
BUSINESS**9609/13**

Paper 1 Short Answer/Essay

October/November 2017

MARK SCHEME

Maximum Mark: 40

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.

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Question	Answer	Marks
1(a)	<p>Define the term ‘marketing mix’.</p> <p>Defined as the four decisions that must be taken in the effective marketing of a product (or service) (1); i.e. product, price, promotion, place / <u>or</u> it is concerned with the 4Ps (1).</p> <p>A definition such as this merits 2 marks.</p> <p>A partial definition that merits 1 mark will contain 1 of the 2 points above.</p> <p>Sound definition (2 marks) Partial definition – limited understanding (1 mark) No creditable content (0 marks)</p>	2
1(b)	<p>Briefly explain the importance to a business of <u>product</u> in the marketing mix.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • the marketing mix is a range of tactical marketing decisions for a product; the aim is to sell products and services profitably using an appropriate marketing mix. • the right product or service must be made available to the customer. • a business must focus on quality, performance, appearance of a product. • a focus on new product development, on establishing a USP – a brand may be necessary. • product life-cycle is very relevant. • product is, therefore, a critical aspect of the marketing mix; it must meet customer expectations. <p>Sound explanation of the importance of product in the marketing mix (3 marks) Limited explanation of the importance of product in the marketing mix. (2 marks) Some general comment on product (1 mark) No creditable content (0 marks)</p>	3

Question	Answer	Marks
2(a)	<p>Define the term ‘induction training’.</p> <p>An introductory training programme for new business recruits (1) to provide awareness of the systems and practices used in the business (1).</p> <p>A definition such as this merits 2 marks.</p> <p>A partial definition that merits 1 mark will contain 1 of the 2 points above.</p> <p>Sound definition given (2 marks) Partial definition given (1 mark) No creditable content (0 marks)</p>	2
2(b)	<p>Briefly explain <u>two</u> benefits to a business of training employees</p> <p>Answers could include benefits such as:</p> <ul style="list-style-type: none"> • the business chooses what skills to give to its employees. • you can target the skills needed now and for the future. • you give a message to employees that they are valued. • improves staff loyalty and retention. • may well improve performance/productivity/motivation. • business can get a competitive advantage with a skilled workforce. • strengthens the intellectual capital of the business. • an attractive recruitment tool. • increases the adaptability of the business and assists change. • potentially improves staff morale/performance and profits. <p>Sound explanation of two benefits of employee training for business (3 marks) Sound explanation of one benefit or partial explanation of two benefits (2 marks) Partial explanation of one benefit or a list of two (1 mark) No creditable content (0 marks)</p>	3

Question	Answer	Marks
3	<p>Explain the responsibilities employees have to the business that employs them.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • stakeholder theory suggests that those interested in and affected by a business have roles, rights, and responsibilities. • employees are said to be important business stakeholders and to have important responsibilities in respect of business performance. • employees are said to have specific responsibilities to the business that employs them: <ul style="list-style-type: none"> – to meet the conditions and requirements of their employment contracts. – to co-operate with management in all reasonable requests. – to observe the ethical code of conduct or values in a mission statement. – to be honest and respect the rights of fellow workers. – to fulfil Health and Safety requirements. <p>Effective explanation of employee responsibilities. (4–5 marks) Limited explanation of employee responsibilities. (2–3 marks) Understanding of employees and/or stakeholder responsibilities. (1 mark) No creditable content (0 marks)</p>	5

Question	Answer	Marks
4(a)	<p>Define the term ‘economies of scale’.</p> <p>Defined as reductions in the unit costs of a business (1) resulting from an increase in the scale of operations (1).</p> <p>A definition such as this merits 2 marks.</p> <p>A partial definition that merits 1 mark will contain 1 of the 2 points above.</p> <p>Sound definition (2 marks) Partial definition (1 mark) No creditable content (0 marks)</p>	2
4(b)	<p>Briefly explain <u>two</u> economies of scale.</p> <p>Answers may include:</p> <ul style="list-style-type: none"> • purchasing economies – discounts for bulk buying. • technical economies – use of flow production lines and sophisticated computer equipment; high cost equipment spread over large-scale production. • financial economies – large firms advantaged in raising loan finance and at better rates. • marketing economies – these costs (e.g. sales force) spread over a higher level of sales. • managerial economies – large businesses able to employ more specialised managers. <p>Sound explanation of two economies of scale. (3 marks) Sound explanation of one economy of scale or partial explanation of two. (2 marks) Partial explanation of one economy of scale or a list of two. (1 mark) No creditable content (0 marks)</p>	3

