UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the October/November 2010 question paper for the guidance of teachers

9707 BUSINESS STUDIES

9707/23 Paper 2 (Data Response), maximum raw mark 60

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UNIVERSITY of CAMBRIDGE
International Examinations

1 Big Bottles

(a) Explain the following terms:

(i) research and development [3]

Content: Activity undertaken by (often large) businesses to develop new products/ services. Essential in rapidly-changing sectors.

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

(ii) market research. [3]

Content: Finding out information about markets for making marketing decisions. Can be primary and secondary.

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

(b) (i) Using Table 1, calculate the sales revenue for 2011. [3]

GPM = 40%
GP = 60
GPM = 100 × GP/sales
Sales = GP/GPM = 60/40 × 100 = $150 million

Correct answer (3 marks)
Correct method but simple mistakes (2 marks)
Formula or identifies all the data but flawed calculation will earn (1 mark)

(ii) Using Table 1 and your answer to part (i), comment on the trend in gross profit margin. [3]

Falling significantly. Due to falling sales and steady cost of goods sold.
Any reasonable answer (ARA); own figure rule.

Knowledge and Application	
Level 2: Shows understanding of GPM in context.	(2–3 marks)
Level 1: Shows understanding of issues involved in GPM.	(1 mark)

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(c) Analyse the possible effects of Government economic policies on BB's activities. [8]

Economic policies can change spending patterns (interest rates, taxes, exchange rates etc.) and costs, hence profits.

Fiscal policies: taxation, spending. Can influence consumer spending hence sales and profits. Is this likely for this product? Can influence BB directly through corporation taxes, subsidies, grants.

Monetary policy: interest and exchange rates. Affects both customers (spending) and BB (cost of borrowing, raw materials, workers wages etc.) and changed costs means changed profits.

ARA

Knowledge and Application	Analysis
Level 2: Shows understanding of influence of Government economic policies/effects in context of the business. (3–4 marks)	Level 2: Analysis of effects in context. (3–4 marks)
Level 1: Shows understanding of Government economic policies/effects. (1–2 marks)	Level 1: Analysis of effects. (1–2 marks)

(d) Discuss how BB might respond to the difficulties that it faces. [10]

Content could include:
- Declining market
- Competition (cheaper imports)
- Government pressures
- Consumers (drinks companies and their customers) more aware of waste issues
- Operational – higher wastage

Possible responses:
- Extension strategies (alternative uses?)
- More environmentally-friendly bottles
- Reduce costs/increase efficiencies
- Translate research into new products/diversification
- New raw materials

ARA

Evaluation likely to come through prioritising difficulties/responses.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of difficulties/ possible responses in context of the business. (3–4 marks)	Level 2: Evaluation of responses in context. (3–6 marks)
Level 1: Shows understanding of difficulties/ possible responses. (1–2 marks)	Level 1: Analysis of the methods of responding. (1–2 marks)

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2 Newtown University

(a) Explain the following terms:

(i) tertiary sector [3]

Content: That section of business providing services. In many countries the fastest growing sector, especiallly IT-related. Contrasts with manufacturing and primary.

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

(ii) operational efficiency. [3]

Content: A measurement comparing outputs with inputs in a business process. Objective is high operational efficiency.

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

(b) (i) Calculate the value of X in Table 2. [3]

Opening balance + X – expenses = closing balance
X = 20 + 7 – 2 = $25 thousand

Correct answer (3 marks)
Correct method but simple mistakes (2 marks)
Formula or identifies all the data but flawed calculation will earn (1 mark)

(ii) Using Table 2 and your answer to part (i), briefly comment on the change in the closing balance between month 1 and month 4. [3]

Low at beginning because of outflows. Inflows take over. Identifies need for finance. Eventually positive cash flow so proposal might be worth doing.

Knowledge and Application	
Level 2: Shows understanding of cash flow in the context of the business.	(2–3 marks)
Level 1: Simple statements.	(1 mark)

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(c) Analyse how NU could promote the research facilities to businesses. [8]

It's business-to-business promotion (NU to electronics companies)
Usual methods of promotion not appropriate (TV etc.)
Likely to be direct contact in some way

- Exhibitions
- Personal selling
- Ads in trade magazines
- Public relations.

ARA

Knowledge and Application	Analysis
Level 2: Shows understanding of promotion in the context of the business. (3–4 marks)	Level 2: Good analysis in context. (3–4 marks)
Level 1: Shows understanding of promotion. (1–2 marks)	Level 1: Limited analysis of methods of promotion. (1–2 marks)

(d) Discuss how the management of NU might motivate its employees involved in the scheme. [10]

As described, what do employees get apart from more work and increased efficiency? Is that what they want?
Trade union might cause resistance.
Are researchers motivated by money? Can university afford to pay more?
Bonuses for successful research? A share in the proceeds?

ARA

Evaluation likely to come from recognising the key factors.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of motivation in the context of the business. (3–4 marks)	Level 2: Evaluation of motivation. (3–6 marks)
Level 1: Shows understanding of motivation. (1–2 marks)	Level 1: Analysis of motivation. (1–2 marks)

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