

## **Cambridge Assessment International Education**

Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS 9609/22

Paper 2 Data Response

October/November 2018

MARK SCHEME
Maximum Mark: 60

#### **Published**

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 International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2018 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

# **Generic Marking Principles**

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

### GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

#### **GENERIC MARKING PRINCIPLE 2:**

Marks awarded are always whole marks (not half marks, or other fractions).

#### **GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit
  is given for valid answers which go beyond the scope of the syllabus and mark scheme,
  referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

# **GENERIC MARKING PRINCIPLE 4:**

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

## **GENERIC MARKING PRINCIPLE 5:**

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

#### GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Question		Answer			Marks
1(a)(i)	Define the term 'venture capital	·.			2
	Knov	vledge		Marks	
	A correct definition			2	
	A partial, vague or unfocused de	efinition		1	
	No creditable content			0	
	Content				
	One mark for an understanding the business perspective) or an inves  Source of finance/investment.  One mark for an understanding the not allow 'risk' on its own as all.  Provided for high risk/risky/risk growth/innovations	tment (fro /equity/fu at this is investm	om the entrepreneurs per nds risky, or for a risky purpo <b>ents have risk</b>	rspective)	
	Exemplar	Marks	Rationale		
	A source of finance provided to high risk businesses.	2	Both elements		
	Investment into a new business	2	Both elements		
	The equity into a high growth business	2	Both elements		
	A risky source of finance	2	'Risky' is just enough for risk – don't accept risk own	_	
	An investment with some risk	1	Investment is worth a n but 'some risk' is true o investments		
	High risk capital	1	'Capital' is a repeat of t question	he	
	The money provided to a business when it starts up	1	'starts up' is good enou (new business), but 'mo provided' is not enough (source of finance)	oney	
	The capital provided for a venture	0	A tautology		

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estion	Answer						
(a)(ii)	Brief	ly explain the term 'interna	al growth'				
	Award	Award one mark for each point of explanation:					
	Knowledge				Marks		
	С	C Example (an example needs to be specific – not the same as items in the A mark) or some other way of showing good understanding, for example AKA organic growth or less risky than external growth, higher cost, higher profitability etc.					
	В	Explanation of internal (in funds, reinvesting etc. or i over another business (do	n terms of	NOT merging/taking	1		
	Α						
		ent n a business expands its ow ce. Known as organic growt	•	ns using internal source	s of		
	When	n a business expands its ow	•	ns using internal source	s of		
	When finance  Exer  Orga	n a business expands its ow ce. Known as organic growth mplar anic growth by using the	•	Rationale 'Organic growth' – C n	nark		
	When finance  Exer  Orga busin	n a business expands its ow ce. Known as organic growth mplar	Marks	Rationale	nark n profits'		
	When finance  Exer  Orga busin more	mplar anic growth by using the nesses profits to open e shops.	Marks	Rationale  'Organic growth' – C n 'using businesses own – B mark	nark n profits' – A mark		
	Exer Orga busin more Expa profi merg	mplar anic growth by using the nesses profits to open e shops.	Marks 3	'Organic growth' – C n 'using businesses own – B mark 'to open more shops' – Expansion is A mark Reinvesting is B mark 'As opposed to merger	nark n profits' - A mark r' is also		
	Expa busin more Expa profit merco busin also Expa store produced to much busin	mplar  anic growth by using the nesses profits to open e shops.  ansion by reinvesting ts as opposed to a ger.  wth by using the nesses own funds. It is	Marks 3	Corganic growth' – C me 'using businesses own – B mark 'to open more shops' – Expansion is A mark Reinvesting is B mark 'As opposed to merget the B mark  B and C mark – do not 'growth' as the A mark because it is part of the	nark n profits' - A mark  r' is also t award c e term/in  wth – A		

