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**BUSINESS**

**9609/23**

Paper 2 Data Response

**May/June 2018**

MARK SCHEME

Maximum Mark: 60

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**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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This document consists of **11** 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><b>Define the term ‘tertiary sector’ (line 1).</b></p> <table border="1" data-bbox="308 315 1326 577"> <thead> <tr> <th data-bbox="308 315 1102 380">Knowledge</th> <th data-bbox="1102 315 1326 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 380 1102 448">A correct definition</td> <td data-bbox="1102 380 1326 448">2</td> </tr> <tr> <td data-bbox="308 448 1102 515">A partial, vague or unfocused definition</td> <td data-bbox="1102 448 1326 515">1</td> </tr> <tr> <td data-bbox="308 515 1102 577">No creditable content</td> <td data-bbox="1102 515 1326 577">0</td> </tr> </tbody> </table> <p><b>Content</b></p> <p>Made up of businesses which sell services to consumers.</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	2
Knowledge	Marks									
A correct definition	2									
A partial, vague or unfocused definition	1									
No creditable content	0									
1(a)(ii)	<p><b>Briefly explain the term ‘human resource manager’ (line 15).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="308 875 1326 1171"> <thead> <tr> <th data-bbox="308 875 1102 940">Knowledge</th> <th data-bbox="1102 875 1326 940">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 940 1102 1041">Example or some other way of showing good understanding</td> <td data-bbox="1102 940 1326 1041">1</td> </tr> <tr> <td data-bbox="308 1041 1102 1106">Explanation of manager/management</td> <td data-bbox="1102 1041 1326 1106">1</td> </tr> <tr> <td data-bbox="308 1106 1102 1171">Explanation of human resource</td> <td data-bbox="1102 1106 1326 1171">1</td> </tr> </tbody> </table> <p><b>Content</b></p> <p>Human resources are the workers/labour used within a business            Management requires the planning, co-ordination, organisation, motivation etc. of these human resources</p>	Knowledge	Marks	Example or some other way of showing good understanding	1	Explanation of manager/management	1	Explanation of human resource	1	3
Knowledge	Marks									
Example or some other way of showing good understanding	1									
Explanation of manager/management	1									
Explanation of human resource	1									
1(b)(i)	<p><b>Calculate the retained earnings for DTY in 2017.</b></p> <table border="1" data-bbox="308 1469 1326 1731"> <thead> <tr> <th data-bbox="308 1469 1102 1534">Rationale</th> <th data-bbox="1102 1469 1326 1534">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 1534 1102 1599">Correct answer with or without working</td> <td data-bbox="1102 1534 1326 1599">2</td> </tr> <tr> <td data-bbox="308 1599 1102 1664">Correct use of figures/formula</td> <td data-bbox="1102 1599 1326 1664">1</td> </tr> <tr> <td data-bbox="308 1664 1102 1731">No creditable content</td> <td data-bbox="1102 1664 1326 1731">0</td> </tr> </tbody> </table> <p><b>Content</b></p> <p>80% of profit for the year</p> <p><math>\\$15\text{m} - \\$10\text{m} = \\$5\text{m}</math> (profit for the year)</p> <p><math>\\$5\text{m} \times 80\% = \\$4\text{m}</math></p>	Rationale	Marks	Correct answer with or without working	2	Correct use of figures/formula	1	No creditable content	0	2
Rationale	Marks									
Correct answer with or without working	2									
Correct use of figures/formula	1									
No creditable content	0									

