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Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS 9609/11

Paper 1 Short Answer/Essay

October/November 2017

MARK SCHEME
Maximum Mark: 40

Published

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| Question | Answer | Marks | | |
|----------|---|-------|--|--|
| 1(a) | Define the term 'channel of distribution'. | | | |
| | It is the chain of intermediaries a product passes through (1) from producer to consumer. (1) | | | |
| | A definition such as this merits 2 marks. | | | |
| | A partial definition such as 'the way a business distributes its products' or 'method used by a business to get products to customers' merits 1 mark. | | | |
| | Sound definition (2 marks) Partial definition – limited understanding (1 mark) No creditable content (0 marks) | | | |
| 1(b) | Briefly explain <u>two</u> factors a manufacturing business might consider in deciding on an appropriate channel of distribution. | 3 | | |
| | Answers may include: | | | |
| | cost of different distribution channels e.g. direct selling involves shipping costs and requires the manufacturer to hold inventory. using intermediaries means reduced profits for the manufacturer. efficiency of distribution channel; which will reach the customer the quickest and at the lowest cost to the manufacturer. which channel gives the manufacturer the control they require over how the product is presented to the customer. type of product – industrial products tend to be sold more directly than consumer goods, perishable direct to retailers. the nature of the chosen market – if it is large and dispersed, intermediaries may well be needed. level of service required or demanded by customers – so some products will not be sold via internet (e.g. bespoke products). technical complexity of the product – may be direct selling, e.g. computers. number of customers – if high value product and few customers, direct selling might be used (luxury yacht). | | | |
| | NOTE: Some answers refer to methods of transportation but not specific intermediaries. The question is 'channel of distribution' so methods of transportation only cannot gain marks. | | | |
| | Sound explanation of two factors (3 marks) Sound explanation of one factor or partial explanation of two factors (2 marks) | | | |
| | Partial example of one factor or a list of two factors (1 mark) No creditable content (0 marks) | | | |

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| Question | Answer | Marks | | | |
|----------|--|-------|--|--|--|
| 2(a) | Define the term' job re-design'. | 2 | | | |
| | The re-structuring / altering / changing of a job (1), usually with employee involvement and agreement, (1) to make the work / job more interesting / satisfying / challenging. (1) | | | | |
| | A definition that merits 2 marks will contain 2 of the 3 points listed above. | | | | |
| | A partial definition that merits 1 mark will contain 1 of the 3 points above. | | | | |
| | NOTE: Some answers refer to the role of an employee changing but do not refer to a 'job' The question is 'job re-design' so explicit reference to a 'job/tasks' must be made for marks to be awarded. | | | | |
| | Sound definition given (2 mark | * | | | |
| | Partial definition given (1 ma No creditable content (0 mark | * | | | |
| 2(b) | Briefly explain the benefits to a business of job re-design. | 3 | | | |
| | Answers could include: | | | | |
| | Job re-design is designed to: make the job holder feel more valued by increasing their role. This leads to maximum output from satisfied workers. | | | | |
| | increase motivation of workers and hence help to retain them so reducing costs of recruitment. | | | | |
| | create a right person – right job fit leading to efficient and effective workforce so increasing productivity. | | | | |
| | adapt the business / job roles to suit changing economic conditions, therefore having the right staff and skills to deal with change so the business can survive/grow. | | | | |
| | NOTE: Candidates that do not refer to a 'job' in question 2(a) may nevertheless give acceptable answers in question 2(b) by referring to the impact of job re-design on employees such as new skills and motivation, leading to increased productivity and should be rewarded accordingly. | | | | |
| | Sound explanation of the benefits of job re-design to a business | | | | |
| | Limited explanation of the benefits of job re-design (2 mark Some general comment on job re-design (1 mark No creditable content (0 mark (0 mark (0 mark (0 mark (1 ma | rk) | | | |
| | No creditable content (0 mark | (8) | | | |

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| Question | Answer | Marks | | | | |
|----------|---|-------|--|--|--|--|
| 3 | Explain how a business might benefit from acting ethically. | 5 | | | | |
| | Answers may include: | | | | | |
| | Acting ethically is regarded as doing the 'right thing' – taking business decisions against a background of certain moral principles – morally correct behaviour. | | | | | |
| | In the short-term there may be a 'cost' involved in acting ethically – only doing things in a certain way or not doing certain things. | | | | | |
| | In the long-term there could be substantial benefits: | | | | | |
| | avoid negative publicity. retain customer loyalty – retain/gain sales through high reputational perception. attract ethical customers/investors. attract staff/retain staff. gives a competitive advantage. improved brand and business awareness. | | | | | |
| | Effective explanation of possible benefits to a business of ethical business activities (4–5 marks) Limited explanation of possible benefits of ethical business activities (2–3 marks) Understanding of ethical business activity No creditable content (0 marks) | | | | | |
| 4(a) | Define the term 'micro-finance'. | 2 | | | | |
| | The provision of financial services for poor and low-income customers (1) who do not have access to banking services such as loans and overdrafts offered by traditional commercial banks. (1) | | | | | |
| | Such a definition should be awarded 2 marks. | | | | | |
| | A partial definition such as 'the provision of financial services to poor customers' should be awarded 1 mark. | | | | | |
| | NOTE: Reference to 'poor' or 'low-income' must be made for 2 marks to be awarded. | | | | | |
| | Sound definition (2 marks) Partial definition (1 mark) No creditable content (0 marks) | | | | | |

