Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **October/November 2020**

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.

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[Turn over

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 ‘shareholder’ (line 3).

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

Content
A correct definition should include the following elements (allow one mark for each element):
- Owns part/a percentage
- …of a company/limited liability business

Exemplar	Mark	Rationale
Owns a part of a limited company	2	All elements met
Owns a percentage of a limited liability business	2	All elements met
Owner of a limited company	1	Needs ‘PART’ owner
Has share in/invests capital in a company	1	Shares is taut/all business structures require investment
Control and ownership are not the same thing	0	Do not award for control

</td><td>2</td></tr>
<tr><td>1(a)(ii)</td><td>

Explain what is meant by the term ‘flow production’ (line 16).

Award one mark for each point of explanation:

	Rationale	Marks
C	Example or some other way of showing good understanding	1
B	An understanding of it being a production process	1
A	An understanding of flow	1

C based on A OR B

Content

Flow – a large number of standardised products / constantly produced
Production process – the fact it is a process.

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

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

Refer to Table 1.1. Calculate the total revenue gained from Vegetarian Victory pies in 2019.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or $</td><td>3</td></tr>
<tr><td>Formula (can be implied) and correct calculation of 2019 sales</td><td>3</td></tr>
<tr><td>Formula (can be implied) or correct calculation of 2019 sales</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>

Note: any relevant figure multiplied by the price implies the correct formula (i.e.5000 x $2.50)

Content
TR = Price × quantity

5000 – 10% = 4500

4500 × $2.50 = $11 250

Answer = $11 250

OFR

Common answers

<table>
<tr><td>Answer</td><td>Mark</td><td>Rationale</td></tr>
<tr><td>11 250</td><td>3</td><td>Correct answer – does not need $</td></tr>
<tr><td>(–) $1250 with calculations</td><td>2</td><td>Worked out –10%, used the correct formula but wrong final answer</td></tr>
<tr><td>1250 with no calculations</td><td>0</td><td>Wrong answer</td></tr>
</table>

</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 <u>one</u> way in which AP could use product portfolio analysis.

<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b</td><td>Explanation of a way AP could use product portfolio analysis in context</td><td>3</td></tr>
<tr><td>2a</td><td>Explanation of a way a business could use product portfolio analysis</td><td>2</td></tr>
<tr><td>1</td><td>Identification of a way a business could use product portfolio analysis</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Content

- To identify when to discontinue products – VV is in decline
- To identify when to market products – FF is growing
- To identify when to develop new products – what happens when FF reaches maturity?
- To identify when to extend the PLC of products – MM or VV

Examples

<table>
<tr><th>Identification of a use</th><th>Explanation</th><th>Possible context</th></tr>
<tr><td>Identify stage of product life cycle</td><td>Shows how well the product is doing</td><td>Such as meaty marvel in maturity</td></tr>
<tr><td>Identify which product is mature</td><td>So can plan a replacement</td><td>E.g. meaty marvel</td></tr>
</table>

</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 <u>two</u> economies of scale that AP might lose if the business reduces the total number of pies produced.
<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 (or more) economies of scale in context</td><td>4</td><td>Good analysis of losing two (or more) economies of scale in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one economy of scale in context</td><td>3</td><td>Good analysis of losing one economy of scale in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of two (or more) economies of scale</td><td>2</td><td>Limited analysis of two (or more) economies of scale</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one economy of scale</td><td>1</td><td>Limited analysis of one economy of scale</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>
Content
• Technical – capital intensive mass production
• Specialisation/managerial – specialist workers make the fillings
• Marketing – AP brand is growing in popularity
• Purchasing – AP can bulk buy certain ingredients – pastry is shared across all pies and cheese is also used in FF
• Financial – AP brand may make it easier/cheaper to fund any new product development/expansion

Allow external economies of scale.
</td><td>8</td></tr>
<tr><td>1(c)</td><td>
<table>
<tr><th>Example of an economy of scale (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>Specialisation</td><td>Each filling e.g. VV made by specialists</td><td>Lose knowledge of flavour profiles which may change the taste and lose custom</td></tr>
<tr><td>Purchasing</td><td>Vegetables for Vegetarian Victory</td><td>Miss out on bulk buy deals which increases the variable costs of the pie</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Recommend how AP could develop its products in the future. Justify your recommendation.
<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>Justified recommendation based on argument(s) in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed recommendation based on argument(s) in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement/recommendation based on argument(s) in context</td><td>5</td></tr>
<tr><td>Shows understanding of two or more elements of product development in context</td><td>4</td><td>Two or more arguments based on how AP could develop its products in the future</td><td>4</td></tr>
<tr><td>Shows understanding of one element of product development in context</td><td>3</td><td>One argument based on how AP could develop its products in the future</td><td>3</td></tr>
<tr><td>Shows two or more pieces of knowledge of product development</td><td>2</td><td>Limited analysis of two or more impacts of product development on a business</td><td>2</td></tr>
<tr><td>Shows one piece of knowledge of product development</td><td>1</td><td>Limited analysis of one impact of product development on a business</td><td>1</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table></td><td>11</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Content
• Reduce the meat in the MM to meet concerns over health risks.
• Pies could be sold into sets of three pies to suit families.
• Pies could be sold in variety packs so that it suits a family's tastes and those who do not eat meat.
• Could the pies be developed to have a longer 'best before' date or frozen to allow for a longer shelf life?
• The price could be increased to allow for the development of a new product or to fund the redevelopment of an existing product.
• The data suggests that the MM should be redeveloped to extend the PLC – could it have less meat to meet health concerns?
• VV could be redeveloped now that it is in decline, to increase sales – or a new vegetarian product could be developed to replace the VV – importance of non-meat alternatives.