Question	Answer	Marks																		
1(b)(ii)	<p data-bbox="308 248 1326 315"><b>Explain <u>two</u> possible effects of DTY’s Board of Directors’ decision to have a high level of retained earnings.</b></p> <table border="1" data-bbox="308 349 1326 875"> <thead> <tr> <th data-bbox="308 349 451 414">Level</th> <th data-bbox="451 349 1150 414">Knowledge and Application</th> <th data-bbox="1150 349 1326 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 414 451 512">2b (APP +APP)</td> <td data-bbox="451 414 1150 512">Explanation of two effects of a high level of retained profit in context</td> <td data-bbox="1150 414 1326 512">4</td> </tr> <tr> <td data-bbox="308 512 451 611">2a (APP)</td> <td data-bbox="451 512 1150 611">Explanation of one effect of a high level of retained profit in context</td> <td data-bbox="1150 512 1326 611">3</td> </tr> <tr> <td data-bbox="308 611 451 710">1b (KK)</td> <td data-bbox="451 611 1150 710">Explanation of two effects of a high level of retained profit</td> <td data-bbox="1150 611 1326 710">2</td> </tr> <tr> <td data-bbox="308 710 451 808">1a (K)</td> <td data-bbox="451 710 1150 808">Explanation of one effect of a high level of retained profit</td> <td data-bbox="1150 710 1326 808">1</td> </tr> <tr> <td data-bbox="308 808 451 875">0</td> <td data-bbox="451 808 1150 875">No creditable content</td> <td data-bbox="1150 808 1326 875">0</td> </tr> </tbody> </table> <p data-bbox="308 913 421 943"><b>Content</b></p> <ul data-bbox="308 981 1310 1294" style="list-style-type: none"> <li>• Shareholders may sell their shares (DTY is a PLC) reducing the share price and leading to a potential takeover of DTY</li> <li>• Poor image for DTY – may be seen as a sign of weakness in the market</li> <li>• Shareholders may expect a bigger dividend in the future</li> <li>• Can afford to expand the business – retained profits will be a source of finance</li> <li>• DTY might avoid taking expensive external finance</li> <li>• Will reduce the gearing of DTY</li> <li>• Can be used to improve cash flow/working capital</li> </ul>	Level	Knowledge and Application	Marks	2b (APP +APP)	Explanation of two effects of a high level of retained profit in context	4	2a (APP)	Explanation of one effect of a high level of retained profit in context	3	1b (KK)	Explanation of two effects of a high level of retained profit	2	1a (K)	Explanation of one effect of a high level of retained profit	1	0	No creditable content	0	<b>4</b>
Level	Knowledge and Application	Marks																		
2b (APP +APP)	Explanation of two effects of a high level of retained profit in context	4																		
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1a (K)	Explanation of one effect of a high level of retained profit	1																		
0	No creditable content	0																		

Question	Answer				Marks
1(c)	<b>Analyse two methods of recruitment that DTY could use for the new delivery drivers.</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>
	2b	Shows understanding of how DTY could use two or more methods of recruitment	4	Good analysis of two method of recruitment in context	4
	2a	Shows understanding of how DTY could use one method of recruitment	3	Good analysis of one method of recruitment in context	3
	1b	Shows knowledge of two or more methods of recruitment	2	Limited analysis of two or more methods of recruitment	2
	1a	Shows knowledge of one method of recruitment	1	Limited analysis of one method of recruitment	1
	0	No creditable content			0
	<b>Content</b>				
	<ul style="list-style-type: none"> <li>• Internal recruitment – unlikely to be possible because of expansion</li> <li>• Job advertisements – obvious places such as newspaper. Qualifications are not specialist so could be in mass media</li> <li>• Job centres</li> <li>• Specialist online job websites</li> <li>• Recruitment agency</li> <li>• Personal recommendations</li> <li>• Social media recruitment</li> <li>• Recruitment from schools</li> <li>• Direct recruitment – poster in window, advert on vans etc.</li> </ul>				
	ARA				

Question	Answer				Marks
1(d)(ii)	<b>Discuss methods of market research that DTY could use to help the directors decide which country to expand into.</b>				
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>		<b>Marks</b>
			A justified judgement of the methods of market research DTY could use to decide on locations for expansion		7
			A recommendation of the methods of market research DTY could use to decide on locations for expansion		6
			A balanced argument ( <b>two-sided</b> ) that evaluates methods of market research in context		5
Shows understanding of methods of market research in context		3–4	Argument ( <b>one-sided</b> ) based on two methods of market research in context		4
			Argument ( <b>one-sided</b> ) based on one method of market research in context		3
Shows knowledge of market research		1–2	Limited analysis of two methods of market research		2
			Limited analysis of one method of market research		1
			No creditable content		0
<p><b>Content</b></p> <p>Primary:</p> <ul style="list-style-type: none"> <li>• Surveys</li> <li>• Focus Groups</li> <li>• Interviews</li> <li>• Observation</li> <li>• Field Trials/Testing</li> </ul> <p>Secondary:</p> <ul style="list-style-type: none"> <li>• Internal source – accounts, sales figures, inventory figures etc.</li> <li>• External sources – competitors, government, census data, internet</li> </ul> <p>ARA</p>					

