



## Cambridge International AS & A Level

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**BUSINESS**

**9609/12**

Paper 1 Short Answer and Essay

**March 2020**

MARK SCHEME

Maximum Mark: 40

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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.

Cambridge International is publishing the mark schemes for the March 2020 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **17** 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.

Marks are awarded for each answer when the following Assessment Objectives (AO) are met. The mark scheme for each answer indicates when and how each AO can be met.

**AO1** *Demonstrate knowledge and understanding of business concepts.*

The focus in **Section A** of the Examination Paper is on this first AO.

- (a) **Questions 1, 2, and 4** will meet this AO using definitions and explanations of business concepts.
- (b) **Question 3** provides an opportunity for the application and a more developed explanation of a business concept. The 4–5-mark level specifically provides for this more developed explanation.

In **Section B** of the Examination Paper

- (a) **Questions 5, 6, and 7** still require supporting **Knowledge and Understanding (AO1)**, but there is now a focus on **Application (AO2)**, **Analysis (AO3)**, and **Evaluation (AO4)**. These skills are set out below:

**AO2** *Apply knowledge and understanding of business concepts to general and specific situations and contexts.*

- (a) Where a specific business or context is named in the question then the candidate is required to relate answers specifically to this business or context.
- (b) It is not sufficient to merely repeat the name of the business or the context.

**AO3** *Analyse business problems, issues, situations and contexts, through a discussion and interpretation of evidence, debate, theory, impact and consequence, to produce reasoned and coherent arguments.*

- (a) Level 3 answers will likely use terms such as - because, leads to, therefore, so that, as a result, consequently – thereby showing analytical development for AO3.

**AO4** *Limited Evaluation is given*

- (a) When an attempt is made, (probably in a concluding section of an answer), to address and comment on the value and validity of the previous analysis.
- (b) These comments may be quite brief and be more opinionated than reasoned.
- (c) A mere concluding summary of preceding analysis is, however, not evaluation.

**AO4** *Evaluation occurs*

- (a) When an answer comments on the validity/significance of previous analysis in an evidence based and reasoned way.
- (b) This often leads to the presentation of appropriate substantiated judgements, decisions, or recommendations.

**9609 Paper 11, 12 and 13**  
**Annotations and their Use**

<b>Annotation</b>	<b>Use</b>
✓	As an indication of relevant and rewardable content. Better to put these in the body of the answer.
NAQ	Used when the answer or parts of the answer are not answering the question asked.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague.
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Indicates that general business application has been shown in the response.
CON	Indicates that the specific context of the question has been addressed.
X CON	A combination of X and CON. Used at the end of an answer to indicate that context has not been addressed.
AN	Indicates where the answer has demonstrated analysis.
EVAL	Indicates where the answer has demonstrated evaluation.
REP	This indicates where content has been repeated.
X	Only used in combination with CON as above.
SEEN	Indicates that content has been recognised but not rewarded.

**Note:** For **Section A Questions 1, 2 and 4** only the following applies.

An incorrect definition for **Part (a)** due to a misinterpretation of the question is given 0 marks.

If that misinterpretation also applies to **Part (b)** a maximum of 2 marks may be awarded if the answer is relevant and is developed based on the incorrect answer to **Part (a)**.