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Question		Answer		Mark		
1(b)(i)	Refer to Table 1. Calculate the current ratio as at 31 December 2017.					
	Rationale					
	Correct answer with o	r without correct working	2			
	Formulae or identifica	tion of correct figures	1			
	No creditable content		0			
	CA CL 200 40 = 5:1 (accept 5)	D-4'				
	Answer	Rationale	Marks			
	5 (no working)	A correct answer	2			
	CL/CA = 40/200 = 1:5	Formula is wrong way round but correct figures have been identified	1			
	1:5 (no working)	No formula or correct identification of correct figures.	0			
	40/200 = 0.2	Correct figures have been identified	1			
	0.2 (no working)	No formula or correct identification of correct figures.	0			

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Question	Answer						
1(b)(ii)	Analyse two limitations to Thamir of using published accounts to decide whether to invest in CL.						
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks		
	2	Shows understanding of <b>two</b> limitations of <i>CL</i> 's published accounts	4	Developed analysis to Thamir of <b>two</b> limitations of using CL's published accounts	4		
		Shows understanding of one limitation of CL's published accounts	3	Developed analysis to Thamir of <b>one</b> limitation of using CL's published accounts	3		
	1	Shows knowledge of <b>two</b> limitations of published accounts	2	Limited analysis of <b>two</b> limitations of using published accounts	2		
		Shows knowledge of one limitation of published accounts	1	Limited analysis of one limitation of using published accounts	1		
	0	ı	No credita	ble content	-		
	'wrong' wa Analysis r owner/inv	cept answers which state ithout a valid reason whe must be about the limital estor) to achieve level 2 extual answers can only	<i>y they mig</i> tions to Th 	ht be wrong. eamir (as a potential	uld be		

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Question		Answ	er		Marks	
1(b)(ii)	<ul> <li>Content</li> <li>Historical – Published accounts are backward looking and will not tell Thamir much about the current state of the business for his investment. Is the business worth the same now as it was when the accounts were published. Also these accounts are from 31/12/17 – so half a year out of date.</li> <li>Need something to compare the accounts with – this is only one year, so there is nothing to compare with for Thamir to know if CL is improving or not.</li> <li>Need other businesses within industry to compare – no other businesses in the clothing industry to compare CL's accounts with.</li> <li>Non-financial assets are not included, e.g. human resources, management. May not give the full picture to Thamir. Only includes quantitative values</li> <li>Income statement only shows totals for the year</li> <li>Statement of financial position only a snapshot of a business at one point in time</li> <li>Market is dynamic and changes will not be reflected in the historical account</li> <li>Accept reference to what is missing from the given accounts (fig 1) as contextual (even though the data might appear in the published accounts), e.g. no inventory shown</li> </ul>					
	Examples of knowledge of a limitation of using published accounts	Examples of application/context	Examples of possible limited analysis	Examples of developed analysis in context		
	Can be window dressed (K)	CL may have postponed payment of bills until after 31st December (APP)	This could make the current assets appear to be worth more (AN)	Which may lead Thamir to pay more for 50% of the business (DEV)		
	May not reflect changes (K)	Which may make Thamir's 50% investment in shares (APP)	a risky investment (AN)	and may lead to him losing his money (DEV)		
	May not show customer loyalty (K)	The \$760 000 value of the non-current assets may not include the customer loyalty (APP)	The business may be worth more than Thamir thinks it is (AN)	Which may lead Thamir to not invest in the business. (DEV)		

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Question		Ans	wer			Marks
1(c)	Explain entrepre	two qualities that Thamir is eneur.	likely to ne	ed as a s	successful	4
	Level	Knowledge and Applic	cation	Marks	Annotations	
	2	Explanation of two character context	istics in	4	APP + APP	
		Explanation of one character context	ristic in	3	APP	
	1	Explanation of two character	istics	2	K + K	
		Explanation of one character	ristic	1	К	
	0	No creditable content		0		
	<ul><li>Ener</li><li>Self</li><li>Pers</li><li>Abili</li><li>Crea</li></ul>	dership skills rgy and enthusiasm belief and confidence sistence and drive ty to work under pressure ativity and imagination i-skilled amic			,	
		wledge of entrepreneurial ty needed for success (K)	Poss	sible con	text (APP)	
	Risk ta	ker	To invest v	enture c	apital	
	Leader	ship skills	To become in CL	e a 50% (	owner/manager	
	Energy	and enthusiasm	To take on as advice		rial roles such	
	Drive				iven to build up ail business	

