
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.

This document consists of **20** printed pages.

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.

Question	Answer	Marks																																			
1(a)(i)	<p data-bbox="312 241 770 280">Define the term ‘venture capital’.</p> <table border="1" data-bbox="320 311 1310 573"> <thead> <tr> <th data-bbox="320 311 1195 376">Knowledge</th> <th data-bbox="1195 311 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 376 1195 441">A correct definition</td> <td data-bbox="1195 376 1310 441">2</td> </tr> <tr> <td data-bbox="320 441 1195 506">A partial, vague or unfocused definition</td> <td data-bbox="1195 441 1310 506">1</td> </tr> <tr> <td data-bbox="320 506 1195 573">No creditable content</td> <td data-bbox="1195 506 1310 573">0</td> </tr> </tbody> </table> <p data-bbox="312 607 427 640">Content</p> <p data-bbox="312 674 1310 741">One mark for an understanding that this is a source of finance (from the business perspective) or an investment (from the entrepreneurs perspective)</p> <ul data-bbox="312 741 919 779" style="list-style-type: none"> • Source of finance/investment/equity/funds <p data-bbox="312 813 1294 880">One mark for an understanding that this is risky, or for a risky purpose – do not allow ‘risk’ on its own as all investments have risk</p> <ul data-bbox="312 880 1086 947" style="list-style-type: none"> • Provided for high risk/risky/riskier/new businesses/high growth/innovations <table border="1" data-bbox="320 981 1310 1966"> <thead> <tr> <th data-bbox="320 981 759 1046">Exemplar</th> <th data-bbox="759 981 874 1046">Marks</th> <th data-bbox="874 981 1310 1046">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1046 759 1144">A source of finance provided to high risk businesses.</td> <td data-bbox="759 1046 874 1144">2</td> <td data-bbox="874 1046 1310 1144">Both elements</td> </tr> <tr> <td data-bbox="320 1144 759 1243">Investment into a new business</td> <td data-bbox="759 1144 874 1243">2</td> <td data-bbox="874 1144 1310 1243">Both elements</td> </tr> <tr> <td data-bbox="320 1243 759 1341">The equity into a high growth business</td> <td data-bbox="759 1243 874 1341">2</td> <td data-bbox="874 1243 1310 1341">Both elements</td> </tr> <tr> <td data-bbox="320 1341 759 1471">A risky source of finance</td> <td data-bbox="759 1341 874 1471">2</td> <td data-bbox="874 1341 1310 1471">‘Risky’ is just enough for high risk – don’t accept risk on its own</td> </tr> <tr> <td data-bbox="320 1471 759 1601">An investment with some risk</td> <td data-bbox="759 1471 874 1601">1</td> <td data-bbox="874 1471 1310 1601">Investment is worth a mark, but ‘some risk’ is true of all investments</td> </tr> <tr> <td data-bbox="320 1601 759 1709">High risk capital</td> <td data-bbox="759 1601 874 1709">1</td> <td data-bbox="874 1601 1310 1709">‘Capital’ is a repeat of the question</td> </tr> <tr> <td data-bbox="320 1709 759 1870">The money provided to a business when it starts up</td> <td data-bbox="759 1709 874 1870">1</td> <td data-bbox="874 1709 1310 1870">‘starts up’ is good enough (new business), but ‘money provided’ is not enough (source of finance)</td> </tr> <tr> <td data-bbox="320 1870 759 1966">The capital provided for a venture</td> <td data-bbox="759 1870 874 1966">0</td> <td data-bbox="874 1870 1310 1966">A tautology</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	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 high risk – don’t accept risk on its own	An investment with some risk	1	Investment is worth a mark, but ‘some risk’ is true of all investments	High risk capital	1	‘Capital’ is a repeat of the question	The money provided to a business when it starts up	1	‘starts up’ is good enough (new business), but ‘money provided’ is not enough (source of finance)	The capital provided for a venture	0	A tautology	2
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1(b)(ii)	Analyse two limitations to Thamir of using published accounts to decide whether to invest in CL.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2	Shows understanding of two limitations of CL's published accounts	4	Developed analysis to Thamir of two limitations of using CL's published accounts	4
		Shows understanding of one limitation of CL's published accounts	3	Developed analysis to Thamir of one limitation of using CL's published accounts	3
	1	Shows knowledge of two limitations of published accounts	2	Limited analysis of two 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	No creditable content			
	<p>OFR Do not accept answers which state that the published accounts could be 'wrong' without a valid reason why they might be wrong. Analysis must be about the limitations to Thamir (as a potential owner/investor) to achieve level 2. Non-contextual answers can only gain 2 + 2 = 4 marks</p>				