Question	Answer	Marks																		
5(a)	<p data-bbox="316 248 1217 315">Analyse why primary market research could be more useful to a business than secondary market research.</p> <table border="1" data-bbox="320 349 1310 846"> <thead> <tr> <th data-bbox="320 349 475 398">Level</th> <th data-bbox="475 349 1158 398">Description</th> <th data-bbox="1158 349 1310 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 398 475 512">4</td> <td data-bbox="475 398 1158 512">Good analysis of why primary research could be more useful to a business than secondary research.</td> <td data-bbox="1158 398 1310 512">7–8</td> </tr> <tr> <td data-bbox="320 512 475 627">3</td> <td data-bbox="475 512 1158 627">Some analysis of why primary research could be more useful to a business than secondary research.</td> <td data-bbox="1158 512 1310 627">5–6</td> </tr> <tr> <td data-bbox="320 627 475 741">2</td> <td data-bbox="475 627 1158 741">Some application of why primary research could be more useful to a business than secondary research.</td> <td data-bbox="1158 627 1310 741">3–4</td> </tr> <tr> <td data-bbox="320 741 475 790">1</td> <td data-bbox="475 741 1158 790">Understanding of primary research.</td> <td data-bbox="1158 741 1310 790">1–2</td> </tr> <tr> <td data-bbox="320 790 475 846">0</td> <td data-bbox="475 790 1158 846">No creditable content</td> <td data-bbox="1158 790 1310 846">0</td> </tr> </tbody> </table> <p data-bbox="316 884 608 913">Answers may include:</p> <p data-bbox="316 952 1145 1048">It may well depend on the type of business and its requirement. Definitions may well be given of both types of market research. Primary research and its advantages will be described.</p> <p data-bbox="316 1086 1086 1115">Advantages/disadvantages of primary market research</p> <ul data-bbox="316 1153 1249 1400" style="list-style-type: none"> • Up-to-date information. • Relevant information – collected specifically for a business. • Examples such as evidence for pricing policy, extent and type of market/ customer demand. • A business has a higher level of control over how the information is collected. • Information can be kept hidden from competitors. <p data-bbox="316 1433 1129 1462">Advantages/disadvantages of secondary market research</p> <ul data-bbox="316 1500 954 1709" style="list-style-type: none"> • Information readily available. • Information relatively inexpensive. • Can be substantial information available. • Can be out-of-date information. • Information can be misleading. • Might not be specific to the business' needs. 	Level	Description	Marks	4	Good analysis of why primary research could be more useful to a business than secondary research.	7–8	3	Some analysis of why primary research could be more useful to a business than secondary research.	5–6	2	Some application of why primary research could be more useful to a business than secondary research.	3–4	1	Understanding of primary research.	1–2	0	No creditable content	0	8
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5(b)	<p>Discuss the advantages and disadvantages to a business of using focus groups to collect market information on a new product.</p> <table border="1" data-bbox="320 347 1308 851"> <thead> <tr> <th>Level</th> <th>Description</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Effective evaluation of the advantages and disadvantages of using focus groups to collect market information on a new product.</td> <td>9–12</td> </tr> <tr> <td>3</td> <td>Limited evaluation of the advantages and disadvantages of using focus groups to collect market information on a new product.</td> <td>7–8</td> </tr> <tr> <td>2</td> <td>Analysis and some application of the advantages and disadvantages of focus groups to collect market information.</td> <td>3–6</td> </tr> <tr> <td>1</td> <td>Understanding of focus groups.</td> <td>1–2</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Answers may include: Define focus groups – a group of people asked about their views on a product. In this context, a new product, views gained on, for example, its price in relation to competition; its promotion/packaging; how it performs/might perform; pros/cons.</p> <p>Advantages of focus groups</p> <ul style="list-style-type: none"> Information considered to be more accurate than consumer surveys (interviews and questionnaires). The discussion allows perceptions and opinions to be recorded. More cost-effective than individual interviews. Offer the opportunity to seek clarification of views. Can provide ideas for improvement of a product. Provide information about the reaction of consumers to design and message of the product. Researcher can interact and stimulate the group. Researcher can get information from non-verbal responses – facial expressions or body language. <p>Disadvantages of focus groups</p> <ul style="list-style-type: none"> small groups may not be a good representation of the market population. group discussions can be difficult to steer and control – time can be lost through non-relevant discussion. respondents can feel peer pressure to give similar answers to questions. the qualitative information produced can be difficult to analyse and present. moderator bias may impact upon the outcome of a focus group. Can be expensive to bring all participants together. 	Level	Description	Marks	4	Effective evaluation of the advantages and disadvantages of using focus groups to collect market information on a new product.	9–12	3	Limited evaluation of the advantages and disadvantages of using focus groups to collect market information on a new product.	7–8	2	Analysis and some application of the advantages and disadvantages of focus groups to collect market information.	3–6	1	Understanding of focus groups.	1–2	0	No creditable content	0	12
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5(b)	Focus groups likely to be used in conjunction with other qualitative / quantitative methods but clearly do offer opportunities to gain important market information on a new product. However, there are limitations and potential disadvantages.	

