

**UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS**

GCE Advanced Subsidiary and Advanced Level

**MARK SCHEME for the June 2005 question paper**

**9707 BUSINESS STUDIES**

9707/01

Paper 1 (Short Answer/Essay), maximum raw mark 40

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do 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 1	40	31	27	17

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: 40**

**SYLLABUS/COMPONENT: 9707/01**

**BUSINESS STUDIES**  
**Paper 1 (Short Answer/Essay)**

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### Question 1

- (a) Number of subordinates reporting to a manager
- Partial explanation of term. [1]  
Full explanation of term. [2]
- (b) Greater delegation required so more responsibility for subordinates and less central control. Often results from delayering. Greater job satisfaction for high flyers but can lead to frustration if not well managed and supported.
- Some understanding but benefits not explained. [1]  
Substantially full but incomplete explanation of benefits. [2]  
Full explanation of why and in what circumstances workers might prefer. [3]

### Question 2

- (a) The ability of a business to find cash for short term financial needs, the extent to which firms can pay their short term debts.
- Partial definition [1]  
Full definition of the term. [2]
- (b) Reducing stocks or debtors, increasing creditors (all dependent on commercial feasibility). Selling assets, leasing, sale and leaseback, obtaining loans etc.
- One relevant way stated but not described. [1]  
Brief description given of way stated. [2]  
Full explanation of way stated. [3]

### Question 3

Likely to be high volume, flow line production. Benefit from cutting waste at all levels. JIT stock control key, allied to right first time, TQM, lean people management, time-based management etc.

- Limited understanding of lean production or definition. [1]  
Good understanding of some aspects of lean management. [2-3]  
Generally full appreciation of benefits of technique. [4-5]

### Question 4

- (a) Costs which change in total in proportion to output in the short run, e.g. raw materials, direct labour, variable overheads.
- Partial definition/relevant example. [1]  
Substantially full definition. [2]
- (b) Some costs are semi-variable, e.g. electricity, maintenance, and rise with output but not in proportion. Labour may be fixed in the short run.
- Superficial knowledge only shown/or relevant example. [1]  
Partial explanation given. [2]  
Substantially full explanation of reasons for the difficulty. [3]

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### Question 5

- (a) Start-ups have survival as first objective, which might recur in tough times or under takeover threat. Expansion might be goal, with turnover, market share, size the key, by diversification, or at other times focusing on key capabilities. Profit maximisation comes later, especially if a company has gone public, but growth may still be short term objective at times.

Knowledge and Application	Analysis and Evaluation
Level Two: Outlines objectives in context of growth. 3-4 marks	
Level One: Just gives different objectives without relating to growth. 1-2 marks	Level One: Explains how growth changes objectives. 1-4 marks

- (b) Answers should examine the need to plan for growth to avoid HRM problems. If firms just react to short-term change they are likely to be less efficient and successful, leading to staff shortage, stress, demotivation and loss of staff. Planning recruitment or promotion, training, reward systems etc. will avoid problems by anticipating them and save expense. Depends if firms see employees as key resource or expendable. If not, “them and us” attitude may prevail.

Knowledge and Application	Analysis and Evaluation
Level Two: Relates importance in context of growth, recognising need to plan ahead to avoid problems. 3-4 marks	Level Two: Evaluates the importance of HR planning to a growing business. 5-8 marks
Level One: Outlines HR planning issues but not in context of growth. 1-2 marks	Level One: Analyses HR planning factors in the context of growth and change. 1-4 marks

### Question 6

Answers should range from issues such as political and social constraints, legislation and factors arising from macro-economic policy. Political: could consider market systems in different countries with the balance of public and private sector and the level of taxation. Social issues include ethical issues. Legislation includes factors such as location management, consumer, employee and employer protection. Economic factors include inflation control, interest rate and currency management. All should be related to how they impinge on businesses’ ability to manage their affairs and make profit.

Knowledge and Application	Analysis and Evaluation
Level Two: Examines how, in what situations and to what extent government may intervene. 5-8 marks	Level Two: Evaluation of the impact of government intervention. 9-12 marks
Level One: Simply states ways in which governments intervene in markets, e.g. legislation, economic policy etc. 1-4 marks	Level One: Analyses ways in which firms are affected by government economic policy, e.g. effect on demand of tax, interest rates etc., or effect on costs of legislation such as employment or consumer protection. 1-8 marks

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### Question 7

- (a) It will look at consumer characteristics which enable it to target marketing and focus advertising, pricing, distribution etc., rather than viewing markets as a whole. Likely segments might be age, income, occupation, region or any other characteristics which differentiate consumers.

Knowledge and Application	Analysis and Evaluation
Level Two: Applies understanding to soft drinks market. 3-4 marks	
Level One: Some understanding of segmentation. 1-2 marks	Level One: Analysis of the way in which different segments might occur (illustrative examples). 1-4 marks

- (b) Answers should distinguish between primary and secondary research. Secondary should come first and involve using published data about competition, market size etc. More important is likely to be primary research in the target market, using questionnaires, interviews, consumer panels, blind tasting. Getting the taste right is the key aim, but packaging, price and promotion need to be tested too. Much will depend on the budget available.

Knowledge and Application	Analysis and Evaluation
Level Two: Considers factors appropriate to a soft drinks manufacturer. 3-4 marks	Level Two: Evaluates the effectiveness of different types of MR in the context of a drinks manufacturer, taking into account its objectives, size, finance available etc. 5-8 marks
Level One: Shows some knowledge of market research methods. 1-2 marks	Level One: Analyses primary and/or secondary research. 1-4 marks

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### Indicative Guidelines

To be used with the Mark Scheme for Essay marking

Marks

- 1-4 If the answer is largely irrelevant, but contains a few valid points.
- 5-7 If the answer possesses relevant material but is simple in expression and its grasp of the issues involved.
- 8-9 If the answer seems to be the minimum acceptable for 'A' Level work i.e. it covers the basic textbook material (1) that seems to have been mastered by many of the candidates and (2) that is presented in a routine, unimaginative and sometimes unnecessarily long-winded fashion; it also shows no awareness of the more subtle issues raised by the question.
- 10-11 If the answer seems a basic pass with a little to spare (a few examples, facts etc.) and with an attempt at analysis.
- 12-13 If the answer strikes you as undoubtedly a pass, with something to spare (one or two passages with some insight displayed, some well worked examples, better than usual organisation and presentation of reasonable material).
- 14-16 If the answer is undoubtedly above average, eliciting the instinctive reaction 'good' i.e. it is beginning to stand out above the routine answer in terms of knowledge and understanding of facts and ideas; or it begins to display a genuine attempt to answer the question rather than regurgitate learned material, yet at the same time is clearly capable of improvement at this level.
- 17-19 If the answer is clearly very good, with clarity and economy of expression, use of good material to answer the question (the precise wording of which should be in no doubt from the reading of the answer alone!), sensible and often original exemplification – in other words showing a true insight.
- 20 If the answer immediately strikes you as ranking among the very best you have read at this level, and fulfils the criterion that (in your judgement) it is not capable of improvement by a student of 18 years, who will have to conceive and write the answer in an examination room in 30 minutes.