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1(b)(ii)	<p>Content</p> <ul style="list-style-type: none"> • 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. • 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. • Need other businesses within industry to compare – no other businesses in the clothing industry to compare CL’s accounts with. • Non-financial assets are not included, e.g. human resources, management. May not give the full picture to Thamir. Only includes quantitative values • Income statement only shows totals for the year • Statement of financial position only a snapshot of a business at one point in time • Market is dynamic and changes will not be reflected in the historical account <p>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</p> <table border="1" data-bbox="312 1070 1321 1933"> <thead> <tr> <th data-bbox="312 1070 552 1301">Examples of knowledge of a limitation of using published accounts</th> <th data-bbox="552 1070 847 1301">Examples of application/context</th> <th data-bbox="847 1070 1082 1301">Examples of possible limited analysis</th> <th data-bbox="1082 1070 1321 1301">Examples of developed analysis in context</th> </tr> </thead> <tbody> <tr> <td data-bbox="312 1301 552 1532">Can be window dressed (K)</td> <td data-bbox="552 1301 847 1532">CL may have postponed payment of bills until after 31st December (APP)</td> <td data-bbox="847 1301 1082 1532">This could make the current assets appear to be worth more (AN)</td> <td data-bbox="1082 1301 1321 1532">Which may lead Thamir to pay more for 50% of the business (DEV)</td> </tr> <tr> <td data-bbox="312 1532 552 1704">May not reflect changes (K)</td> <td data-bbox="552 1532 847 1704">Which may make Thamir’s 50% investment in shares (APP)</td> <td data-bbox="847 1532 1082 1704">a risky investment (AN)</td> <td data-bbox="1082 1532 1321 1704">and may lead to him losing his money (DEV)</td> </tr> <tr> <td data-bbox="312 1704 552 1933">May not show customer loyalty (K)</td> <td data-bbox="552 1704 847 1933">The \$760 000 value of the non-current assets may not include the customer loyalty (APP)</td> <td data-bbox="847 1704 1082 1933">The business may be worth more than Thamir thinks it is (AN)</td> <td data-bbox="1082 1704 1321 1933">Which may lead Thamir to not invest in the business. (DEV)</td> </tr> </tbody> </table>				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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<p>ARA</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="320 1294 815 1391">Knowledge of entrepreneurial quality needed for success (K)</th> <th data-bbox="815 1294 1310 1391">Possible context (APP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1391 815 1462">Risk taker</td> <td data-bbox="815 1391 1310 1462">To invest venture capital</td> </tr> <tr> <td data-bbox="320 1462 815 1559">Leadership skills</td> <td data-bbox="815 1462 1310 1559">To become a 50% owner/manager in CL</td> </tr> <tr> <td data-bbox="320 1559 815 1657">Energy and enthusiasm</td> <td data-bbox="815 1559 1310 1657">To take on managerial roles such as advice on JIT</td> </tr> <tr> <td data-bbox="320 1657 815 1756">Drive</td> <td data-bbox="815 1657 1310 1756">Because he was driven to build up an international retail business</td> </tr> </tbody> </table>					Knowledge of entrepreneurial quality needed for success (K)	Possible context (APP)	Risk taker	To invest venture capital	Leadership skills	To become a 50% owner/manager in CL	Energy and enthusiasm	To take on managerial roles such as advice on JIT	Drive	Because he was driven to build up an international retail business												
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Question	Answer					Marks	
1(d)	Discuss which stakeholders of CL are likely to be most affected by the introduction of Just in Time (JIT) inventory management.					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 two stakeholders in context	3–4	APP + APP	Argument based on the impact on two 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 one stakeholder of CL of just in time in context	3		DEV

Question	Answer					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 two stakeholders of CL of the introduction of just in time	2	AN + AN
	Shows knowledge of one stakeholder		K	Limited analysis on one of CL stakeholder of the introduction of just in time	1	AN
	No creditable content					0
<p>Content</p> <ul style="list-style-type: none"> 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 						

Question	Answer					Marks
1(d)	ARA An example of how an answer could develop and how it should be annotated.					
	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 EVAL).		

Question	Answer	Marks																							
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2(c)	Analyse how having two of Goleman’s emotional intelligence competencies could help the person selected fulfil the role of sales manager.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2b	Shows understanding of how two of Goleman’s competencies could help the person selected fulfil the role of sales manager	4	Developed analysis of the use of two of Goleman’s competencies could help the person selected fulfil the role of sales manager	4
	2a	Shows knowledge of how one 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 two of Goleman’s competencies	2	Limited analysis of the use of two of Goleman’s competencies in recruitment	2
	1a	Shows knowledge of one of Goleman’s competencies	1	Limited analysis of the use of one of Goleman’s competencies in recruitment	1
	0	No creditable content			
<p>NOTE. the analytical impact can be on any stakeholder of the business Candidates must show that they know the specific competencies by name</p>					