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Question			Ans	swer			Marks
1(d)				re likely to be most ventory managemen		d by the	11
	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation	
				A justified judgement based on a developed argument of at least two stakeholders	7	EVAL + EVAL + EVAL	
				A developed judgement based on a developed argument of at least two stakeholders	6	EVAL + EVAL	
				A basic judgement based on a developed argument of at least two stakeholders	5	EVAL	
	Shows understanding of <b>two</b> stakeholders in context	3–4	APP + APP	Argument based on the impact on <b>two</b> stakeholders of CL of just in time in context	4	DEV + DEV	
	Shows understanding of one stakeholder in context		APP	Argument based on the impact on <b>one</b> stakeholder of CL of just in time in context	3	DEV	

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Question	S		Ans	swer			Marks
1(d)	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation	
	Shows knowledge of two stakeholders	1–2	K+K	Limited analysis on <b>two</b> stakeholders of CL of the introduction of just in time	2	AN + AN	
	Shows knowledge of one stakeholder		К	Limited analysis on <b>one</b> of CL stakeholder of the introduction of just in time	1	AN	
	N	o credita	ble conte	ent	(	0	
	Content Suppliers – at the moment the suppliers deliver once a month but just in time will require more regular deliveries (perhaps daily). This is likely to increase the costs of the supplier which they may or may not pass on to CL. Will CL need to change to closer suppliers? Current owners – could require significant investment. May also be savings to be made on the large warehouse that may not be needed any more.  Employees – May be made redundant if they work in the warehouse – alternatively their job may change to distribution rather than warehouse.  Customers – used to next day delivery, but this may not be possible if clothes have to be ordered from suppliers after they have been ordered by the customer.  Thamir – Condition of him investing in CL						

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Question			Answer			Marks
1(d)	ARA An example of annotated.	how an answer	could develop a	and how it shou	ld be	
	K	APP	AN	DEV	EVAL	
	Suppliers	only deliver inventory to CL once a month and will need to increase this.	JIT might mean that the suppliers would need to deliver goods every day increasing their costs.	Which could decrease the suppliers profit.	Overall the supplier will be more affected by the introduction of JIT than the customer (EVAL).	
	Customers	Expect their deliveries the next day if ordered by 18.00.	With JIT this may no longer be possible and the customer may have to wait longer.	Which could make the customer have to order from elsewhere.	Because the supplier may not have enough other customers to stop supplying CL, whereas the customer is likely to have greater choice of where to buy clothes from. (EVAL EVAL).  However this depends on how much extra time the customer will have to wait for delivery (EVAL EVAL).	

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Question	Answer				
2(a)(i)	Define the term 'primary sector'	(line x).			2
	Know	M	arks		
	A correct definition			2	
	A partial, vague or unfocused de	efinition		1	
	No creditable content			0	
	The sector of business that deals of extraction of natural resources.  One mark for showing understand  Extraction, mining, fishing, farm  One mark for showing understating  Raw materials, natural resource	ing that i ming/agr g that it i	t is about extraction iculture		
	Exemplar	Mark	Rationale		
	Extraction of raw material	2	Both elements covered		
	Acquiring natural materials	1	'Acquiring' is not enough		
	Farming the land	1	No idea of the raw materia	ı	
	Mining things out of the ground	1	No idea of the raw materia	ı	

