**UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS**

**GCE Advanced Subsidiary Level and GCE Advanced Level**

# MARK SCHEME for the May/June 2012 question paper

# for the guidance of teachers

## 9707 BUSINESS STUDIES

**9707/21** Paper 2 (Data Response), maximum raw mark 60

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.

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

Cambridge is publishing the mark schemes for the May/June 2012 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

UNIVERSITY of CAMBRIDGE
International Examinations

**1 Advanced Control Systems (ACS)**

**(a) Explain the following terms:**

**(i) directors (line 26) [3]**

Content: Senior managers elected by shareholders. Governed by Board of Directors. Usually head of a major functional department e.g. marketing.

Level 2: Good explanation (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

**(ii) worker representatives (line 26). [3]**

Content: Elected by workers. Maybe trade union officials. Role is to discuss workers' concerns with management.

Level 2: Good explanation (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

**(b) Assume that ACS wins the contract.**

**(i) Calculate the current ratio with the contract (X in Table 1). [3]**

CR = CA/CL
=0.7/1.4 = 0.5

Correct answer (3 marks)
Good attempt (2 marks)
Attempt (1 mark)

**(iii) Briefly comment on the impact on ACS's financial situation if ACS gets the contract. Use information in Table 1 and your answer to (b)(i). [5]**

Fall in CR. May not be too bad because of size of contract and level of profits.

CR was high, now on low side. Does this matter with one large customer?

ARA

| Knowledge and Application |
|---|
| **Level 2**: Shows understanding of accounting data/ratios in context. (3–5 marks) |
| **Level 1**: Shows understanding of issues involved in accounting data/ratios. (1–2 marks) |

© University of Cambridge International Examinations 2012

**(c) Assume that ACS wins the contract. Explain why ACS will need to make changes to its manufacturing operations. [6]**

Car manufacturer is large, has large range of different vehicles.
New models come out.
Need to be state of the art.
Job to flow production? Batch production?

ARA

| Knowledge and Application | Analysis |
|---|---|
| **Level 2**: Shows understanding of manufacturing operations in context of the business. (3–4 marks) | |
| **Level 1**: Shows understanding of manufacturing operations. (1–2 marks) | **Level 1**: Analysis of changes. (1–2 marks) |

**(d) Discuss whether competitive pricing (line 10) is the best method to use in setting the prices for the new contract. [10]**

Content:
Who are competitors? Do they dominate the market?
This is a business-to-business arrangement – car manufacturer is big, ACS is small.
Components will improve car performance therefore adds value to Ford's cars, has more than cost value to car manufacturer.
Impact on finances.
Break even, costs etc. Will these be covered?
Increased reputation of ACS.

ARA

Evaluation likely to come from whether cp is the best.

| Knowledge and Application | Analysis and Evaluation |
|---|---|
| **Level 2**: Shows understanding of pricing in context of the business. (3–4 marks) | **Level 2**: Evaluation of pricing method in context. (3–6 marks) |
| **Level 1**: Shows knowledge of pricing. (1–2 marks) | **Level 1**: Limited analysis of pricing method. (1–2 marks) |

© University of Cambridge International Examinations 2012

**2 Eagle Golf Club (EGC)**

**(a) Explain the following terms:**

**(i) niche market (line 2) [3]**

Content: Strategy of devising and selling products specifically for a small part of a market with particular needs/wants. May be suitable for smaller businesses.

Level 2: Good understanding (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

**(ii) Unique Selling Point (USP) (line 3) [3]**

Unique Selling Point/proposition – the special features of a product that differentiates it from competitors' products. Used to persuade customers/potential customers to buy.

Level 2: Good explanation (2–3 marks)
Level 1: Partial explanation/understanding (1 mark)

**(b) (i) Calculate the annual revenue per member for EGC (Y in Table 2). [2]**

EGC = 100000/400 = $250

Correct answer (2 marks)
Attempt (1 mark)

**(ii) Comment on the size of EGC relative to its competitor. Use the information in Table 2 and your answer to (b)(i). [4]**

EGC larger on members, annual income.
Competitor larger on land area, profits, income per member.

Clubs usually measured by members?

| **Knowledge and Application** |
|---|
| **Level 2**: Shows understanding of size in the context of the business.<br>(3–4 marks) |
| **Level 1**: Simple statements about size.<br>(1–2 marks) |

© University of Cambridge International Examinations 2012

**(c) Analyse the advantages and disadvantages of each of the sources of income suggested. [8]**

One of:

Increasing members' fees: fair on members? New members? Fees at other clubs? Impact on membership. Amount raised?

Selling unused land: Selling asset for current spending. Is this wise? Appearance of course? Future developments? Are offices needed? How much?

| Knowledge and Application | Analysis |
|---|---|
| **Level 2**: Shows understanding of income in the context of the business. (3–4 marks) | **Level 2**: Good analysis in context. (3–4 marks) |
| **Level 1**: Simple statements about income. (1–2 marks) | **Level 1**: Limited analysis. (1–2 marks) |

**(d) Evaluate the extent to which Jan's approach to his workforce will help to achieve his objective of making the restaurant "the best in town". [10]**

Jan's management:
- Autocratic leadership
- Interfering
- Believes in strong approach.

Could be approach needed for ambitious targets.

But must take workers with him:
- Experience not used
- Not understood
- Not allowed to do job well
- Hardworking already. Can they take on more?

Jan's objective depends critically on customers. Can this be achieved if staff not as effective as they could be?

ARA

| Knowledge and Application | Analysis and Evaluation |
|---|---|
| **Level 2**: Shows understanding of leadership/objectives in the context of the business. (3–4 marks) | **Level 2**: Evaluation of leadership style/ likelihood of achieving objectives in context. (3–6 marks) |
| **Level 1**: Shows understanding of leadership/objectives. (1–2 marks) | **Level 1**: Limited analysis of leadership style. (1–2 marks) |

© University of Cambridge International Examinations 2012