
BUSINESS**9609/21**

Paper 2 Data Response

May/June 2017

MARK SCHEME

Maximum Mark: 60

Published

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Question	Answer	Marks																										
1(a)(i)	<p data-bbox="300 248 967 282">Define the term ‘economies of scale (lines 1–2).</p> <table border="1" data-bbox="317 315 1313 517"> <thead> <tr> <th data-bbox="317 315 1099 365">Knowledge</th> <th data-bbox="1099 315 1313 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="317 365 1099 414">A correct definition</td> <td data-bbox="1099 365 1313 414">2</td> </tr> <tr> <td data-bbox="317 414 1099 463">A partial, vague or unfocused definition</td> <td data-bbox="1099 414 1313 463">1</td> </tr> <tr> <td data-bbox="317 463 1099 517">No creditable content</td> <td data-bbox="1099 463 1313 517">0</td> </tr> </tbody> </table> <p data-bbox="300 551 707 584">A correct definition will contain:</p> <ul data-bbox="300 584 751 656" style="list-style-type: none"> • decreasing unit/average costs • as output rises <table border="1" data-bbox="317 685 1313 1155"> <thead> <tr> <th data-bbox="317 685 853 734">Exemplar</th> <th data-bbox="853 685 981 734">Marks</th> <th data-bbox="981 685 1313 734">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="317 734 853 819">As a firm produces more the average cost falls</td> <td data-bbox="853 734 981 819">2</td> <td data-bbox="981 734 1313 819">A correct definition</td> </tr> <tr> <td data-bbox="317 819 853 904">Unit costs decrease due to an increase in size</td> <td data-bbox="853 819 981 904">1</td> <td data-bbox="981 819 1313 904">Partial</td> </tr> <tr> <td data-bbox="317 904 853 990">More output leads to a fall in costs</td> <td data-bbox="853 904 981 990">1</td> <td data-bbox="981 904 1313 990">No link to decreasing average/unit costs</td> </tr> <tr> <td data-bbox="317 990 853 1075">The savings a firm gets as it grows bigger</td> <td data-bbox="853 990 981 1075">1</td> <td data-bbox="981 990 1313 1075">Partial idea of increase in output</td> </tr> <tr> <td data-bbox="317 1075 853 1155">Lower costs because the firm is established</td> <td data-bbox="853 1075 981 1155">0</td> <td data-bbox="981 1075 1313 1155">No creditable content</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	As a firm produces more the average cost falls	2	A correct definition	Unit costs decrease due to an increase in size	1	Partial	More output leads to a fall in costs	1	No link to decreasing average/unit costs	The savings a firm gets as it grows bigger	1	Partial idea of increase in output	Lower costs because the firm is established	0	No creditable content	2
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1(a)(ii)	<p data-bbox="300 241 991 280">Briefly explain the term ‘buffer inventory’ (line 6).</p> <table border="1" data-bbox="317 313 1313 633"> <tr> <td data-bbox="325 324 397 465">C</td> <td data-bbox="397 324 1123 465">Example or some other way of showing good understanding, i.e. risky to hold too much/too little, link to liquidity, types of inventory (raw materials, in progress and finished) etc.</td> <td data-bbox="1123 324 1305 465">1 Mark</td> </tr> <tr> <td data-bbox="325 465 397 551">B</td> <td data-bbox="397 465 1123 551">An explanation of buffer, i.e. surplus, lowest amount etc.</td> <td data-bbox="1123 465 1305 551">1 mark</td> </tr> <tr> <td data-bbox="325 551 397 633">A</td> <td data-bbox="397 551 1123 633">An explanation of inventory, i.e. stock, supplies to produce, etc.</td> <td data-bbox="1123 551 1305 633">1 mark</td> </tr> </table> <p data-bbox="300 667 1294 835">This is when a business keeps surplus inventory in event of a problem with supply or an increase in demand for its products. This helps prevent the business from running out of supplies which could slow down or prevent production. Ties up working capital. Can be risky if buffer levels too high. No need to link to liquidity or risk of high levels of inventory.</p> <table border="1" data-bbox="317 869 1313 1556"> <thead> <tr> <th data-bbox="325 880 852 920">Exemplar</th> <th data-bbox="852 880 979 920">Marks</th> <th data-bbox="979 880 1305 920">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 920 852 1137">Raw materials that are kept in event of a problem with supply or an increase in demand for its products. For example MM might have a buffer stock of mirrors in case they have an increase in customers.</td> <td data-bbox="852 920 979 1137">3</td> <td data-bbox="979 920 1305 1137">Understanding of buffer and inventory and an example.