

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary and Advanced Level

MARK SCHEME for the November 2004 question papers

9707 BUSINESS STUDIES

9707/04

Paper 4 (Essay), maximum raw mark 40

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

- CIE will not enter into discussion or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the November 2004 question papers for most IGCSE and GCE Advanced Level syllabuses.



Grade thresholds taken for Syllabus 9707/04 (Business Studies) in the November 2004 examination.

| | maximum mark available | minimum mark required for grade: | | |
|-------------|------------------------|----------------------------------|----|----|
| | | A | B | E |
| Component 4 | 40 | 29 | 26 | 19 |

The thresholds (minimum marks) for Grades C and D are normally set by dividing the mark range between the B and the E thresholds into three. For example, if the difference between the B and the E threshold is 24 marks, the C threshold is set 8 marks below the B threshold and the D threshold is set another 8 marks down. If dividing the interval by three results in a fraction of a mark, then the threshold is normally rounded down.

November 2004

GCE A LEVEL

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 9707/04

BUSINESS STUDIES
Paper 4 (Essay)



| | | | |
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Question 1

- (i) Answers should discuss the importance of manpower planning in terms of making sure that a business plans for the future needs of the business in terms of the size and skills of the workforce and how this affects business success. Also, candidates might discuss the important role HRM plays in the effective recruitment and retention of staff and the impact it has on workforce motivation.
- (ii) Answers should explain how the process of value analysis improves product design and functionality and why this is important in competitive markets. Also, the importance for business of producing products at the lowest cost per unit.

| Knowledge and Application | Analysis and Evaluation |
|---|---|
| Level Two: Outlines the term without any attempt to link its importance to business success. 3-4 marks | Level Two: Demonstrates a critical understanding of the importance of each term to business success. 4-6 marks |
| Level One: Identifies the basic elements of each term. 1-2 marks | Level One: Explains the importance of each term for business success. 1-3 marks |

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|---------------|---|-----------------|--------------|
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Question 2

- (a) Answers should consider a range of factors including issues such as the physical location in terms of infra-structure, proximity to raw materials, markets etc.

| Knowledge and Application | Analysis and Evaluation |
|---|---|
| Level Two: Outlines some appropriate factors. 3-4 marks | |
| Level One: States appropriate factors. 1-2 marks | Level One: Explains the importance of relevant location factors within the given context. 1-4 marks N.B. Context must be computer manufacturing. |

- (b) Answers should outline the techniques (numerical example is not required but might provide evidence of understanding) and explain how they might be used. Some understanding of the limitations surrounding the techniques is also required e.g. forecast cashflows, choice of discount factor, the influence of qualitative factors, effects of new factory on the community.

| Knowledge and Application | Analysis and Evaluation |
|---|---|
| Level Two: Outlines how each method is calculated. 3-4 marks | Level Two: Evaluates the usefulness of the techniques to the computer manufacturer in helping them to make a decision. In particular there should be some discussion of the timing of cash flows, the relative degree of complexity of each method and the use of the payback period as a screening device. 3-8 marks |
| Level One: Identifies the main features of each method. 1-2 marks | Level One: Explains how the results of each technique might be used in the context given. 1-2 marks |

Max 4 marks in each part if no context. Accept location only in this part for context.

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Question 3

- (a) Answers should compare and contrast the objectives of businesses and the objectives of the State e.g. environmental issues, employment laws.

| Knowledge and Application | Analysis and Evaluation |
|---|--|
| Level Two: States relevant objectives of businesses and the State. 1-2 marks | |
| Level One: Explains the importance of these objectives to businesses/State, but with no attempt to discuss the possible conflicts. 3-4 marks | Level One: Attempts to explain possible conflicts between the objectives of businesses and the State. 1-4 marks |

- (b) Answers might include: look for new markets where the exchange rate is more favourable, increase stocks of cheaper imported raw materials, negotiate contracts at fixed currency values, marketing strategies to counteract cheaper imports etc.

| Knowledge and Application | Analysis and Evaluation |
|--|--|
| Level Two: Identifies possible responses without any attempt at explanation. 1-2 marks | Level Two: Explains possible responses with some understanding of their likely success. 1-2 marks |
| Level One: Outlines possible responses without any attempt at an explanation of the likely success. 3-4 marks | Level One: Evaluates the possible responses in terms of their likely success for the business. 3-8 marks Own error rule applies here. |

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Question 4

Answers should provide an evaluation of the usefulness of the Boston Matrix to the manufacturer of soft drinks. Candidates will be expected to identify the four constituent parts of the matrix and explain how knowledge of this might be used in product portfolio management.

| Knowledge and Application | Analysis and Evaluation |
|---|---|
| Level Two: Identifies the four main elements of the Boston Matrix but does not provide any explanation of usefulness. 1-4 marks | Level Two: Explains how appropriate the Boston Matrix would be to the marketing process in the given context. 1-6 marks |
| Level One: Demonstrates some understanding of how the Boston Matrix might be used in the marketing process, but does not use the context. 5-8 marks | Level One: Evaluates the usefulness of the Boston Matrix within the marketing process in the given context. 7-12 marks |
| N.B. Max. 8 marks if not context. | |

Question 5

Answers must select only one of the two techniques in the question. Candidates are expected to outline the main features of their chosen technique, though this might be by implication rather than an obvious statement of the main features. However, candidates will be required to evaluate the usefulness of the method in terms of improving decision-making, in order to achieve the higher marks.

| Knowledge and Application | Analysis and Evaluation |
|---|--|
| Level Two: Candidates state the main features of their chosen technique. 1-4 marks | Level Two: Candidates explain how the technique might be used to improve decision-making. 1-6 marks |
| Level One: Candidates demonstrate an understanding of how each technique is used. 5-8 marks | Level One: Candidates evaluate the usefulness of the technique as an aid to management decision-making. 7-12 marks |

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Question 6

- (a) Answers might include references to: low productivity, poor quality, industrial relations problems, high labour turnover, workers reluctant to involve themselves in decision-making, changes are difficult to implement, high levels of supervision are necessary etc.

| Knowledge and Application | Analysis and Evaluation |
|---|--|
| Level Two: States problems without any explanation. 1-2 marks | |
| Level One: Outlines how the problems might arise from poor motivation. 3-4 marks | Level 1: Explains the problems that might arise from poor motivation and the consequence of these for the business. 1-4 marks |

- (b) Answers might include: MBO, quality circles, JCC, worker directors etc.

| Knowledge and Application | Analysis and Evaluation |
|--|--|
| Level Two: States relevant methods 1-2 marks | Level Two: Explains how relevant methods might widen participation. 1-4 marks |
| Level One: Outlines methods without any discussion of the likely success. 3-4 marks | Level One: Evaluates the appropriateness of methods. 5-8 marks |