Question	Answer	Marks								
2(a)(i)	<p><b>Define the term ‘capital intensive’ (line 19).</b></p> <table border="1" data-bbox="308 315 1326 577"> <thead> <tr> <th data-bbox="308 315 1090 380">Knowledge</th> <th data-bbox="1090 315 1326 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 380 1090 448">A correct definition</td> <td data-bbox="1090 380 1326 448">2</td> </tr> <tr> <td data-bbox="308 448 1090 515">A partial, vague or unfocused definition</td> <td data-bbox="1090 448 1326 515">1</td> </tr> <tr> <td data-bbox="308 515 1090 577">No creditable content</td> <td data-bbox="1090 515 1326 577">0</td> </tr> </tbody> </table> <p><b>Content</b></p> <p>The use of machinery/equipment/technology rather than labour.</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	<b>2</b>
Knowledge	Marks									
A correct definition	2									
A partial, vague or unfocused definition	1									
No creditable content	0									
2(a)(ii)	<p><b>Briefly explain the term ‘niche market’ (line 2–3).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="308 878 1326 1171"> <thead> <tr> <th data-bbox="308 878 1090 943">Knowledge</th> <th data-bbox="1090 878 1326 943">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 943 1090 1041">Example or some other way of showing good understanding</td> <td data-bbox="1090 943 1326 1041">1</td> </tr> <tr> <td data-bbox="308 1041 1090 1106">Specific target market</td> <td data-bbox="1090 1041 1326 1106">1</td> </tr> <tr> <td data-bbox="308 1106 1090 1171">Small segment</td> <td data-bbox="1090 1106 1326 1171">1</td> </tr> </tbody> </table> <p><b>Content</b></p> <p>A small sector of the market – targeting a specific group. Can be defined by a number of different characteristics. Examples.</p>	Knowledge	Marks	Example or some other way of showing good understanding	1	Specific target market	1	Small segment	1	<b>3</b>
Knowledge	Marks									
Example or some other way of showing good understanding	1									
Specific target market	1									
Small segment	1									

Question	Answer	Marks												
2(b)(i)	<p data-bbox="308 248 1326 315"><b>Calculate how many packs of pencils PP must sell to break even each month.</b></p> <table border="1" data-bbox="308 349 1326 741"> <thead> <tr> <th data-bbox="308 349 1121 414">Rationale</th> <th data-bbox="1121 349 1326 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 414 1121 479">Correct answer with or without correct working</td> <td data-bbox="1121 414 1326 479">4</td> </tr> <tr> <td data-bbox="308 479 1121 544">Correct calculation of contribution</td> <td data-bbox="1121 479 1326 544">3</td> </tr> <tr> <td data-bbox="308 544 1121 609">Correct calculation of VC per pack price</td> <td data-bbox="1121 544 1326 609">2</td> </tr> <tr> <td data-bbox="308 609 1121 674">Formulae</td> <td data-bbox="1121 609 1326 674">1</td> </tr> <tr> <td data-bbox="308 674 1121 741">No creditable content</td> <td data-bbox="1121 674 1326 741">0</td> </tr> </tbody> </table> <p data-bbox="308 775 421 804"><b>Content</b></p> <p data-bbox="308 844 472 873"><u>Fixed costs</u></p> <p data-bbox="308 887 472 916">Contribution</p> $\frac{\$3.00}{100 \text{ pencils}} = \$0.03 \text{ (per pencil)}$ $\$0.03 \times 5 \text{ (pack)} = \$0.15 \text{ (per pack of 5 pencils)}$ $\$1.00 - \$0.15 = \$0.85 \text{ (contribution)}$ $\frac{\$8500}{\$0.85} = 10\,000 \text{ pencils}$	Rationale	Marks	Correct answer with or without correct working	4	Correct calculation of contribution	3	Correct calculation of VC per pack price	2	Formulae	1	No creditable content	0	4
Rationale	Marks													
Correct answer with or without correct working	4													
Correct calculation of contribution	3													
Correct calculation of VC per pack price	2													
Formulae	1													
No creditable content	0													



