Cambridge International AS & A Level Cambridge Assessment International Education Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS

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Paper 2 Data Response 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.

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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)	Define the term 'secondary research' (line 20).							
	Knowledge and Application	on	Marks					
	A correct definition		2					
	A partial, vague or unfocused definition		1					
	No creditable content		0					
	another purpose(1) No examples to be credited ARA Exempler	Mork	Potionala					
	Exemplar	Mark	Rationale					
	Using existing data (1)2Two separateCollected for another purpose/reason (1)2defined points							
	already gathered (1) for another purpose (1)	2	Two separate defined points					
	Gathered by another business	1	One element only					
	Using existing data	1	One element only					
	Second hand research/data	0	Tautological					

Question	Answer							
1(a)(ii)	Explain the 'buffer inventory control method' of managing inventory (lines 5–6).							
	Knowledge and Application Marks							
	C *	E.g. or some other way of understanding; variations in sup production			1			
	В	For unanticipated/unexpected/u	unplanned	situations	1			
	Α	Excess stock/safety margi	in of stock	kept	1			
		No creditable co	ntent		0			
	* use ca	nnot be credited without explanation	on of the te	erm (A and B)			
	Keeping							
	a shortfa	g safety stock, (A) extra stock that i all in components (B) due to uncert						
	a shortf				emand. (C)			
	to	all in components (B) due to uncert	ainties in s	supply and d	emand. (C) nale			
	to comp So wher sup to e	Exemplar Exemplar I level of excess stock that is maintained (A) reduce the risk of a shortfall in onents (B) due to uncertainties in	ainties in s Mark	supply and de Ratio	emand. (C) nale C visible			
	to comp So wher sup to e e So wher	Exemplar Exemplar I level of excess stock that is maintained (A) reduce the risk of a shortfall in onents (B) due to uncertainties in supply and demand (C) afety margin of stock held (A) there is uncertainty in demand, oly, or manufacturing output (B) nsure that the firm can produce	ainties in s Mark 3	Ratio	emand. (C) nale C visible C visible Only –No ole or			
	to comp Si wher sup to e e Si wher sup	Exemplar Exemplar I level of excess stock that is maintained (A) reduce the risk of a shortfall in onents (B) due to uncertainties in supply and demand (C) afety margin of stock held (A) there is uncertainty in demand, oly, or manufacturing output (B) nsure that the firm can produce nough product for orders (C) afety margin of stock held (A) there is uncertainty in demand,	ainties in s Mark 3 3	A,B and C A,B and C A,B and C	emand. (C) nale C visible C visible only –No ole or anding			

Question		Answei			Marks				
1(b)(i)	Refer to Table 1.1. Calculate the forecast gross profit margin on the retail sale of bicycles.								
	Rationa	le		Marks					
	Correct answer			3					
	Formula and data used correct	ctly (based	on OFR)	2					
	Attempt (e.g. formula or ident calculated gross profit (\$180)		r correctly	1					
	No creditable content			0					
	e.g. formula: $\frac{(\text{Revenue} - \cos t \text{ of gas})}{\text{Revenue}}$ $\$300 - \$120 = \$180$ $\frac{\$180}{300} (\times 100)$ $= 60\% (\text{with or withou})$ Exemplar answers			(1 mark) (2 marks) (3 marks)					
	Answer	Mark		Rationale					
	60 (%)	3	Correct an	swer					
	0.6	– no × 100							
	(180/300)*100 2 Correct use of figures								
	(rev-COGS)/rev × 100	1	Formula		1				
	Gross profit/revenue × 100	1	Correct for	rmula					

uestion			Answer			Ма	
(b)(ii)	Explain <u>one</u> function of John's role as an operations manager.						
	Level	Level Knowledge and Application					
	2 APP	Explanation of function in con	an Operations managem text	ient	3		
	1b K+K	Explanation of	Explanation of a management function		2		
	1a K	U U U U U U U U U U U U U U U U U U U					
	0	No creditable c	content		0		
	• Ope good to m	k must refer to op rations manager d or service, at th eet customer rec	functions such as produne right time, of the right	cing the right am	ount of a		
		cation of a n (1 mark)	Explanation of a function (+1 mark)	Explanation of function in co (+1 mark)			
		e of Mintzbergs	motivating the	Such as the sa	alaried		
	function	is e.g. leader	employees	sales staff			

Question			Answe	r		Marks		
1(c)	Analyse t <u>wo</u> methods which could be used to improve the motivation of BB's sales staff							
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks			
	2b	Shows understanding of two motivation methods could be used for BB's sales staff	4	Developed analysis of two motivational methods that BB could use to motivate its sales staff	4			
	2a	Shows understanding of one motivation method could be used for BB's sales staff	3	Developed analysis of one motivational method that BB could use to motivate its sales staff	3			
	1b	Shows knowledge of two motivation methods	2	Limited analysis of two motivational methods that BB could use to motivate its sales staff	2			
	1a	Shows knowledge of one motivation method	1	Limited analysis of one motivational method that BB could use to motivate its sales staff	1			
	0	No ci	0					
	Content Sala Set Offe Re- new Enc with	 May mention financial and/non-financial motivators. Content: Salaried employees so could change to include commission payments Set sales target with a bonus for meeting target Offer a profit-sharing scheme Re-train as sales staff rely on repeat custom so training in attracting new customers 						
	 Fringe benefits such as a company car to go and meet new customers Provide more promotion opportunities May refer to needs such as self-actualisation 							