</td> </tr> <tr> <td data-bbox="325 1137 852 1323">Stock that can be used in case there is a sudden increase in customers. The business will not want too much buffer inventory because it ties up money.</td> <td data-bbox="852 1137 979 1323">3</td> <td data-bbox="979 1137 1305 1323">Understanding of buffer and inventory and good understanding shown.</td> </tr> <tr> <td data-bbox="325 1323 852 1440">Surplus stock to make sure the business does not run out</td> <td data-bbox="852 1323 979 1440">2</td> <td data-bbox="979 1323 1305 1440">An understanding of both inventory and buffer.</td> </tr> <tr> <td data-bbox="325 1440 852 1556">The inventory a firm will keep to make sure it does not run out.</td> <td data-bbox="852 1440 979 1556">1</td> <td data-bbox="979 1440 1305 1556">Tautology with ‘inventory’ but an idea of buffer.</td> </tr> </tbody> </table>	C	Example or some other way of showing good understanding, i.e. risky to hold too much/too little, link to liquidity, types of inventory (raw materials, in progress and finished) etc.	1 Mark	B	An explanation of buffer, i.e. surplus, lowest amount etc.	1 mark	A	An explanation of inventory, i.e. stock, supplies to produce, etc.	1 mark	Exemplar	Marks	Rationale	Raw materials that are kept in event of a problem with supply or an increase in demand for its products. For example MM might have a buffer stock of mirrors in case they have an increase in customers.	3	Understanding of buffer and inventory and an example.	Stock that can be used in case there is a sudden increase in customers. The business will not want too much buffer inventory because it ties up money.	3	Understanding of buffer and inventory and good understanding shown.	Surplus stock to make sure the business does not run out	2	An understanding of both inventory and buffer.	The inventory a firm will keep to make sure it does not run out.	1	Tautology with ‘inventory’ but an idea of buffer.	3
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1(c)	Analyse <u>one</u> advantage and <u>one</u> disadvantage to Ben and Mary of changing MM from a partnership to a private limited company.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2	Shows good understanding of moving from a partnership to a private limited company	4	Good analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of changing from a partnership to a private limited company	4
	2	Shows isolated understanding of moving from a partnership to a private limited company	3	Good analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of changing from a partnership to a private limited company	3
	1	Shows knowledge of partnerships AND private limited companies	2	Limited analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of a private limited company	2
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1(d)	Discuss how MM could solve its human resource problems.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation based on argument(s) in context			7
			Developed evaluation based on argument(s) in context			6
			An evaluative statement based on arguments in context			5
		3–4	Argument about one or more solutions to human resource problems at MM			3–4
		1–2	Limited analysis of human resource management			1–2
No creditable content (0 marks)						
<p>Context/content:</p> <ul style="list-style-type: none"> • Training and development, survey shows this was rated poor by 25% of all employees. This is high. Therefore MM should ensure that employees have appropriate training to develop their skills and improve their morale. This may also help with opportunities for promotion. • Team working – morale is lower for employees involved in the production process and this may link to the flow production methods. Therefore team work may improve this as employees can work together and improve their sense of involvement • Fringe benefits and perks – although MM pay well, they could look at their perks and fringe benefits such as holiday periods as this may be a reason • Empowerment and participation – doing some focus groups with employees and/or creating worker representatives may enable MM to better understand the issues and therefore resolve them. <p>Evaluation is likely to come from a candidate:</p> <p>Judging which methods could work best for MM and justifying this in the context for example, training and development given the survey outcomes</p> <p>Weighting their response, for example, why one method would be better than another is likely to lead an evaluative response.</p>						