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6	<p data-bbox="316 248 1238 315">Discuss the view that cash flow forecasts for a newly operating international airport may be of limited use to its senior managers.</p> <table border="1" data-bbox="320 349 1310 969"> <thead> <tr> <th data-bbox="320 349 475 398">Level</th> <th data-bbox="475 349 1158 398">Description</th> <th data-bbox="1158 349 1310 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 398 475 517">5</td> <td data-bbox="475 398 1158 517">Effective evaluation of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.</td> <td data-bbox="1158 398 1310 517">17–20</td> </tr> <tr> <td data-bbox="320 517 475 636">4</td> <td data-bbox="475 517 1158 636">Good analysis and limited evaluation of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.</td> <td data-bbox="1158 517 1310 636">13–16</td> </tr> <tr> <td data-bbox="320 636 475 754">3</td> <td data-bbox="475 636 1158 754">Analysis of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.</td> <td data-bbox="1158 636 1310 754">11–12</td> </tr> <tr> <td data-bbox="320 754 475 873">2</td> <td data-bbox="475 754 1158 873">Limited analysis with application of the view that cash flow forecasts may be of limited use to senior managers.</td> <td data-bbox="1158 754 1310 873">5–10</td> </tr> <tr> <td data-bbox="320 873 475 922">1</td> <td data-bbox="475 873 1158 922">Understanding of cash flow forecasts.</td> <td data-bbox="1158 873 1310 922">1–4</td> </tr> <tr> <td data-bbox="320 922 475 969">0</td> <td data-bbox="475 922 1158 969">No creditable content</td> <td data-bbox="1158 922 1310 969">0</td> </tr> </tbody> </table> <p data-bbox="316 1003 632 1037">Answers may include:</p> <p data-bbox="316 1037 1276 1104">Cash flow forecasting aims to estimate cash inflows and outflows to allow effective financial management of a business.</p> <p data-bbox="316 1104 1294 1171">The airport is a major capital investment project with significant operational expenditure.</p> <p data-bbox="316 1171 1228 1205">The cash flow forecasts will contain estimates of inflows and outflows.</p> <p data-bbox="316 1238 584 1272"><u>Inflows may include:</u></p> <ul data-bbox="316 1272 925 1379" style="list-style-type: none"> • Capital injection by investors. • Fees paid by airlines for use of the airport. • Income from retail outlets in the airport. <p data-bbox="316 1413 608 1447"><u>Outflows may include:</u></p> <ul data-bbox="316 1447 995 1554" style="list-style-type: none"> • Interest payments on any loan capital. • Wages and salaries for staff running the airport. • Payment for security of the facility. <p data-bbox="316 1588 1270 1684">CFF are important for financial planning and management, but CFF have limitations; factors internal and external to the business can blow CFF off course.</p> <p data-bbox="316 1684 1303 1787">Business uncertainty may be especially important in this situation: domestic or international economic recession may affect the flow of business at the airport</p> <p data-bbox="316 1787 1117 1821">the price of oil may be volatile and critically affect forecasting.</p> <p data-bbox="316 1821 1286 1924">The cash flow estimating may be inadequate; important issues missed or underestimated; wrong assumptions may have been made about, say, the amount of retail income expected.</p>	Level	Description	Marks	5	Effective evaluation of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.	17–20	4	Good analysis and limited evaluation of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.	13–16	3	Analysis of the view that cash flow forecasts may be of limited use to senior managers in a newly operating airport.	11–12	2	Limited analysis with application of the view that cash flow forecasts may be of limited use to senior managers.	5–10	1	Understanding of cash flow forecasts.	1–4	0	No creditable content	0	20
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6	This is a question on the uses and limitations of cash flow forecasting in a specific context. Good answers will address the view stated in the question and provide evidence and analysis to decide if the view expressed is realistic or perhaps a little exaggerated. How significant might be business uncertainty? How realistic are the cash flow forecasts?																			