Question	Answer	Marks
1(a)	<p><b>Define the term ‘Product Life Cycle’.</b></p> <p>The pattern of sales recorded by a product. [1]  Steps from launch to withdrawal from the market [1]  It describes the stages a product goes through. [1]  Introduction to removal from the market. [1]  From when it is was first thought of until it is finally removed from the market. [1]  One of the main forms of product portfolio analysis. [1]  Shows a product’s performance in the market. [1]  Life expectancy of a product / journey a product is on. [1]  At least two correct stages of a product life cycle named. [1]  A correctly labelled diagram. [2]</p> <p>Sound definition – 2 of the factors listed above [2 marks]  Partial definition – 1 of the factors listed above [1 mark]  No creditable content [0 marks]</p>	2
1(b)	<p><b>Explain <u>two</u> ways a business could extend a product’s life cycle.</b></p> <p><i>Answers could include:</i></p> <p>Business extension strategies include</p> <ul style="list-style-type: none"> <li>• selling in new geographical markets, e.g. exporting the product.</li> <li>• creating a version of the product targeted at different segments.</li> <li>• repackaging the product to be more eye-catching.</li> <li>• rebranding with a new name and image.</li> <li>• relaunching the product with a promotional campaign.</li> <li>• finding new uses for the product, e.g. Lucozade.</li> <li>• adding value by including more features, e.g. specification of a smartphone.</li> <li>• using reduced (penetration) price or offers to discount the price.</li> <li>• advertising to try to gain a new audience or remind the current audience.</li> </ul> <p><b>Accept any other valid response.</b></p> <p>Sound explanation of <b>two</b> ways a business could extend a product’s life cycle. [3 marks]  Sound explanation of <b>one</b> way or partial explanation of <b>two</b> ways a business could extend a product’s life cycle. [2 marks]  Partial explanation of <b>one</b> way a business could extend a product’s life cycle or a list of <b>two</b> ways. [1 mark]  No creditable content [0 marks]</p>	3

Question	Answer	Marks
2(a)	<p><b>Define the term ‘diversity’ in a workforce.</b></p> <p>A diverse / mixed workforce is made up of individuals with a wide range of backgrounds / characteristics / experiences. [1]            Example characteristics of diversity are culture, race, ethnicity, gender, age, religion, sexual orientation. [1]            Diversity relates to having differences among employees. [1]            Deliberately creating an inclusive environment that values differences. [1]            Showing no discrimination when hiring the workforce. [1]            Acceptance / recruitment of all kinds of people. [1]            All employees are safe and treated equally with no discrimination. [1]</p> <p><b>Answers that focus only on employee skills / specialisation and do not refer to characteristics such as culture / race / ethnicity etc are not acceptable.</b></p> <p>Sound definition – 2 of the factors listed above [2 marks]            Partial definition – 1 of the factors listed above [1 mark]            No creditable content [0 marks]</p>	2
2(b)	<p><b>Explain <u>two</u> benefits to a business of employing a diverse workforce.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• By employing individuals from various races, ethnicities, religions and gender the business is judged as valuing people of all diversities.</li> <li>• Employees have specific knowledge / understanding of culturally acceptable behaviour / product types / language, etc.</li> <li>• Helps achieve a greater consumer market as consumers due to no language barriers / cultural offence.</li> <li>• More acceptable / effective marketing to other cultures / religions, etc.</li> <li>• Benefit from a range of language skills, which allows them to provide products and services internationally due to the ease of communication.</li> <li>• Helps expansion into other countries.</li> <li>• Gives improved opportunities to gain international supply links.</li> <li>• Gains in creativity because individuals from different backgrounds approach problem solving in different ways leading to innovative products.</li> <li>• Can choose from large pool of job applicants are well qualified for the role.</li> <li>• Employing a more qualified workforce with a wide range of skills as the business is seen as a welcoming place to work.</li> <li>• Reduces employee turnover as every employee feels valued / supported.</li> </ul> <p><b>Accept any other valid response.</b></p>	3

Question	Answer	Marks
2(b)	<p><b>Award BOD for answers that present logical benefits to a business of having a range of specialised / skilled / flexible employees. (1 mark for each benefit – maximum 2 marks).</b></p> <p>Sound explanation of <b>two</b> benefits to a business of employing a diverse workforce. [3 marks]</p> <p>Sound explanation of <b>one</b> benefit or partial explanation of <b>two</b> benefits to a business of employing a diverse workforce. [2 marks]</p> <p>Partial explanation of <b>one</b> benefit or a list of <b>two</b> benefits to a business of employing a diverse workforce. [1 mark]</p> <p>No creditable content [0 marks]</p>	