Examples
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>DEV</td><td>EVAL</td></tr>
<tr><td>Longer shelf life</td><td>Short BB date – eat within 2 days</td><td>Could be stored for longer</td><td>Improve transport economies of scale</td><td rowspan="2">Most important element is to increase shelf life as this reduces wastage / increases range of outlets, which leads to increased total sales</td></tr>
<tr><td>Increase number of vegetarian pies</td><td>As consumers worried about health risks of meat</td><td>Attract new customer base</td><td>Increase revenue/profits</td></tr>
</table>
</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 ‘price’ (line 6).
<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

A correct definition should include the following elements (allow one mark for each element):
• The amount of money for a product or service
• charged to a customer
<table>
<tr><th>Exemplar</th><th>Marks</th></tr>
<tr><td>Amount paid by a customer</td><td>2</td></tr>
<tr><td>Amount of money to consume</td><td>2</td></tr>
<tr><td>Value to the customer</td><td>2</td></tr>
<tr><td>Amount charged by a business to the customer</td><td>2</td></tr>
<tr><td>What the customer pays</td><td>1</td></tr>
<tr><td>Amount charged by a business</td><td>1</td></tr>
</table>
</td><td>2</td></tr>
</table>

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

Explain the term 'franchises' (line 5).

Award one mark for each point of explanation:

<table>
<tr><td>An element of explanation of franchises:
• May pay a royalty
• Can be restrictive
• May pay an initial fee
• May pay advertising costs
• Likely to increase sales
• Examples</td><td>Up to 2 further marks</td></tr>
<tr><td>Understanding of the use of logo, products etc. from an established business</td><td>1 mark</td></tr>
</table>

Content
Where a business sells the rights to use its logo, products, ideas, etc… to another business.

A business which has bought the rights to use another businesses' logo etc…

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Pay to use the logo, products. May have to pay royalties but is likely to increase sales</td><td>3</td><td>Three points</td></tr>
<tr><td>Pay to use the logo, products. May have to pay royalties</td><td>2</td><td>Only one development</td></tr>
<tr><td>Where a business sells the rights to use its logo, products, ideas, etc…</td><td>1</td><td>Main understanding only</td></tr>
<tr><td>May have to pay royalties but is likely to increase sales</td><td>0</td><td>No understanding of the use of logos etc</td></tr>
</table>

</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>Refer to Table 2.1. Calculate the break-even quantity of haircuts in a week.
<table>
<tr><th>Rationale</th><th>Mark</th></tr>
<tr><td>Correct answer with or without correct working or ‘haircuts’</td><td>3</td></tr>
<tr><td>Correct formula (may be implied) and correct calculation of contribution</td><td>2</td></tr>
<tr><td>Correct formula or correct calculation of contribution</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
Content:

Formula: $\frac{\text{Fixed costs}}{\text{Price} - \text{selling price (contribution)}}$
$\frac{\$675}{\$8 - \$3.50}$ (1)

$\frac{\$675}{\$4.50 \text{ (contribution)}}$

Answer = 150 (haircuts)

OFR

Common incorrect answers
<table>
<tr><td>Answer</td><td>Mark</td><td>Rationale</td></tr>
<tr><td>150</td><td>3</td><td>Correct answer – does not need units</td></tr>
<tr><td>formula</td><td>1</td><td>Basic understanding</td></tr>
</table></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 <u>one</u> possible limitation for Lewis of using break-even analysis

Level	Knowledge and Application	Marks
2b	Explanation of one limitation of using break-even analysis in context	3
2a	Explanation of one limitation of using break-even analysis	2
1a	Identification of one limitation of using break-even analysis	1
0	No creditable content	0

Content

- Variable costs ($3.50) may change – especially with a new hairdresser starting
- Fixed costs per week ($675) may change
- Lewis may need to change the price ($8) especially with competition in the city
- It assumes every haircut is the same price, but Lewis may charge less for children, OAPs etc.