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uestion		Ans	swer	
1(c)	К	APP*	AN	DEV
	Targets & bonus	For the new foldable bike/ To find new (ind) bike retailers	Which would provide financial incentives	But may lead to mis-selling/ hard sales tactics
	Commission	Based on how many bikes sold	Which would reduce the safety of a salary	And force staff to look for new customers
	Retraining	To upskill selling skills to new bike retailers	So employees would be more confident approaching new customers	And building a wider customer base
	Fringe benefits	Provide company cars to approach new bike retailers	But may be expensive	And reduce 50% gross profit margins

Question			Answer		Marks			
1(d)	Recommend which proposal for increasing revenue the Directors of BB should choose. Justify your recommendation.							
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks				
			Justified recommendation based on arguments in context	7				
			Developed recommendation based on arguments in context	6				
			An evaluative statement/ recommendation based on arguments in context	5				
	Understanding of two factors in decision making in context	4	Argument based on two factors of decision making in context	4				
	Understanding of one factor in decision making in context	3	Argument based on one factor of decision making in context	3				
	Knowledge of two factors of decision making by firms	2	limited analysis of two factors of decision making by firms	2				
	Knowledge of one factor of decision making by firms	1	limited analysis of one factor of decision making by firms	1				

Question			Ans	swer		Marks		
1(d)	Context must be explicit not just implied based on the 3 proposals – new product/market, stock management and/or motivation of sales employees							
	 Context/content: Moneeb – Change inventory control to JIT, retail sales, improved gross profit margin, utilise spare capacity. Is the location suitable for retail? How easy to re-organise stock system? Implied criticism of stock manager. Requires investment. Lia – new design of foldable bike/bicycle/cycle, growing niche market, premium prices could lead to higher profit. Risky as not known in that market. Will require marketing campaign – extra costs. Needs more research. Requires investment. Allow candidates to use Johns contribution as a proposal 							
	к	APP	AN	DEV	EVAL			
	gross profit margin	50% for the folding bike	More stock – already high inventory	Opportunity cost of stock held (Re- purpose of existing stock)	Should choose folding bikes because area of expertise and has existing sales			
	Marketing knowledgeB2B only - no knowledgeRisky as have to start from consumer salesHave to complete against companies.existing sales channels, may not have enough capital to invest in new shop							

Question	Answer							
2(a)(i)	Define the term 'social enterprise' (line 5).							
	Knowledge and Application	on		Marks				
	A correct definition			2				
	A partial, vague or unfocused definition			1				
	No creditable content			0				
	A business that uses profit (1) for the b	oenefit o	f the comm	nunity (1)				
	ARA	1	[
	ARA Exemplar Profits are used for the community/beneficiary and not just for	Mark	[tionale				
	ARA Exemplar Profits are used for the	Mark	Ra	tionale ts made				
	 ARA Exemplar Profits are used for the community/beneficiary and not just for shareholder dividends Profit is not the main aim, main aim is to 	Mark 2	Ra Two point Two point	tionale ts made				

Question		Answer				Marks		
2(a)(ii)	Explain the term ''crowd funding' (line 6).							
	Award one mark for each point of explanation							
		Rationale	Marks					
	С	E.g. or some other way of showing understanding; Often using the internet ; may be small investors		es; Many	3			
	В	Each investor contributes a small	amount		2			
	А	Source of finance/investment	1					
		No creditable content	0					
	B and C does not require the A mark to be present							
	Answe	rs could include:						
	Raising money for a project or venture, (A) from a large number of people, who each contribute a relatively small amount, (B) typically via the Internet. (C)							
			Mark	Ration	ale			
	invest amou	rce of finance, where many small cors each contribute a small nt for benefits such as being able v the first production run	3	All three elem covered	nents			
	invest	rce of finance where many small ors each contribute a small nt for benefits	2	Point A and E	3			
	Many	small investors	1	Point C only				

Question			Answer		Marks			
2(b)(i)	Refer to Tables 2.1 and 2.2. Calculate Nadia's forecast profit for 2020.							
	Rat	ionale		Marks				
	Correct answer			3				
	Correctly calculates tota	l revenu	le	2				
	Attempt (e.g. formula or	identifie	es data)	1				
				0				
	e.g.							
	Revenue – (total costs) = Revenue – (direct costs)			(1 mark)				
	Revenue = (225 × \$25) + \$75 000 - (\$30 000 + \$15 \$75 000 - \$30 000 = \$45	5000) =	\$30 000 (profit for	= \$75 000 (2 marks) the year) (3 marks)				
	Accept either gross profit Common incorrect answe		t for the year figures					
	Answer	Mark	Rat	ionale				
	30 000 or 30	3	Dollar sign and '000) not required				
	45 000 or 45	3	Dollar sign and '000) not required				
	75 000 or 75	2	Dollar sign, '000 an required (as a reco					

