UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2010 question paper

for the guidance of teachers

9707 BUSINESS STUDIES

9707/12 Paper 12 (Short Answer/Essay), maximum raw mark 40

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 must be read in conjunction with the question papers and the report on the examination.

- CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the May/June 2010 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

UNIVERSITY of CAMBRIDGE
International Examinations

Section A

1 **(a)** Definitions such as 'the number of staff/subordinates directly answerable to a manager/ supervisor' or 'the number of staff that a manager/supervisor has authority over.'

- A definition that indicates some understanding. [1]
- A definition that indicates full understanding. [2]

(b) Problems might include: communication and co-ordination problems might become more complex – limited opportunity for close consultation with staff – possible morale issues – increased stress and workload for managers/supervisors – time constraints might encourage more autocratic management.

- One problem identified with limited explanation. [1]
- One problem identified with good explanation. [2]
- Two problems identified with limited explanation. [2]
- Two problems identified with good explanation. [3]

2 **(a)** Definitions such as: the collection (collation and analysis) of data from existing and potential customers regarding market conditions for the products and services of a business.

- A definition that indicates some understanding. [1]
- A definition that indicates full understanding. [2]

(b) Explanation such as: primary research collects original data – data not collected before – may be called 'field' research – speaking to consumers in their natural habitat – home, work or shopping.
Secondary research is using information that is already published and available – termed desk research – cheaper and more quickly obtained.

- Partial explanation of either term. [1]
- Full explanation of <u>either</u> term or partial explanation of both. [2]
- Accurate explanation of both terms that clearly differentiates the two types of research. [3]

3 Explanation might initially include a definition of economies of scale – an increase in output lending to a less than proportionate increase in costs – and discuss the generic categories such as financial, technical, risk-bearing, marketing, managerial. Specific economies in the context of this question might include: – financial – bulk purchasing of supplies (food, linen, etc); technical – increased use of computers for stock control, reservations; marketing – reduced cost of advertising – specialist management roles for the larger company.

- Limited response – definition/generic categories only – a list. [1]
- Identification and explanation of one appropriate economy of scale. [2–3]
- Identification and explanation of two appropriate economies of scale. [4–5

© UCLES 2010

4 **(a)** A pie chart is a graphical means of representing numerical data and consists of a circle where the components of the data are indicated by segments in the circle. Each segment represents the size of a particular part relative to the total (360◦). This gives an immediate impression of the relative importance of each data component.

- Partial outline of main features. [1]
- Full outline of main features. [2]
- (Accept accurate diagrams).

(b) Advantages might include: simple and commonly understood – shows results very clearly – trends and changes over time explicitly represented – allows the reader to interpret data more easily and quickly (a diagram might illustrate simplicity and ease of understanding) – comparison might be made with alternative methods.

- Limited attempt to explain advantage(s). [1]
- Limited explanation of at least 2 advantages/full explanation of one. [2]
- Full explanation of at least 2 advantages. [3]

© UCLES 2010

Section B

5 **(a)** Explanation might initially define a cash flow forecast – a prediction of all expected receipts and expenses of a business over a future time period, which shows the expected cash balance at the end of each month. It indicates the likely future liquidity of a business, enabling appropriate action to be taken if a cash shortfall is expected – while profit is often seen as being more important in the long term, cash flow is a key factor in the short term survival of a business. It is important to control and monitor cash flow and plan ahead. Specific reasons/advantages include: identifies the timing of cash shortages and surpluses – supports applications for funding – enhances the planning process – enables cash flow monitoring with comparison of predicted figures and actual figures – provides a recognition that retail businesses do have particular cash flow problems e.g. outlay on stock – time gap before products are sold.

- Sound analysis of reasons for the preparation of a cash flow forecast and a reference to retail business. [7–8]
- Good explanation of reasons for the preparation of a cash flow forecast (possibly with reference to retail). [5–6]
- Limited explanation of reasons for the preparation of a cash flow forecast. [3–4]
- Attempt to explain cash flow forecasts. [1–2]

(b) Discussion might identify potential causes of cash flow problems e.g. delayed debtor repayments – cash receipts slowed down – liquidity reduced – creditors paid too early – more cash tied up in stock than is necessary. Ways to improve might include: – factor debts (quick cash – but does not receive full debt) – lengthen the credit period taken from supplies – leasing, sale and lease back.

- Comprehensive set of improvement options identified and analysed with some attempt to assess likely success. [11–12]
- Analysis of some specific ways. [8–10]
- Sound understanding of some specific ways (at least 2). [3–7]
- Shows limited understanding of cash flow problems. [1–2]

6 Discussion might initially define stakeholders – those influenced by or influencing an organisation and its decisions. The essence of the scenario is a successful business. Stakeholders might be in conflict in any business – successful or not – e.g. shareholders' interests at the expense of other stakeholders. In this example there may be specific conflicts of interest e.g. – shareholders want high dividends and not long term investment – managers and workers want immediate salary increases (versus long term security) – consumers want lower prices (vs innovation and high quality) – environment groups want more investment in the reduction of waste and pollution, etc. A range of potential conflicts exist with regard to the distribution of profits. The relative power and influence of stakeholders is important – and more stakeholders might be in agreement than in conflict.

- Evaluative comment that recognises the significance of a profitable business in creating conflict and/or comments on the power/influence of respective stakeholders. [17–20]
- Analysis of different stakeholder group objectives and expectations in a business. [14–16]
- Good understanding of stakeholder conflict possibilities. [11–13]
- Shows good understanding of stakeholder groups and their objectives in a business. [5–10]
- Shows some understanding of stakeholder groups and their objectives. [0–4]

© UCLES 2010

7 (a) Explanation might refer to why initially, i.e. an assumption that money is the most important motivating factor – but the question seeks examples of how financial rewards might be used e.g. a variety of payment schemes might be explained: time rates – wages and salaries – piece rates – payment by results – commission – fees – fringe benefits – medical insurance – incentive schemes – sales targets – bonus payments – productivity schemes – share ownership.

- Sound analysis of a range of relevant financial rewards. [7–8]
- Some analysis of relevant financial rewards. [5–6]
- Sound description of relevant financial rewards. [3–4]
- Shows limited awareness of financial rewards. [1–2]

(b) Discussion could refer to the different assumptions underpinning the use of non-financial rewards – e.g. the Theory Y view that workers are motivated by a variety of factors and non-financial rewards might be very significant – e.g. team work as well as pay – sense of involvement as well as high productivity. This question is about why non-financial rewards are used.

- May be a more efficient motivator.
- Recognition of worker needs and impact of motivation theory/theorists e.g. Mayo, McGregor, Maslow, Herzberg, etc.
- The deficiencies and difficulties of using financial rewards.

Confident answers will likely use motivation theory/theorists to explain the use of job enrichment/enlargement, job rotation, team work, empowerment, etc. as alternatives or additions to financial methods.

- Some evaluative comment on why non-financial rewards might be used (or used in tandem with financial rewards) – the context – the type of worker, etc. [11–12]
- Analysis of reasons why non-financial rewards might be used (expect effective use of motivation theory for higher mark in this level). [8–10]
- Shows good understanding of why non-financial rewards might be used. [3–7]
- Shows some understanding of non-financial rewards. [1–2]

© UCLES 2010