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**BUSINESS**

**9609/21**

Paper 2 Data Response

**May/June 2017**

MARK SCHEME

Maximum Mark: 60

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**Published**

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This document consists of **17** printed pages.

Question	Answer	Marks																										
1(a)(i)	<p data-bbox="300 248 965 282"><b>Define the term ‘economies of scale (lines 1–2).</b></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="300 555 707 584">A correct definition will contain:</p> <ul data-bbox="300 591 751 656" style="list-style-type: none"> <li>• decreasing unit/average costs</li> <li>• as output rises</li> </ul> <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(c)	<b>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.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>
	<b>2</b>	Shows good understanding of moving from a partnership to a private limited company	4	Good analysis of one (or more) advantage(s) <b>AND</b> one (or more) disadvantage(s) of changing from a partnership to a private limited company	4
	<b>2</b>	Shows isolated understanding of moving from a partnership to a private limited company	3	Good analysis of one (or more) advantage(s) <b>OR</b> one (or more) disadvantage(s) of changing from a partnership to a private limited company	3
	<b>1</b>	Shows knowledge of partnerships <b>AND</b> private limited companies	2	Limited analysis of one (or more) advantage(s) <b>AND</b> one (or more) disadvantage(s) of a private limited company	2
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1(d)	<b>Discuss how MM could solve its human resource problems.</b>				<b>11</b>	
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>			<b>Marks</b>
			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"> <li>• 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.</li> <li>• 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</li> <li>• 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</li> <li>• 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.</li> </ul> <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	
	<b>Problem</b>	<b>Possible solutions</b>	<b>Example of analysis</b>
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="300 248 783 282"><b>Define the term ‘revenue’ (line 14).</b></p> <table border="1" data-bbox="311 315 1321 517"> <thead> <tr> <th data-bbox="311 315 1121 365">Knowledge</th> <th data-bbox="1121 315 1321 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 365 1121 414">A correct definition</td> <td data-bbox="1121 365 1321 414">2</td> </tr> <tr> <td data-bbox="311 414 1121 463">A partial, vague or unfocused definition</td> <td data-bbox="1121 414 1321 463">1</td> </tr> <tr> <td data-bbox="311 463 1121 517">No creditable content</td> <td data-bbox="1121 463 1321 517">0</td> </tr> </tbody> </table> <p data-bbox="300 551 1316 618">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="311 651 1321 1272"> <thead> <tr> <th data-bbox="311 651 759 716">Exemplar</th> <th data-bbox="759 651 911 716">Marks</th> <th data-bbox="911 651 1321 716">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 716 759 815">Price × Quantity</td> <td data-bbox="759 716 911 815">2</td> <td data-bbox="911 716 1321 815">A reasonable definition of revenue</td> </tr> <tr> <td data-bbox="311 815 759 880">Money from sales</td> <td data-bbox="759 815 911 880">2</td> <td data-bbox="911 815 1321 880">A correct definition</td> </tr> <tr> <td data-bbox="311 880 759 945">Income from business activities</td> <td data-bbox="759 880 911 945">2</td> <td data-bbox="911 880 1321 945">A correct definition</td> </tr> <tr> <td data-bbox="311 945 759 1010">Revenue is sales</td> <td data-bbox="759 945 911 1010">1</td> <td data-bbox="911 945 1321 1010">A partial definition</td> </tr> <tr> <td data-bbox="311 1010 759 1108">The number of products a business sells</td> <td data-bbox="759 1010 911 1108">1</td> <td data-bbox="911 1010 1321 1108">A partial definition</td> </tr> <tr> <td data-bbox="311 1108 759 1207">Revenue is found at the top of the Income Statement</td> <td data-bbox="759 1108 911 1207">0</td> <td data-bbox="911 1108 1321 1207">Not a definition</td> </tr> <tr> <td data-bbox="311 1207 759 1272">Sales – total costs</td> <td data-bbox="759 1207 911 1272">0</td> <td data-bbox="911 1207 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)	<b>Analyse two possible reasons why SA's objectives have changed over time.</b>				<b>8</b>
<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>	
<b>2</b>	Shows understanding of <b>TWO (or more)</b> possible reasons why SA's objectives have changed over time	4	Good analysis of <b>TWO (or more)</b> possible reasons why SA's objectives have changed over time	4	
	Shows understanding of <b>ONE</b> possible reason why SA's objectives have changed over time	3	Good analysis of <b>ONE</b> possible reason why SA's objectives have changed over time	3	
<b>1</b>	Shows knowledge of why a business objective might change	1–2	Limited analysis of <b>TWO (or more)</b> possible reason why a business's objectives may change over time	2	
			Limited analysis of <b>ONE</b> 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"> <li>• Unrealistic original objective; one shop to become market leader?</li> <li>• Not specific enough original objective; market leader where?</li> <li>• Legal structure has changed to plc, so shareholders may now be part of the objective</li> <li>• Core business has changed – now in secondary and tertiary sector</li> <li>• Now producing and selling home alarms, not car alarms</li> <li>• Tastes may have changed</li> <li>• New focus on the industrial market.</li> <li>• The priority of objectives may have changed</li> </ul>					

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Question	Answer				Marks
2(d)	<b>Discuss suitable market research methods that SA could use before deciding whether to launch the new service.</b>				<b>11</b>
		<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>
				Justified evaluation based on the suitability of <b>TWO (or more)</b> market research methods in context	7
				Evaluation based on the suitability of <b>TWO (or more)</b> market research methods in context	6
				Evaluation based on the suitability of <b>ONE</b> market research method in context	5
		Shows understanding of <b>TWO (or more)</b> market research methods in context	4	Argument based on <b>TWO (or more)</b> market research methods in context	4
		Shows understanding of <b>ONE</b> market research method in context	3	Argument based on <b>ONE</b> market research method in context	3
		Shows knowledge of <b>TWO (or more)</b> market research methods	2	Limited analysis of <b>TWO (or more)</b> market research methods	2
		Shows knowledge of <b>ONE</b> market research method	1	Limited analysis of <b>ONE</b> market research method	1
No creditable content (0 marks)					
<i>Primary and secondary can be treated as methods</i>					
Context/content:					
<b>Primary</b>					
<ul style="list-style-type: none"> <li>• 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)</li> <li>• 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)</li> <li>• 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)</li> </ul>					



Question	Answer	Marks
	<ul style="list-style-type: none"> <li>• Surveys of the competition – do they provide this service? What is the cost? usefulness: being in line with market trends.</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>• Reports on the market from marketing specialists</li> <li>• Analysis of crime statistics/reports on the area</li> <li>• Any newspaper articles about crime/local area</li> <li>• Economic/demographic information: unemployment, households, incomes</li> <li>• Advantages of secondary: can be easily available, most available on-line, cheaper</li> <li>• Disadvantages: not as accurate, may be out of date, lack of qualitative data</li> </ul> <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>	