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

9707/13 Paper 13 (Short Answer/Essay), maximum raw mark 40

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UNIVERSITY of CAMBRIDGE
International Examinations

Section A

1 **(a)** A definition might refer to a set of techniques/methods which ensures that a business provides goods/services that meet the needs/wants/expectations of the customers/ consumers – a standard has been set and met and the product/service is fit for purpose.

- Partial understanding of the term. [1]
- Full understanding of the term. [2]

(b) The explanation could refer to such issues as – the importance of preventing and detecting faults – correcting and improving the quality of a good or service.
Remove defects – ensure consistency of quality standard – preserve reputation of business – ensure good workmanship – maintain competitive advantage.

- One or two relevant reasons stated. [1]
- Full explanation of ONE reason or TWO partially explained. [2]
- Two relevant reasons explained with reference to importance for a business. [3]

2 **(a)** A definition might refer to primary research as the collection of new information/data – not collected before – may describe it as field research – collecting from customers in shops/work or home.

- Partial understanding of term. [1]
- Full understanding of term. [2]

(b) The distinction might be explained as follows: Random sampling – each member of the population has an equal chance of being sampled – often difficult, slow and expensive to achieve – and only likely to be representative if the sample size is large. Quota sampling is where the population is defined by segments showing similar characteristics – e.g. if population is 52% female – then 52% of the quota sample should be female.

- Partial explanation of either Random or Quota sampling. [1]
- Full explanation of ONE term or partial explanation of both. [2]
- Full explanation of BOTH terms that makes distinction clear. [3]

3 The explanation could include reference to the role of HRM involved in manpower planning – labour shortfalls – employee skills – employee potential; recruitment and selection/to appoint suitably qualified employees; training and development – induction – develop skills; appraisal – control and development; welfare – deal with employee needs; consultation and negotiation – motivate employees – communicate key phrases – anticipate employee concerns.
In generic terms HRM is using staff as a key resource to improve business performance – more than just personnel – emphasis is on reviewing staff needs, skills and training in order to meet business objectives. Can be a line management and/or a specific specialist function.

- One or two functions stated. [1]
- Three functions stated. [2]
- Explanation of one HRM function. [3]
- Explanation of two HRM functions. [4]
- Explanation of three HRM functions. [5]

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4 **(a)** A definition could refer to current assets – current liabilities – the finance available for day to day operations in a business, e.g. paying wages, utility costs, components, etc. – relatively liquid assets that can easily be turned into cash.

- Partial understanding of term. [1]
- Full understanding of term. [2]

(b) The explanation might refer to working capital management being necessary to avoid specific problems e.g. to avoid cash flow problems – to meet immediate debts – to meet the time lags in the working capital cycle i.e. time lags between payments made and receipts made. References may be made to methods of management, such as reduce production time, reduce stockholding time, speed up late payments due. BUT the question is why and any how examples must be firmly within an explanation of WHY.

- Some understanding of the importance of working capital. [1]
- Partial understanding of why working capital needs to be managed. [2]
- Full understanding of why working capital needs to be managed. [3]

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Section B

5 (a) The explanation might refer to the statutory requirement for a PLC to publish these accounts. The purpose(s) of a balance sheet, which is a summary and valuation of all assets, capital, and liabilities of a business, could include: used to analyse the asset and liability structure and capital structure – look at the value of working capital – a guide to the overall value of a company – a snapshot of the financial position of a company. Candidates might unpack a balance sheet e.g. fixed and current assets, current and long term liabilities; they might distinguish between internal and external purposes. The purposes of a profit and loss account might refer to the account showing how well a company has performed at the end of a trading year – a summary of all business transactions showing the flow of expenditure and income in a trading period – allows the public to see the position and performance of the company, which helps them to decide whether to buy shares and enables existing shareholders to assess performance. A P & L account will include statements of gross profit – operating profit – net profit – turnover – cost of sales – fixed and variable costs.

