

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary and Advanced Level

MARK SCHEME for the June 2005 question paper

9707 BUSINESS STUDIES

9707/02

Paper 2 (Data Response), maximum raw mark 60

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

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

CIE is publishing the mark schemes for the June 2005 question papers for most IGCSE and GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.



Grade thresholds for Syllabus 9707 (Business Studies) in the June 2005 examination.

	maximum mark available	minimum mark required for grade:		
		A	B	E
Component 2	60	41	37	26

The thresholds (minimum marks) for Grades C and D are normally set by dividing the mark range between the B and the E thresholds into three. For example, if the difference between the B and the E threshold is 24 marks, the C threshold is set 8 marks below the B threshold and the D threshold is set another 8 marks down. If dividing the interval by three results in a fraction of a mark, then the threshold is normally rounded down.

June 2005

GCE AS AND A LEVEL

MARK SCHEME

MAXIMUM MARK: 60

SYLLABUS/COMPONENT: 9707/02

BUSINESS STUDIES
Paper 2 (Data Response)



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Assessment Grid

Question	Knowledge	Application	Analysis	Evaluation	Total
1 (a) (i)	1	2			3
1 (a) (ii)	1	2			3
1 (b) (i)	1	1			2
1 (b) (ii)	1	1			2
1 (b) (iii)	1	1			2
1 (c)	2	2	4		8
1 (d)	2	2	2	4	10
2 (a) (i)	1	2			3
2 (a) (ii)	1	2			3
2 (b) (i)	1	1			2
2 (b) (ii)	2	2			4
2 (c)	2	2	4		8
2 (d)	2	2	2	4	10
Total	18	22	12	8	60
	18 +/-4	18 +/-4	12 +/-4	12 +/-4	

Page 2	Mark Scheme	Syllabus	Paper
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1 (a) Explain the following terms:

(i) Non-financial motivators [3]

Content: Non-monetary forms of reward, for example Herzberg, hygiene factors, training, promotion, job enrichment, fringe benefits etc.

Level 2: Good understanding [2–3 marks]

Level 1: Partial understanding [1 mark]

(ii) Quality control [3]

Content: A process that aims to ensure that a product or service is fit for the customer. Could involve sampling, or more complete methods such as TQM.

Level 2: Good understanding [2–3 marks]

Level 1: Partial understanding [1 mark]

(b) (i) Calculate the forecast net profit for 2006 if the new product is introduced.[2]

Sales	32
Cost of sales	19
Gross profit	13
Expenses	2
Depreciation	3
Net Profit	8

2 marks for correct calculation

1 mark for an attempt that has errors

(ii) Calculate the net profit margin if the product is introduced. [2]

$$8/32 * 100 = 25\%$$

2 marks for correct calculation

1 mark for an attempt that has errors

(iii) How might John use the result in (ii)? [2]

The net profit margin has increased from 20% to 25%. This may be used in helping to make the investment decision, but there are other factors involved including cost of investment, future market conditions, whether the product will be successful.

2 marks for recognising a possible use with some explanation

1 mark for recognising a possible use

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(c) Analyse the marketing factors that MPP should consider when launching the new product. [8]

Marketing mix will need to recognise that:

- Product is environmentally friendly – could use in marketing and may allow a premium price
- More costly to produce – likely to be higher priced than competitors
- Quality is an issue particularly as product is used with food
- May have an impact on sales of existing products and therefore their marketing

Answers should be assessed in relation to the marketing impact, although other factors, such as cost of machinery, difficulties changing etc. could be rewarded if there is an attempt to relate them to marketing issues.

Context is likely to be the nature of the firm and the new product.

Analysis will explore consequences of the nature of the product for the marketing mix.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of marketing in context of the business [3–4marks]	Level 2: Good analysis of marketing issues in context [3–4 marks]
Level 1: Shows understanding of marketing [1–2 marks]	Level 1: Limited analysis of marketing. Either good analysis but not in context, or weak analysis in context [1–2 marks]

(d) Discuss whether MPP should introduce the same working conditions and benefits in all of its factories. [10]

Background/Context: Present arrangements differ from country to country. Some workers are demanding equal treatment.