Question	Answer	Marks												
2(b)(ii)	<p data-bbox="308 248 1102 282"><b>Explain how Jacqueline could use your answer to <u>2(b)(i)</u>.</b></p> <table border="1" data-bbox="308 315 1326 640"> <thead> <tr> <th data-bbox="308 315 451 376">Level</th> <th data-bbox="451 315 1182 376">Knowledge and Application</th> <th data-bbox="1182 315 1326 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 376 451 477">2 (APP)</td> <td data-bbox="451 376 1182 477">Explanation of a use of the answer to <b>1(b)(i)</b> in context</td> <td data-bbox="1182 376 1326 477">2</td> </tr> <tr> <td data-bbox="308 477 451 577">1 (K)</td> <td data-bbox="451 477 1182 577">Explanation of a use of break-even analysis/ calculation</td> <td data-bbox="1182 477 1326 577">1</td> </tr> <tr> <td data-bbox="308 577 451 640">0</td> <td data-bbox="451 577 1182 640">No creditable content</td> <td data-bbox="1182 577 1326 640">0</td> </tr> </tbody> </table> <p data-bbox="308 645 1278 712"><i>N.B. Correct use of an incorrect answer to <b>1(b)(i)</b> should be fully rewarded (own figure rule – OFR)</i></p> <p data-bbox="308 745 421 779"><b>Content</b></p> <ul data-bbox="308 813 820 987" style="list-style-type: none"> <li>• To plan for inventory</li> <li>• To increase production to meet BE</li> <li>• To manage capacity</li> <li>• To calculate margin of safety</li> <li>• To understand level of risk</li> </ul> <p data-bbox="308 1021 496 1055">ARA and OFR</p>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of a use of the answer to <b>1(b)(i)</b> in context	2	1 (K)	Explanation of a use of break-even analysis/ calculation	1	0	No creditable content	0	<b>2</b>
Level	Knowledge and Application	Marks												
2 (APP)	Explanation of a use of the answer to <b>1(b)(i)</b> in context	2												
1 (K)	Explanation of a use of break-even analysis/ calculation	1												
0	No creditable content	0												

Question	Answer				Marks
2(c)	<b>Analyse <u>two</u> methods Jacqueline could use to improve PP's cash flow.</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>	
2b	Shows understanding of <b>two</b> methods of improving cash flow in context	4	Good analysis of <b>two</b> methods of improving cash flow in context	4	
2a	Shows understanding of <b>one</b> method of improving cash flow in context	3	Good analysis of <b>one</b> method of improving cash flow in context	3	
1	Shows knowledge of methods to improve cash flow	1–2	Limited analysis of <b>two</b> methods of improving cash flow	2	
			Limited analysis of <b>one</b> method of improving cash flow	1	
0	No creditable content			0	
<p><b>Content</b></p> <ul style="list-style-type: none"> <li>• Reduce the debtor time – however will shops still trade with PP?</li> <li>• Take out a short-term source of finance (no debt)</li> <li>• Reduce inventory (PP has high inventory) – however will PP be able to fulfill orders in time?</li> <li>• Ask suppliers for time to pay (no creditors at present) – 30–60 days might allow PP to pay for supplies when they have been paid by customers.</li> <li>• Increase revenue – however likely to need short term investment in marketing</li> <li>• Discounts for prompt payment – however could reduce profitability</li> <li>• Increase price – however likely to reduce demand and revenue – depends on elasticity</li> </ul> <p>ARA</p>					

Question	Answer				Marks
2(d)	<b>Evaluate Jacqueline’s decision to target the mass market.</b>				<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	
			A justified about Jacqueline’s decision to enter the mass market	7	
			A judgement about Jacqueline’s decision to enter the mass market	6	
			A balanced argument ( <b>two-sided</b> ) that evaluates Jacqueline’s decision to target the mass market	5	
	Shows understanding of mass marketing in context	3-4	Argument ( <b>one-sided</b> ) based on Jacqueline’s decision to target the mass market	3-4	
	Shows knowledge of market segmentation/mass marketing	1-2	Limited analysis of mass marketing	1-2	
	No creditable content			0	
<b>Content</b>					
<b>Pros of mass market</b>		<b>Cons of mass market</b>			
<ul style="list-style-type: none"> <li>• More potential customers – the mass market for pencils may include everyone, so demand will be higher</li> <li>• Retailers provide a route to market</li> <li>• Retailers may provide some of the promotion needed</li> <li>• Few barriers to entry – competitive market</li> <li>• Potential for economies of scale</li> </ul>		<ul style="list-style-type: none"> <li>• More competitive – 10 producers</li> <li>• Lower profit margin – retailers will reduce profit margin and competition</li> <li>• PP will need to build up brand and reputation (high costs – only established 6 months ago)</li> </ul>			