OFR (from Q2(b)(i))

Identification of a limitation	Explanation	Possible context
Only a prediction	So does not take unexpected debts into consideration	E.g. may increase from £3.50 if new hairdresser starts
Only an estimate	Fixed costs may change	From $675
Assumes all services charged same price	But may vary with discounts	E.g. may charge less for OAP haircuts

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

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

Analyse <u>one</u> advantage and <u>one</u> disadvantage for Lewis of operating as a small business.

<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 small business in context</td><td rowspan="2">3–4</td><td>Good analysis of one disadvantage and one advantage of being a small business in context</td><td>4</td></tr>
<tr><td>Good analysis of one disadvantage or one advantage of being a small business in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Shows knowledge of small business</td><td rowspan="2">1–2</td><td>Limited analysis of one disadvantage and one advantage of being a small business</td><td>2</td></tr>
<tr><td>Limited analysis of one disadvantage or one advantage of being a small business</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>

Content

Advantages:

- Easier to organise – Lewis is the only employee (at the moment), only one set of bookings etc.
- Flexibility – Lewis can quickly and easily respond to marketing form the franchises – they however are unlikely to be able to respond as quickly.
- Personalised customer service – Lewis has many repeat customers – this suggests he has a good relationship which is probably lacking in a bigger business.

Disadvantages:

- Access to finance – Lewis may struggle to obtain finance because he on his own and may have limited assets. Shop is rented.
- Larger franchises may be able to gain economies of scale which will not be available to Lewis – they are able to charge lower prices and undercut Lewis.
- Limited funds to compete against the competition – they are likely to be able to afford above the line promotion methods whereas Lewis is unlikely to be able to access these.

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
<table>
<tr><th>Example of knowledge (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>Unlimited liability</td><td>Sole trader</td><td>So personal possessions are at risk and could lose his house</td></tr>
<tr><td>Easy to organise</td><td>There is only one employee (himself)</td><td>Does not have to create rotas which reduces time taken for paperwork</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
Refer to Fig 2.1 and any other relevant information. Evaluate the usefulness of the person specification when recruiting another hairdresser.
<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>Justified evaluation based on argument in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed evaluation based on argument in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement based on argument in context</td><td>5</td></tr>
<tr><td>Shows understanding of two aspects of a person specification in context</td><td>4</td><td>Argument based on two aspects of a person specification in context</td><td>4</td></tr>
<tr><td>Shows understanding of one aspect of a person specification in context</td><td>3</td><td>Argument based on one aspect of a person specification in context</td><td>3</td></tr>
<tr><td>Shows knowledge of two aspects of a person specification</td><td>2</td><td>Limited analysis of two aspects of a person specification</td><td>2</td></tr>
<tr><td>Shows knowledge of one aspect of a person specification</td><td>1</td><td>Limited analysis of one aspect of a person specification</td><td>1</td></tr>
<tr><td colspan="4">No creditable content</td></tr>
</table>
Content
Lewis needs an employee to work on their own, be responsible for bookings, deal with customers and do some financial transactions.

Hairdressing qualification makes sense and would be a good way to differentiate between those who might be able to do the job and those who cannot however is a formal qualification needed if the experience is in place?
A-Levels (or high school standards) in Mathematics and Business seems a high level of qualification for what Lewis needs. May restrict the number of applicants.
It may be illegal to set an age limit – why does the employee need to be between 18 and 30 years old? May restrict applicants and Lewis may end up fined.

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

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

Specifying a female may be illegal. Why would a female make a better hairdresser? Is it to compliment Lewis (who may specialise in men’s hair) in which case the person specification may be poorly written (need someone who specialises in women’s hair)
No experience, as essential, seems unlikely – Lewis needs them to work on their own – the desirable column should be essential to get what he wants and not waste his time sifting through applications which are unsuitable (for trainees).
Why is ability to work in a team essential when the person will be working on their own?
Good communication makes sense and should help Lewis to maintain his loyal customers.
What does friendly mean – why is it desirable? Is this linked to customer service – could be more specific.

Examples of how an answer could develop and how it should be annotated.
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>DEV</td><td>EVAL</td></tr>
<tr><td>Provides a list of essential and desirable</td><td>E.g. hairdressing qualification</td><td>Limits applicants to those who can do the job</td><td>Saves interviewing time</td><td rowspan="2">The PS are useful because they limit the number of candidates and any illegal/wrong elements can be easily changed to ensure only quality applicants apply</td></tr>
<tr><td>May be illegal/ discriminatory</td><td>Between 18–30</td><td>May lead to a fine</td><td>Which reduces profits</td></tr>
</table>
</td><td></td></tr>
</table>