CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2013 series

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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

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1 The Harbour Hotel (HH)

(a) Explain the following terms:

(i) partnership [3]

Content: type of business structure usually with unlimited liability. Formed by two or more people. Shared investments, shared responsibilities. Often professional businesses e.g. solicitors, dentists etc.

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

(ii) revenue. [3]

Content: Income from sales of goods or services during a period of time. Sometimes called turnover. Appears in income statement. = sales X price for a single product.

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

(b) (i) Calculate the forecast growth rate for the hotel market between 2012 and 2013. [2]

Grown from $500 000 to $600 000 so growth is $100 000
Growth rate is $100 000/500 000 = 20%

Correct answer 2 marks
Attempt 1 mark

(ii) Comment on HH's forecast growth between 2012 and 2013 relative to the market as a whole. [4]

Clearly projected to grow faster (33% cf 20% – percentage calculation not necessary for full marks) but how reliable are the data/forecasts? Both produced by Saima.

ARA

Knowledge and Application
Level 2: Shows understanding of growth rates in context of the business **(3–4 marks)**
Level 1: Simple statements **(1–2 marks)**

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(c) Analyse how HH could change its marketing mix if the target market is changed to business customers. [8]

Current market is the holiday market. Main promotion focus is internet and the tourist office. Internet will need to be refocused. Tourist office will be less useful, perhaps other organisations such as chamber of commerce.

Facilities will need to be reviewed. Business customers may want ITC facilities, meeting rooms etc. Swimming pools may not be so important.

Pricing may become different. Tour operators may be more demanding. With the right facilities it may be possible to increase prices.

The whole product will need reviewing – service may need training, change of attitude etc.

Knowledge and Application	Analysis
Level 2: Shows understanding of marketing mix/marketing in context of the business **(3–4 marks)**	**Level 2**: Good analysis of changes to marketing mix in context **(3–4 marks)**
Level 1: Shows knowledge of marketing mix/marketing **(1–2 marks)**	**Level 1**: Limited analysis of changes to marketing mix **(1–2 marks)**

(d) Discuss methods for solving the human resource problems at HH. [10]

Content:
Range of problems:

- pay
- workload
- management style
- worries about the future
- absenteeism etc. suggests either low morale or poor recruitment

Solutions
Pay: can they afford it? Would it be a long term solution?
Recruitment: Two examples of why this might be tightened up.
Management: Perhaps needs reviewing.

Evaluation likely to come from identifying the critical issues/methods.

ARA

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of HRM in context of the business **(3–4 marks)**	**Level 2**: Evaluation of methods or good analysis in context **(3–6 marks)**
Level 1: Shows knowledge of HRM **(1–2 marks)**	**Level 1**: Limited analysis of methods needed **(1–2 marks)**

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2 Bright Glass (BG)

(a) Explain the following terms:

(i) secondary sector **[3]**

Content: Manufacturing. Between primary and tertiary, finished, semi-finished products. Example would help.

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

(ii) brand. **[3]**

Content: An identifying symbol, name, image, trademark that distinguishes a product from its competitors. Example useful.

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

(b) (i) Calculate BG's current ratio for May 2013. **[3]**

Current assets = 10 + 10 + 10 = 30

CL = 60

CR = CA/CL = 30/60 = 0.5

Correct answer 3 marks
Good attempt 2 marks (applies formula but mistakes)
Attempt 1 mark

(ii) BG's current ratio for 2012 was 1.5. Comment on the change in BG's liquidity. **[3]**

Drastic decrease from what is commonly regarded as comfortable (1.5) to 0.5 which indicates liquidity problems. Short term assets have fallen below ability to repay liabilities.

ARA

Knowledge and Application
Level 2: Shows understanding of liquidity in the context of the data **(2–3 marks)**
Level 1: Shows understanding of liquidity **(1 mark)**

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(c) Analyse the benefits to BG of being a public limited company if it decides to expand to another country. [8]

PLC carries prestige – may be useful in another country

Will be need for a lot of finance – easier to raise publicly

Limited liability will encourage a risky investment abroad

Other benefits from incorporation

ARA

Knowledge and Application	Analysis
Level 2: Shows understanding of ownership issues/plc in the context of the business **(3–4 marks)**	**Level 2**: Good analysis in context **(3–4 marks)**
Level 1: Shows understanding of ownership issues/plc **(1–2 marks)**	**Level 1**: Analysis of benefits **(1–2 marks)**

(d) Recommend to BG the best location for the new factory. Use Table 1 and other information. Justify your answer. [10]

Candidates must use Table 2
A has greatest potential market growth and lowest costs. However higher risk.

B is lower risk

Choice depends on attitude of Directors.

ARA

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of location in the context of the business **(3–4 marks)**	**Level 2**: Evaluation of locations **(3–6 marks)**
Level 1: Shows understanding of location **(1–2 marks)**	**Level 1**: Limited analysis of locations **(1–2 marks)**

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