Question	Answer		Marks
Problem	Possible solutions	Example of analysis	
Increasing labour turnover	Increase wages – link to retention	Already high. Increased costs	
	Use non-monetary motivation (e.g. holidays, perks, fringe benefits etc.)	Could increase costs – may be an alternative to higher wages.	
	Increase training/skills development	Increased costs – could be wasted if staff leave	
Decreasing applications	Better/more advertising	Increased costs – what is the cause of the fall? Demographics, word of mouth etc.	
	Increase wages	Already high. Increased costs	
	Increase training/skills development	Could improve word of mouth – may attract younger applicants, but increased costs	
High management and labour costs	Reduce wages	Decrease motivation and increase labour turnover further	
	Change payment system (i.e. piece rate, retention bonus etc.)	May not increase costs (could fall) and may increase retention, but may demotivate some workers	
	Increase capital/reduce labour	Needs investment - already using flow production – could reduce quality, may further reduce motivation	
Low motivation – lower in production workers	Improve hygiene factors (poorer in production)	Are conditions poor? If so can it be improved without increasing costs?	
	Teamwork/cell production	May conflict with flow production	
Poor skills development	Increase training/skill development	Increased costs but could improve quality and retention	
	Increase capital/reduce labour	Needs investment – already using flow production – could reduce quality, may further reduce motivation	
Poorly trained/skilled workers	Increase training/skill development	Increased costs but could improve quality and retention	
	Increase capital/reduce labour	Needs investment – already using flow production – could reduce quality, may further reduce motivation	

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2(a)(i)	<p data-bbox="300 241 783 280">Define the term ‘revenue’ (line 14).</p> <table border="1" data-bbox="311 313 1321 515"> <thead> <tr> <th data-bbox="311 313 1121 365">Knowledge</th> <th data-bbox="1121 313 1321 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 365 1121 416">A correct definition</td> <td data-bbox="1121 365 1321 416">2</td> </tr> <tr> <td data-bbox="311 416 1121 468">A partial, vague or unfocused definition</td> <td data-bbox="1121 416 1321 468">1</td> </tr> <tr> <td data-bbox="311 468 1121 515">No creditable content</td> <td data-bbox="1121 468 1321 515">0</td> </tr> </tbody> </table> <p data-bbox="300 548 1316 616">Revenue is the money that flows into a business from selling its goods/services to consumer. Revenue is calculated by selling price * quantity.</p> <table border="1" data-bbox="311 649 1321 1272"> <thead> <tr> <th data-bbox="311 649 758 716">Exemplar</th> <th data-bbox="758 649 909 716">Marks</th> <th data-bbox="909 649 1321 716">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 716 758 817">Price × Quantity</td> <td data-bbox="758 716 909 817">2</td> <td data-bbox="909 716 1321 817">A reasonable definition of revenue</td> </tr> <tr> <td data-bbox="311 817 758 884">Money from sales</td> <td data-bbox="758 817 909 884">2</td> <td data-bbox="909 817 1321 884">A correct definition</td> </tr> <tr> <td data-bbox="311 884 758 952">Income from business activities</td> <td data-bbox="758 884 909 952">2</td> <td data-bbox="909 884 1321 952">A correct definition</td> </tr> <tr> <td data-bbox="311 952 758 1019">Revenue is sales</td> <td data-bbox="758 952 909 1019">1</td> <td data-bbox="909 952 1321 1019">A partial definition</td> </tr> <tr> <td data-bbox="311 1019 758 1108">The number of products a business sells</td> <td data-bbox="758 1019 909 1108">1</td> <td data-bbox="909 1019 1321 1108">A partial definition</td> </tr> <tr> <td data-bbox="311 1108 758 1209">Revenue is found at the top of the Income Statement</td> <td data-bbox="758 1108 909 1209">0</td> <td data-bbox="909 1108 1321 1209">Not a definition</td> </tr> <tr> <td data-bbox="311 1209 758 1272">Sales – total costs</td> <td data-bbox="758 1209 909 1272">0</td> <td data-bbox="909 1209 1321 1272">Confusion with profit</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Price × Quantity	2	A reasonable definition of revenue	Money from sales	2	A correct definition	Income from business activities	2	A correct definition	Revenue is sales	1	A partial definition	The number of products a business sells	1	A partial definition	Revenue is found at the top of the Income Statement	0	Not a definition	Sales – total costs	0	Confusion with profit	2
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2(c)	Analyse two possible reasons why SA's objectives have changed over time.				8
Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	
2	Shows understanding of TWO (or more) possible reasons why SA's objectives have changed over time	4	Good analysis of TWO (or more) possible reasons why SA's objectives have changed over time	4	
	Shows understanding of ONE possible reason why SA's objectives have changed over time	3	Good analysis of ONE possible reason why SA's objectives have changed over time	3	
1	Shows knowledge of why a business objective might change	1–2	Limited analysis of TWO (or more) possible reason why a business's objectives may change over time	2	
			Limited analysis of ONE possible reason why a business's objectives may change over time	1	
<i>One reason analysed in context, max 3+3</i>					
Contextual analysis likely to come from:					
<ul style="list-style-type: none"> • Unrealistic original objective; one shop to become market leader? • Not specific enough original objective; market leader where? • Legal structure has changed to plc, so shareholders may now be part of the objective • Core business has changed – now in secondary and tertiary sector • Now producing and selling home alarms, not car alarms • Tastes may have changed • New focus on the industrial market. • The priority of objectives may have changed 					