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Question			Answer			Marks
2(a)(ii)	Briefly explain the term 'flow production' (line x).					
	Award one mark for each point of explanation:					
	Knowledge Marks					
	С	3				
	В	Allows greater/faster produce more	iction/hig	h volume/mass – i.e.	2	
	A	Use of an assembly line, co	ontinuous	s, produced in stages,	1	
		oroduction ia also known as ar manufacturer. High volum				
		Exemplar	Mark			
	Mac	Exemplar	Mark	Rationale		
	asse	Exemplar s production on an mbly line, for example car ufacture	Mark 3			
	asse man Cont	s production on an mbly line, for example car ufacture inuous production of many ls, often using high levels		Rationale		
	Cont good of ca	s production on an mbly line, for example car ufacture inuous production of many ls, often using high levels	3	Rationale  All three elements		
	Cont good of ca Maki same	s production on an mbly line, for example car ufacture inuous production of many ls, often using high levels pital	3	Rationale  All three elements  All three elements		

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Question	Answer					
2(b)(i)	Refer to Table 2. Calculate the market size of WW's target market.					
		Rationale	Marks			
	Correct answer, with	or without working or million (m)	4			
	Attempt at the final a	nswer using correct figures	3			
	Calculation of one co	orrect figure (can be OFR)	2			
	Formula* or identification	ation of correct figures	1			
	No creditable conten	t	0			
	Content  Target market Population × 100  80% purchase bottled	water = 80% of 60m = 48m <b>(2)</b> n sport = 15% of 48m = 7.2m <b>(4)</b>				
	Answer = 7.2m (4)	Rationale	Marks			
	Answer 7.2	Correct answer	warks 4			
	15% of 48m = 0.72	An error in final stage	3			
	80% of 60m = 48m	One correct figure with working	2			
	15% of 60m = 9	Missed out a stage, but a correct calculation based on their own figure	2			
	60/80 = 0.075m 0.075/15 = 0.005m	Incorrect way to calculate a percentage but identification of correct figures	1			
	48m (no working)	An incorrect answer with no working to back it up	0			
	0.72 (no working)	An incorrect answer with no working to back it up	0			

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Question		Ans	swer		Marks		
2(b)(ii)	Explain one benefit to WW of targeting a niche market.						
	Level Knowledge and Application Marks						
	2	Explanation of a benefit in context 2					
	1	Explanation of a benefit 1					
	0	No creditable content 0					
	<ul> <li>Content</li> <li>Less competition – this needs to have some reference to the target market to become application</li> <li>More brand loyalty</li> <li>Cheaper market research</li> <li>Higher potential profit margins</li> <li>Less risk</li> <li>Less initial investment</li> <li>Lower cost for marketing/promotion</li> </ul>						
	• High	er price can be charged					
		owledge of a benefit of eting a niche market (K)	Possible benefit in conte	xt (APP)			
	Less co	mpetition	There are no brands current targeting bottled water to sportspeople	ntly			
	More bra	and loyalty	Because consumers may for WW is line with their beliefs sport and water				
	Cheape	r market research	WW only needs to research not 60m people	n 7.2m			

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estion (c)	Answer  Analyse how having two of Goleman's emotional intelligence competencies could help the person selected fulfil the role of sales						
	manager.						
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks		
	2b	Shows understanding of how <b>two</b> of Goleman's competencies could help the person selected fulfil the role of sales manager	4	Developed analysis of the use of <b>two</b> of Goleman's competencies could help the person selected fulfil the role of sales manager	4		
	2a	Shows knowledge of how <b>one</b> of Goleman's competencies could help the person selected fulfil the role of sales manager	3	Developed analysis of the use of one of Goleman's competencies could help the person selected fulfil the role of sales manager	3		
	1b	Shows knowledge of <b>two</b> of Goleman's competencies	2	Limited analysis of the use of <b>two</b> of Goleman's competencies in recruitment	2		
	1a	Shows knowledge of one of Goleman's competencies	1	Limited analysis of the use of <b>one</b> of Goleman's competencies in recruitment	1		
	0	1	No credita	ble content			