Analysis issues: Could be expensive. Management of change can be difficult. Could lead to discontent with those workers who have an advantage. Might be difficult to get arrangements that suit laws in several countries. May not recognise local conditions. May give firm good reputation as fair employer. Could enable employees to move from country to country easily. Would act as a motivator in some countries. Whether or not trades unions are involved and the extent to which they cooperate.

Evaluation: Either through a justified recommendation or through identifying that the decision will ultimately depend on a number of unknowns (e.g. extent of differences between the regulations, financial state of firm, strength of views of workforce).

Page 4	Mark Scheme	Syllabus	Paper
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Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of implementation issues in context of the business [3–4 marks]	Level 2: Evaluation of implementation issues [3–6 marks]
Level 1: Shows understanding of implementation issues [1–2 marks]	Level 1: Analysis of problems [1–2 marks]

2 (a) Explain the following terms:

(i) Secondary market research (line 5) [3]

Content: Information that has been prepared either by another organisation or for another purpose e.g. government statistics, commercial market research reports, company records.

Level 2: Good understanding **[2–3 marks]**
Level 1: Partial understanding **[1 mark]**

(ii) Human resource management (line 14) [3]

Content: The management function involved in all aspects of staff performance including planning, recruiting, training, monitoring, appraising, staff development.

Level 2: Good understanding **[2–3 marks]**
Level 1: Partial understanding **[1 mark]**

(b) (i) Calculate the percentage (%) change in total revenue of monthly magazines from 2002 to 2004.

$$(100 - 60)/60 * 100 = 40/60 * 100 = 67\% (66\%)$$

2 marks for correct calculation
1 mark for an attempt

(ii) Outline additional market information Our News Ltd. would find useful before taking the decision to produce the monthly magazine. [4]

Very wide range of answers possible.

This is not a question about primary and secondary research or about costs or other internal factors.

Reward for being realistic (in context) and appropriate.

Information on the market could include:

- What potential readers want in a magazine
- What are forecast trends
- What prices are customers prepared to pay
- Information about competitors prices, magazines
- Potential size of the market

Accept Reasonable Answers

Page 5	Mark Scheme	Syllabus	Paper
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Knowledge and Application	
Level 2: Shows understanding of market information in context of the business	[3–4 marks]
Level 1: Shows understanding of market information	[1–2 marks]

- (c) **Analyse how Lucky might manage the human resource problems that could result from changing from a daily newspaper to a monthly magazine. [8]**

Content: The answers to this question are likely to depend on the culture of the country of the student. Marking should therefore be looking for analysis of the issues rather than particular methods.

- Management of change difficult
- May involve conflict with unions
- Some workforce already concerned
- However change is essential for competition and survival
- Opportunities for workers include new skills, training, different jobs. Survival of the firm is important (stakeholder issue)
- Strategy could include involving work force in planning for change, keeping them informed. Providing opportunities for voluntary redundancy, early retirement. Help seeking alternative employment

Accept Reasonable Answers

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of management of change in context of the business [3–4 marks]	Level 2: Good analysis of issues in context [3–4 marks]
Level 1: Shows understanding of management of change [1–2 marks]	Level 1: Weak analysis of issues in context or general analysis of issues [1–2 marks]

- (d) **Evaluate the decision of Our News Ltd to replace the daily newspaper with the monthly magazine. [10]**

Data could be used effectively showing both falling sales and advertising revenue of daily newspaper in contrast with the monthly magazine. Is there a future in daily newspapers?

Staffing issues are important but can firm survive without progress?

Are there other possibilities e.g. on-line newspapers?

Costs and market research information need to be carefully analysed and a balanced judgement drawn.

Not enough information to make a decision!

Context is likely to be the data and other information in the case.

Evaluation could be either through an assessment of the decision, or identification of factors critical to the decision.

Page 6	Mark Scheme	Syllabus	Paper
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Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of factors influencing the decision in context of the business [3–4 marks]	Level 2: Evaluation of decision or good analysis in context [3–6 marks]
Level 1: Shows understanding of factors influencing the decision [1–2 marks]	Level 1: Limited analysis of factors [1–2 marks]