility of the company and its operational management department. An operations management department does not have to wait for threatening competitor activities or actions. An innovative operations management department might well be ahead of competitors having taken decisions for new investment/new quality models that put competitors on the back foot and /or it continually and effectively monitors competitors so preventing any surprising or threatening competitor actions.	

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