Question			Answer			Marks		
2(b)(ii)	Explain one way in which Nadia can use the internet for her marketing campaign.							
	Level		Knowledge and Application					
	2 (APP)	Explanation in context	n of an internet based mar	keting method	3			
	1b (K × K)	Explanation	n of an internet based mar	keting method	2			
	1a (K)	Identificatio	on of an internet based ma	1				
	0	No creditat	ble content	0				
	 Ads of expe Below Social 	 Context and content is likely to come from: Ads on internet sites – internet based business, above the line expensive, can they afford this given low profits Below the line – target students or parents? Contact schools/c Social media, viral marketing. 						
	Identific one met	ation of	Explanation of an internet based marketing method	Explanation internet bas marketing m context	ed			
	Ads on internet sitesAbove the line methodAs this is an internet based business							
	Social m	tudents cial media						

Question	Answer						
2(c)	Analyse <u>two</u> ways in which emotional intelligence may help Nadia be an effective leader.						
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks		
	2b	Understanding of two elements of emotional intelligence in context	4	Developed analysis of two ways a leader can use emotional intelligence in context	4		
	2a	Understanding of one element of emotional intelligence in context	3	Developed analysis of one way a leader can use emotional intelligence in context	3		
	1b	Shows knowledge of two elements of emotional intelligence	2	Limited analysis of two ways a leader can use emotional intelligence	2		
	1a	Shows knowledge of one element of emotional intelligence	1	Limited analysis of one way a leader can use emotional intelligence	1		
	0	Ν	0				
	 Knowledge – Emotional Intelligence (EI) recognising and managing your emotions and those of others. Goleman's four competencies of emotional intelligence: self-awareness, self-management, social awareness, and social skills. 						
	Application and analysis– linked to one aspect of knowledge						
	 Nadia's leadership of a start-up internet business employing a young staff – lack of experience. All staff are part-time so important to manage well, keep happy and ensure good customer relations. Staff unlikely to have many opportunities to meet as working from home which can be alienating and a leader should recognise this and take action to help develop a team spirit/engage employees. 						

Question 2(c)	Answer					
	K APP AN			DEV	1	
	Self- awareness	Has identified laissez faire management style	Which may not be suitable for a growing business	So can adapt to a more suitable method		
	Awareness of employee needs	Tutors are remote workers and	may not feel a connection with the business	Which could lead to poor tutor engagement		
	 Self-Awareness without any obstruction. She will be able to recognise emotions as they arise in response to an action or situation. As a result, she will be in a better position to address problems/future complications. Self-Management Will help Nadia stay in control so that she is unlikely to make hasty decisions or let her anger take over her behavior. This will help her to maintain respect from her employees. Social Awareness Nadia should be aware of the emotions of others and able to pick up on what is going on around her. She should be able to sympathise with others and give helpful feedback. This is a critical skill for leaders, who work closely to inspire and motivate a team. If the leader is unable to empathise with their employees, she will find it difficult to obtain respect or loyalty. Social skills Nadia should be able to clearly convey directions and know what to say in order to inspire and motivate others. An important skill for leaders, communication can be a deciding factor in whether the team listens or not. She should be able to handle any disagreements that arise between employees, customers, and other parties. In conjunction with the above skills, leaders can use their emotional intelligence to develop a more effective workplace. 					

Question	Answer					
2(d)	Evaluate whether Nadia should form a business partnership with Emma					
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks		
		Justified evaluation based on arguments in context		7		
			Developed evaluation based on arguments in context	6		
			An evaluative statement based on arguments in context	5		
	Shows understanding of two characteristics of legal ownership in context	4	Arguments based on changing	4		
	Shows understanding of one characteristic of legal ownership in context	3	legal ownership in context	3		
	Shows knowledge of two characteristics of legal ownership	2	limited analysis of changing	2		
	Shows knowledge of one characteristic of legal ownership	1	legal ownership	1		

Question	Answer						
2(d)	 Context must be explicit not just implied and based on the leadership styles, structure of the firm and changing from sole trader to partnership Context/content: Leadership styles may clash – autocratic v laissez-faire/Loss of control/Conflict may arise Nadia will have to share profits (forecast only \$30k/45k profit) Emma may not want to form a business partnership with Nadia. She may have a job she is happy with or she may have her own business Emma could contribute additional capital but does she have enough resources to 'buy-in'? Emma's skills and expertise could complement Nadia's / Decision making shared Shared risks Help Nadia to expand the business Running a business is not the same as leading a group project – Emma may not be as skilled in business 						
	K	APP	AN	DEV	EVAL		
	Sole trader makes all business decisions	Emma often takes charge	And an autocratic leadership style could disenfranchise casual employees	Which may affect employee retention and recruitment	Nadia should form a business partnership as she has identified her leadership style is not appropriate (EVAL)		
	Partnership profits are shared	Nadia will have to share profits (forecast only \$30/45k profit)	So Emma may want to charge more	Which could take the focus away from the social enterprise.	And Emma could take control of employee and task management (EVAL EVAL) Leaving Nadia free to concentrate on other aspects such as marketing and growth.		