- Sound analysis of the purposes of both accounts. [7–8
- Some analysis and understanding of purposes of both accounts. [5–6]
- Sound understanding of both accounts. [3–4]
- Limited understanding of either or both accounts. [1–2]

(b) The discussion might define depreciation and the need to make provision for depreciation – fixed assets lose value over time and provision needs to be made in the accounts each year – depreciation provision made each year against profits so that each year of profits bears its share of the 'write down' – an annual charge against gross profits in P and L account and in the Balance Sheet the book value is reduced each year. 'Straight line method' (equal instalment method) is:

$$\frac{\text{original cost of asset - residual value (resale)}}{\text{estimated life}}$$

– so the established depreciation cost is allocated equally to each year of the life of a fixed asset. E.g. Cost of fixed asset = £16.000 – estimated life of 5 years and a resale value of £6.000 –an annual depreciation provision of £2.000 will be made.

- Explicit reference to the why and how of depreciation provision, including evaluation of the 'straight line method'. [11–12]
- Analysis of depreciation and the 'straight line method' with some discussion of how and why. [8–10]
- Good understanding of depreciation with some attempt to explain the 'straight line method'. [3–7]
- Shows some understanding of depreciation. [1–2]

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6 The discussion could attempt to give some context to the question – suggests that objectives might be to increase sales – to supplement or replace existing sales methods. Perhaps the answer will give a description of what the internet offers in terms of a sales facility, which would then lead into a discussion of potential benefits and potential difficulties/disadvantages. Benefits could include – potential exposure to more people/customers on the internet – a more global reach – easier to place orders – quick up-date of web-pages to reflect market conditions – ability to be pro-active in pricing and production – an agility and flexibility not available in. say, a catalogue. Potential disadvantages might include – inability to target customers so precisely as with a catalogue mailing list – high cost of designing and maintaining a website – possibility of technology failure – cost of setting up a secure system of payment – building up confidence and trust in the internet facility – does the company have the experience to embark upon internet selling? Context is important – size of business, nature of products etc. – local/national/ international reach sought?

- Evaluative comment that recognises the importance of context that might influence the factors identified – i.e. nature and size of business – experience and expertise of internet selling. [17–20]
- Analysis of factors that need to be considered. [14–16]
- Good understanding of factors that need to be considered. [11–13]
- Understanding of factors that need to be considered. [5–10]
- Some awareness of a limited number of factors/or of the internet. [1–4]

7 **(a)** The explanation could refer to the advantages claimed for a motivated workforce such as: getting full potential from workers – increased productivity – increased commitment – synergy – rich organisation culture. A motivated work force will reduce – absenteeism, industrial disputes, falling productivity, falling profits, managerial stress, etc. and meet worker needs.

- Analysis of reasons why it is important for a business to a have a motivated force. [7–8]
- Some analysis of the advantages to a business of a motivated work force. [5–6]
- Sound understanding of the advantages to a business of a motivated work force. [3–4]
- Limited explanation of a motivated work force. [1–2]

(b) The discussion could include an initial context review of the appropriateness of various motivational theories and factors that might influence a factory workforce, e.g. how receptive might factory workers be to some theoretical approach; what is likely to motivate factory workers? Taylor and the classical school theorists might be suggested as appropriate – with emphasis on pay/money/incentives – rather than Maslow and Herzberg, etc. Do higher order needs exist, are motivators likely to work, etc.? Examples might be suggested, such as team work and quality circles, or piece rate systems. Strong answers will recognise that not all factory workers respond in the same way – "different strokes for different folks".

- Some evaluative comment on the complexity of motivating workers and the dangers of over simplification and generalisation in context. [11–12]
- Analysis of a range of factors supported by some motivational theory or theorist view. [8–10]
- Good understanding of some different possible factors supported by motivational theory or theorist view. [3–7]
- Shows some understanding of motivational factors or theories. [1–2]

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