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| Question | Answer | Marks | | |
|----------|--|-------|--|--|
| 4(b) | Briefly explain <u>two</u> advantages of micro-finance for entrepreneurs. | | | |
| | entrepreneurs use micro-finance to start businesses. entrepreneurs use micro-finance to operate and grow businesses. this provides an income and average incomes increase. provide finance which otherwise would not be available to high risk entrepreneurs with no credit score. such finance is likely to be at lower interest rates than traditional banks making it easier to pay back. small capital sums in the form of loans to poor aspiring entrepreneurs (especially in rural areas) have encouraged small businesses to be set up where previously there was no access to such funds. evidence that women, who traditionally have been denied financial services, have benefitted from micro-finance opportunities. growth of local economies; incomes rise and families are able to give education to their families. micro-finance institutions stimulate economic activity and development particularly through entrepreneurial activity – the multiplier effect. Sound explanation of two advantages of micro-finance for entrepreneurs (3 marks) Sound explanation of one advantage or partial explanation of two advantages (2 marks) Partial explanation of one advantage or list of two (1 mark) No creditable content | | | |

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| Question | | Answer | | Marks | | |
|----------|---|--|---|-------|--|--|
| 5(a) | Analyse the role of marketing in adding value to a product | | | | | |
| | Level | Description | Marks | | | |
| | 4 | Good analysis of how marketing can add value to a product. | 7–8 | | | |
| | 3 | Some analysis of how marketing can add value to a product. | 5–6 | | | |
| | 2 | Some application of how marketing can add value to a product or convince customers that a product is more desirable. | 3–4 | | | |
| | 1 | Understanding of value added and/or marketing. | 1–2 | | | |
| | 0 | No creditable content. | 0 | | | |
| | Answers may include: Candidates may well use the 4Ps framework to answer this question, but must link to adding value to gain Level 2. Marketing is linking the production of goods and services to the consumer | | | | | |
| | Adding value is the difference between the cost of purchasing bought in materials and the price finished goods/services are sold for – the greater the difference the greater the potential for more profit. | | | | | |
| | identification effects dete the consistence customates position the consistence customates consistence customates increase custom | rig / market research / market intelligence can add valuatifying how to get a product to the right customers more extively/cheaply so reducing cost and adding value. Immining the right offer price to set for the target market so optimal amount of added value for that target market. Iting a distinctive brand that becomes a 'must have' name is sumers will pay a premium price for. It is a product being more valuable so omers are willing to pay more for it. It itioning a business/product/creating a USP so that it stands competition; customers likely to buy the product even if the er than rivals. Iting an exclusive and luxurious retail environment to convitomers to pay more for a 'luxurious' product – cosmetic retary cars. If high quality packaging to differentiate a product – perfuncy chocolates and make it appear worth the higher price. Inoting the benefits of a product to achieve a result / outcometion – not just a commodity so higher price is justified. Indicated the product is a supposed to suggest social proof that its product is a supposed to suggest social proof that its product is a supposed to suggest social proof that its product is a supposed to suggest social proof that its product is a product to suggest social proof that its product is product in a supposed to suggest social proof that its product is product in a supposed to suggest social proof that its product is product in a supposed to suppose the price is product in a supposed to suppose the price is product in a supposed to suppose the price is product in a suppose the price in a suppose the price is product in a suppose the price in a suppose the price is product in a suppose the price in a suppose th | creating that s out from e price is ince ailers, ne – | | | |

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| Question | | Answer | | Marks |
|----------|---|--|-------------------------------|-------|
| 5(b) | | how market segmentation could be used to improve ility of a hotel. | the | 12 |
| | Level | Description | Marks | |
| | 4 | Effective evaluation of how market segmentation could be used to improve the profitability of a hotel. | 9–12 | |
| | 3 | Limited evaluation of how market segmentation could be used to improve the profitability of a hotel. | 7–8 | |
| | 2 | Analysis and some application of how market segmentation could be used to improve the profitability of a hotel. | 3–6 | |
| | 1 | Understanding of market segmentation and/or profitability. | 1–2 | |
| | 0 | No creditable content. | 0 | |
| | priceprofi reveNOTE. S the hote | ght lead to gaps in the market being identified and exploit a discrimination can be used to increase revenue and protability – the ability of a business to earn a profit by increanues and decreasing costs. Some may adopt a 'macro approach' and focus on the libeing segmented such as becoming a luxury hotel. ble if appropriately discussed. | fits. asing whole of | |
| | SpecificisusSpecificosincompression | el objectives might include – growth, profitability, full occup cific hotel market segments i.e. business traffic during the are traffic at weekends, special event traffic (celebrations, dings), conference traffic, all ensuring different revenue si cific provision could include: luxury penthouse rooms for h me earners, family rooms, budget rooms etc. all potentiallerating higher levels of profit. | week, treams. nigh- | |
| | involves potential competit | ve points: increasing hotel facilities to suit different segments e.g. refurbishment, staffing, materials. Must be enough revenue to cover this. Depends on existing reputation / lotel ion of hotel as to how successful and therefore profitable, egmentation might be. Impact on decisions if say an econssion. | ugh ocation / increased | |