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Question	Answer						
2(c)	Content Self-awareness i.e. Emotional self-awareness; accurate self-assessment; self-confidence. e.g. needs to be able to recognise own skills and develop these within the sales role at WW.  Self management — Self-control, trustworthiness, conscientiousness, adaptability, focus on achievement and initiative. e.g. Needs time management skills. Ability to work on own.  Social awareness — Empathy, understanding of the organisation of the business, focus on customer service. e.g. needs understand how to negotiate  Social skills/management — Influencing others, leadership, developing others, communication skills, conflict management, teamworking and collaboration. e.g. ability to work as a team. Good communicator						
	Examples of Golman's competencies	Examples of application/ context	Examples of possible limited analysis	Examples of possible developed analysis			
	Self-awareness	The sales manager must be willing to develop their own skills	If the manager is self-aware then they know which skills to develop in themselves so that WW can have a successful launch into the market.	This is likely to lead to WW being able to dominate the niche market and make more profit.			
	Social skills/ management	Important because the sales manager must lead a team of sales- people	This is likely to make the sales team more effective	Which could lead to WW establishing the brand and gaining a high market share.			

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Question			Ans	swer			Marks
2(d)	Recommend suitab bottled water. Justi			nethods for the laun endation.	ch of W	/W	11
	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation	
				A justified recommendation based on a developed argument of at least two promotional methods in context	7	EVAL + EVAL + EVAL	
				A developed recommendation based on a developed argument of at least two promotional methods in context	6	EVAL + EVAL	
				A basic recommendation based on a developed argument of at least two promotional methods in context	5	EVAL	
	Shows understanding of <b>two</b> promotional methods in context	3–4	APP + APP	Argument based on <b>two</b> promotional methods in context	4	DEV + DEV	
	Shows understanding of one promotional method in context		APP	Argument based on <b>one</b> promotional method in context	3	DEV	

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Question	5	Answer					Marks
2(d)	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation	
	Shows knowledge of <b>two</b> promotional methods	1–2	K + K	Limited analysis of <b>two</b> promotional methods	2	AN + AN	
	Shows knowledge of <b>one</b> promotional method		К	Limited analysis of <b>one</b> promotional method	1	AN	
		N	o credita	ble content		1	
	NOTE – allow difference separate promotions  Content Promotional methods Television Radio Cinema Sponsorship Newspapers Sales promotions Packaging Direct marketing Digital marketing Email Trade fairs Merchandising Telesales Personal selling	al methons could in	ods.				
	<ul> <li>suitable</li> <li>WW is targeted a appropriate and with the work of the work of the appropriate and with the work of the work of the appropriate and with the work of the work of</li></ul>	at a niche may be t siness – he line m ave an et il methoo though r	X – sugg e market oo exper no idea d nethods a chical star ds might l niche this	ests a national metho – mass marketing m	ethod madget. suitable nical) so wspaper ket to rea	e ay not be certain	

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Question	Answer						
2(d)	methods (i.marketing.product for No other cocampaign - New sales	g through wholes Le. direct sales of To what extent WW? Competitors, so W Less urgency a manager sugge	etc.) will be nee will retailers an VW might be ab at launch ests the importa	ded as well as and wholesalers pole to start a 'slown control of direct sa	any consumer promote the pw' promotional ales		
	K	APP	AN	DEV	EVAL		
	Advertising	WW is targeting a large number of people (7.2m) and advertising is likely to hit a mass market.	The advertising may make people aware of WW and increase sales.	Leading to an increase in profit for WW.	Overall advertising is a better method of promotion for the launch of WW. (EVAL)  Because		
	Below the line promotion	WW is a new business and BTL promotion has a low cost.	This is good for WW because they are unlikely to have much cash when launching the bottled water.	Which is more likely to allow WW to spend on other more important areas of the business.	WW need to build up a market share quickly more than they need to reduce costs. (EVAL EVAL)		
					However this depends on WW having the cashflow to afford advertising for the launch. (EVAL EVAL EVAL)		

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