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2(d)	Discuss suitable market research methods that SA could use before deciding whether to launch the new service.				11
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)		Marks
			Justified evaluation based on the suitability of TWO (or more) market research methods in context		7
			Evaluation based on the suitability of TWO (or more) market research methods in context		6
			Evaluation based on the suitability of ONE market research method in context		5
Shows understanding of TWO (or more) market research methods in context		4	Argument based on TWO (or more) market research methods in context		4
Shows understanding of ONE market research method in context		3	Argument based on ONE market research method in context		3
Shows knowledge of TWO (or more) market research methods		2	Limited analysis of TWO (or more) market research methods		2
Shows knowledge of ONE market research method		1	Limited analysis of ONE market research method		1
No creditable content (0 marks)					
<i>Primary and secondary can be treated as methods</i>					
Context/content:					
Primary					
<ul style="list-style-type: none"> • Focus groups linked to their current home or business customers, advantages of focus groups (can cover profile of customers, have a dialogue, ask/respond to questions) • Surveys/questionnaires to business or home customers (advantages: more quantitative data can be analysed, large sample used; disadvantages: cost, customers may not complete, would need a large sample to be accurate of the results) • Interviews to business/home customers (advantages: 1–1 contact, can have a very detailed conversation, qualitative data can come through; disadvantages: cost, expertise to ask the correct questions, compiling the results can take time) 					

Question	Answer	Marks
	<ul style="list-style-type: none"> • Surveys of the competition – do they provide this service? What is the cost? usefulness: being in line with market trends. <p>Secondary</p> <ul style="list-style-type: none"> • Reports on the market from marketing specialists • Analysis of crime statistics/reports on the area • Any newspaper articles about crime/local area • Economic/demographic information: unemployment, households, incomes • Advantages of secondary: can be easily available, most available on-line, cheaper • Disadvantages: not as accurate, may be out of date, lack of qualitative data <p>Evaluation is likely to come from a candidate:</p> <p>Judging which market research methods could work best for SA and justifying this in the context for example, surveys to current customers</p> <p>Weighting their response, for example, why one method would be better than another is likely to lead an evaluative response.</p>	