7(a)	<p>Analyse the methods managers might use to help employees satisfy their ‘self-actualisation’ needs as identified by Maslow.</p> <table border="1" data-bbox="320 546 1308 1084"> <thead> <tr> <th>Level</th> <th>Description</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Good analysis of the methods managers might use to help employees satisfy their ‘self-actualisation’ needs.</td> <td>7–8</td> </tr> <tr> <td>3</td> <td>Some analysis of the methods managers might use to help satisfy employees’ ‘self-actualisation’ needs.</td> <td>5–6</td> </tr> <tr> <td>2</td> <td>Some application of the methods managers might use to help satisfy employees’ ‘self-actualisation’ needs.</td> <td>3–4</td> </tr> <tr> <td>1</td> <td>Understanding of ‘self-actualisation’ or Maslow’s Hierarchy of Needs.</td> <td>1–2</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Answers may include:</p> <p>Define ‘self-actualisation’ – a need to feel self-fulfilled – feeling enriched and developed as a worker in an organisation – the top of Maslow’s hierarchy of needs – the need to reach one’s maximum potential. The need to become what one is capable of becoming. It is, of course, not a simple concept – it will differ as between workers and may well change over the life of a worker.</p> <p>Identify and discuss methods that managers might use such as:</p> <ul style="list-style-type: none"> • satisfying some of the other needs first – good salary, secure employment, rich organisation culture. • then providing worker development programmes – opportunity for career growth – recognise worker strengths. • providing work opportunities for accomplishment and recognition • placing employees in positions of leadership, responsibility and accountability. • providing challenge – give opportunity for creativity – job enrichment. <p>Candidates may well consider that this top level need in the hierarchy is very personal and may be as much a personal responsibility status factor as it is a managerial responsibility.</p>	Level	Description	Marks	4	Good analysis of the methods managers might use to help employees satisfy their ‘self-actualisation’ needs.	7–8	3	Some analysis of the methods managers might use to help satisfy employees’ ‘self-actualisation’ needs.	5–6	2	Some application of the methods managers might use to help satisfy employees’ ‘self-actualisation’ needs.	3–4	1	Understanding of ‘self-actualisation’ or Maslow’s Hierarchy of Needs.	1–2	0	No creditable content	0	8
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7(b)	<p data-bbox="316 248 1197 315">Discuss the view that the ability to motivate others is the most important quality of an effective business leader.</p> <table border="1" data-bbox="320 349 1310 853"> <thead> <tr> <th data-bbox="320 349 475 398">Level</th> <th data-bbox="475 349 1158 398">Description</th> <th data-bbox="1158 349 1310 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 398 475 517">4</td> <td data-bbox="475 398 1158 517">Effective evaluation of the view that the ability to motivate others is the most important quality of an effective leader.</td> <td data-bbox="1158 398 1310 517">9–12</td> </tr> <tr> <td data-bbox="320 517 475 636">3</td> <td data-bbox="475 517 1158 636">Limited evaluation of the view that the ability to motivate others is the most important quality of an effective leader.</td> <td data-bbox="1158 517 1310 636">7–8</td> </tr> <tr> <td data-bbox="320 636 475 754">2</td> <td data-bbox="475 636 1158 754">Analysis and some application of the view that the ability to motivate others is the most important quality of an effective leader.</td> <td data-bbox="1158 636 1310 754">3–6</td> </tr> <tr> <td data-bbox="320 754 475 804">1</td> <td data-bbox="475 754 1158 804">Understanding of business leadership/motivation.</td> <td data-bbox="1158 754 1310 804">1–2</td> </tr> <tr> <td data-bbox="320 804 475 853">0</td> <td data-bbox="475 804 1158 853">No creditable content.</td> <td data-bbox="1158 804 1310 853">0</td> </tr> </tbody> </table> <p data-bbox="316 887 620 916">Answers could include:</p> <ul data-bbox="316 954 1305 1402" style="list-style-type: none"> • leadership is said to be about giving direction to a business. • having a vision for the business and inspiring employees to follow the direction given. • leadership has been defined (in one of the books on the reading list) as “the art of motivating a group of people towards achieving a common objective”. • leadership thus implies an ability to motivate. • whether it is the most important tool of effective leadership of a business is debateable – some may argue that strategic direction and vision is more important. • autocratic leaders may not be too concerned about motivating staff – ‘get the job done, leave the motivation to the managers and/or supervisors <p data-bbox="316 1435 1141 1464">Strong answers should focus on leaders rather than managers.</p> <p data-bbox="316 1503 1294 1570">Evaluative comments could discuss other leadership qualities and make a judgement about their relative importance.</p>	Level	Description	Marks	4	Effective evaluation of the view that the ability to motivate others is the most important quality of an effective leader.	9–12	3	Limited evaluation of the view that the ability to motivate others is the most important quality of an effective leader.	7–8	2	Analysis and some application of the view that the ability to motivate others is the most important quality of an effective leader.	3–6	1	Understanding of business leadership/motivation.	1–2	0	No creditable content.	0	12
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