Question	Answer	Marks												
2(c)	<p>Content</p> <p><u>Self-awareness</u> i.e. Emotional self-awareness; accurate self-assessment; self-confidence. <i>e.g. needs to be able to recognise own skills and develop these within the sales role at WW.</i></p> <p><u>Self management</u> – Self-control, trustworthiness, conscientiousness, adaptability, focus on achievement and initiative. <i>e.g. Needs time management skills. Ability to work on own.</i></p> <p><u>Social awareness</u> – Empathy, understanding of the organisation of the business, focus on customer service. <i>e.g. needs understand how to negotiate</i></p> <p><u>Social skills/management</u> – Influencing others, leadership, developing others, communication skills, conflict management, teamworking and collaboration. <i>e.g. ability to work as a team. Good communicator</i></p> <table border="1" data-bbox="312 853 1321 1619"> <thead> <tr> <th data-bbox="312 853 564 1016">Examples of Golman’s competencies</th> <th data-bbox="564 853 817 1016">Examples of application/ context</th> <th data-bbox="817 853 1069 1016">Examples of possible limited analysis</th> <th data-bbox="1069 853 1321 1016">Examples of possible developed analysis</th> </tr> </thead> <tbody> <tr> <td data-bbox="312 1016 564 1386">Self-awareness</td> <td data-bbox="564 1016 817 1386">The sales manager must be willing to develop their own skills</td> <td data-bbox="817 1016 1069 1386">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.</td> <td data-bbox="1069 1016 1321 1386">This is likely to lead to WW being able to dominate the niche market and make more profit.</td> </tr> <tr> <td data-bbox="312 1386 564 1619">Social skills/ management</td> <td data-bbox="564 1386 817 1619">Important because the sales manager must lead a team of sales-people</td> <td data-bbox="817 1386 1069 1619">This is likely to make the sales team more effective</td> <td data-bbox="1069 1386 1321 1619">Which could lead to WW establishing the brand and gaining a high market share.</td> </tr> </tbody> </table>	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	Answer					Marks
2(d)	Recommend suitable promotional methods for the launch of WW bottled water. Justify your recommendation.					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 two promotional methods in context	3–4	APP + APP	Argument based on two promotional methods in context	4	DEV + DEV
	Shows understanding of one promotional method in context		APP	Argument based on one promotional method in context	3	DEV

Question	Answer						Marks
2(d)	Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation	
	Shows knowledge of two promotional methods			1–2			K + K
	Shows knowledge of one promotional method		K	Limited analysis of one promotional method	1	AN	
	No creditable content						
	<p>NOTE – allow different types of advertising (i.e. radio and TV) as separate promotional methods.</p> <p>Content Promotional methods could include:</p> <ul style="list-style-type: none"> • Television • Radio • Cinema • Sponsorship • Newspapers • Sales promotions • Packaging • Direct marketing • Digital marketing • Email • Trade fairs • Merchandising • Telesales • Personal selling <p>Analysis and evaluation should focus on the contextual elements, including:</p> <ul style="list-style-type: none"> • WW only sold in country X – suggests a national method is more suitable • WW is targeted at a niche market – mass marketing method may not be appropriate and may be too expensive • WW is a new business – no idea of the promotional budget. Cheaper/below the line methods are likely to be more suitable • WW seems to have an ethical stance (no harmful chemical) so certain no-environmental methods might be unsuitable (i.e. newspaper) • 7.2m market – although niche this is still a sizable market to reach – might suggest mass marketing methods are more suitable 						

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2(d)	<ul style="list-style-type: none"> • WW selling through wholesalers and retailers, so industrial marketing methods (i.e. direct sales etc.) will be needed as well as any consumer marketing. To what extent will retailers and wholesalers promote the product for WW? • No other competitors, so WW might be able to start a ‘slow’ promotional campaign – less urgency at launch • New sales manager suggests the importance of direct sales <p>ARA</p> <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="323 689 1313 1928"> <thead> <tr> <th data-bbox="323 689 523 754">K</th> <th data-bbox="523 689 719 754">APP</th> <th data-bbox="719 689 916 754">AN</th> <th data-bbox="916 689 1112 754">DEV</th> <th data-bbox="1112 689 1313 754">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 754 523 1122">Advertising</td> <td data-bbox="523 754 719 1122">WW is targeting a large number of people (7.2m) and advertising is likely to hit a mass market.</td> <td data-bbox="719 754 916 1122">The advertising may make people aware of WW and increase sales.</td> <td data-bbox="916 754 1112 1122">Leading to an increase in profit for WW.</td> <td data-bbox="1112 754 1313 1122">Overall advertising is a better method of promotion for the launch of WW. (EVAL)</td> </tr> <tr> <td data-bbox="323 1122 523 1928">Below the line promotion</td> <td data-bbox="523 1122 719 1928">WW is a new business and BTL promotion has a low cost.</td> <td data-bbox="719 1122 916 1928">This is good for WW because they are unlikely to have much cash when launching the bottled water.</td> <td data-bbox="916 1122 1112 1928">Which is more likely to allow WW to spend on other more important areas of the business.</td> <td data-bbox="1112 1122 1313 1928">Because 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)</td> </tr> </tbody> </table>				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)	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.	Because 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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