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| Question | Answer | | | Marks |
|----------|---|---|--|-------|
| 6 | | n is the most important factor determining the success r manufacturing business.' Discuss this statement. | s of a | 20 |
| | Level | Description | Marks | |
| | 5 | Effective evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business. | 17–20 | |
| | 4 | Good analysis and limited evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business. | 13–16 | |
| | 3 | Analysis of the statement that location is the most important factor determining the success of a large car manufacturing business. | 11–12 | |
| | 2 | Limited analysis with application of the importance of business location and business success. | 5–10 | |
| | 1 | Understanding of business location / business success. | 1–4 | |
| | 0 | No creditable content. | 0 | |
| | a discar r transincer servi an u busir influe a red factor impo othe i.e.: | cussion of the importance of location to any business (inclinanufacturing business) – access to skilled labour, raw masport and communication facilities, governmental support / ntives / light regulations, proximity to other businesses and ices, customers. Inderstanding that the particular needs and strategies of spresses will affect location decisions and considerations and ence the significance of particular location issues and decision that while location is likely to be a significant success it will not be the only important factor or necessarily the rotant factor. In critical success factors determining success will be discussificant production processes leading to – Product differentiation – distinctive features, 'bells and we that lead to distinctive brand attributes leading to – Customer satisfaction – supported by effective marketing effective response to the demands of existing and emerging opportunities. | ecific d sions. eess most ssed, or / whistles' g and an ing market | |
| | 'Location recognise set out a | Inswers will fully explain the potential contribution made by 'to success of a car manufacturing business— but will also be that other factors might be equally / more important such bove and not forgetting the quality of leadership and mana siness — location is but one important factor. | as the 3 | |

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| Question | | Answer | | Marks |
|----------|---|---|---------------------------------------|-------|
| 7(a) | Analyse how a business might use Mintzberg's roles of management. | | | |
| | Level | Description | Marks | |
| | 4 | Good analysis of how a business might use Mintzberg's roles of management. | 7–8 | |
| | 3 | Some analysis of how a business might use Mintzberg's roles of management. | 5–6 | |
| | 2 | Some explanation of how a business might use Mintzberg's roles of management. | 3–4 | |
| | 1 | Understanding of Mintzberg's roles of management. | 1–2 | |
| | 0 | No creditable content. | 0 | |
| | Interpers Informat Decision | sonal: Figurehead, Leader and Liaison. ional: Monitor, Disseminator and Spokesperson. | e | |
| | allow to sugaps acts criter acts prog can lead of the sugaps | Entrepreneur, Disturbance Handler, Resource Allocator and Negotiator. As a business / HRM to analyse the roles that need to be pupport the effective management of a business and to identify as a benchmark for drawing up job specifications / recruitments. | erformed tify any ment ce of | |
| | Mintzbei the busi | nswers in which the candidate discusses how a mana rg's roles and how the result of the manager's actions ness e.g. achieving objectives, having good working ships, etc. are valid and can be fully rewarded. | | |

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| Question | | Answer | | Marks |
|----------|--|--|-----------|-------|
| 7(b) | | nal intelligence is the most important quality of an effe Do you agree with this view? Justify your answer. | ective | 12 |
| | Level | Description | Marks | |
| | 4 | Effective evaluation of the statement that emotional intelligence is the most important quality of an effective leader. | 9–12 | |
| | 3 | Limited evaluation of the statement that emotional intelligence is the most important quality of an effective leader. | 7–8 | |
| | 2 | Analysis and some application of the statement that emotional intelligence is the most important quality of an effective leader. | 3–6 | |
| | 1 | Understanding of emotional intelligence and / or qualities of leaders. | 1–2 | |
| | 0 | No creditable content. | 0 | |
| | abilit motive dem inspi Emotion abilit to ac | e leadership qualities will be identified such as: by to set a clear vision and direction; by to think strategically and see the big picture; by ate and carry staff along in successful achievement of go onstrate resilience and risk-taking skills; by of leaders etc. by of leaders to understand their own emotions and those of the chieve business performance; by billity to understand people and to get staff to respond through | of others | |
| | resp • auth • Gole | ect and understanding; entic leadership and servant leadership eman's EI competencies: self-awareness; self-managemer reness; social skills. | | |
| | howwith'soft | tive importance of emotional intelligence – does El complement and support other leadership qualitie out El leaders may not gain the confidence of employees. is hard' in business leadership but it would be risky not to nce and variety of qualities from an effective business lead | expect a | |
| | number of within the | ve comment/judgement of the view stated. El may be on of important qualities required of an effective leader. The be cluster of qualities may well be critical, as would the special business at particular times. | alance | |

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