Question	Answer	Marks
3	<p><b>Explain how better management of trade receivables <u>and</u> trade payables can improve cash flow.</b></p> <p><i>Answers could include:</i></p> <p><b>Trade receivables</b> (debtors who have bought goods on credit) are shown on the statement of financial position (balance sheet). They are one of the current assets.</p> <p><b>Trade payables</b> (accounts payable or creditors) are shown on the statement of financial position (balance sheet). They are one of the current (short term) liabilities. Amounts owed to a supplier for goods or services bought on account rather than for cash and who have not yet been paid.</p> <p><b>Cash flow is</b> the sum of cash payments to a business (inflows) less the sum of cash payments (outflows).</p> <p><u>Explanation linked to improving cash flow</u></p> <ul style="list-style-type: none"> <li>• If credit control encourages trade receivables to pay for their goods and services more promptly this will bring money into the business more quickly and so improve cash inflow, therefore improving overall cash flow.</li> <li>• If a business can delay the payment of its trade payables this will keep money in the business for longer, reducing cash outflow, therefore improving overall cash flow.</li> <li>• The more goods the house builder can buy on credit the more they can delay the payment of trade payables until after payment of trade receivables. This will reduce cash outflows and improve the overall cash flow.</li> <li>• Accept debt factoring as a management method.</li> <li>• Accept keeping of good records as better management.</li> <li>• <b>Accept any other valid response.</b></li> </ul>	5

Question	Answer	Marks
3	<p>Effective explanation of how better management of trade receivables <b>and</b> trade payables can improve cash flow. The fifth mark is reserved for candidates who effectively explain <u>both</u> factors. [4–5 marks]</p> <p>Explanation of how better management of trade receivables and/or trade payables can improve cash flow. [2–3 marks]</p> <p>Descriptive information about trade receivables / trade payables / cash flow. [1 mark]</p> <p>No creditable content [0 marks]</p>	

Question	Answer	Marks
4(a)	<p><b>Define the term ‘external economies of scale’.</b></p> <p>Scale of operation increases and costs reduce <u>or</u> benefits associated with the expansion / growth / cost reduction. [1]</p> <p>Result from external factors with an example such as infrastructure changes / supplier improvements / location advantages / being offered purchasing opportunities by suppliers. [1]</p> <p>Benefits a business gets because of the environment / economy. [1]</p> <p>Benefits achieved without any effort from the business / outside the control of the business. [1]</p> <p>Sound definition – 2 of the factors listed above [2 marks]</p> <p>Partial definition – 1 of the factors listed above [1 mark]</p> <p>No creditable content [0 marks]</p>	<b>2</b>
4(b)	<p><b>Explain <u>two</u> internal economies of scale.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• <u>Purchasing economies</u> – suppliers will often offer substantial discounts for large orders (bulk buying). It is cheaper for suppliers to process and deliver one large order rather than several small ones. This makes the unit cost cheaper for the buying business.</li> <li>• <u>Technical economies</u> – large firms more likely to produce enough products to justify installing machinery for flow production. The high capacity reduces the unit cost of production. Also, the purchase of expensive computer systems can be justified to support the high output of large firms.</li> <li>• <u>Financial economies</u> – money can often be borrowed more easily from banks and at a lower interest rate by big businesses. Also, it is easier for a big business to raise finance by selling its shares on a stock exchange.</li> <li>• <u>Marketing economies</u> – the cost of a sales force and promotional campaigns can be spread over a higher level of sales for a big firm so reducing the cost of marketing per unit of product sold.</li> </ul>	<b>3</b>



Question	Answer	Marks
4(b)	<ul style="list-style-type: none"> <li><u>Managerial economies</u> – large businesses can afford to hire specialist functional managers who operate their functional area more efficiently than non-specialist managers, thus reducing costs per unit.</li> </ul> <p><b>A valid answer to this question does not require a definition of economies of scale.</b></p> <p><b>Accept any other valid response.</b></p> <p>Sound explanation of <b>two</b> internal economies of scale. [3 marks]</p> <p>Sound explanation of <b>one</b> or partial explanation of <b>two</b> internal economies of scale. [2 marks]</p> <p>Partial explanation of <b>one</b> or a list of <b>two</b> internal economies of scale. [1 mark]</p> <p>No creditable content [0 marks]</p>	

Question	Answer	Marks																		
5(a)	<p><b>Analyse the advantages of using different methods to measure the size of a business.</b></p> <table border="1"> <thead> <tr> <th>Level</th> <th>Description</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Good analysis of the advantages of using different methods to measure the size of a business.</td> <td>7–8</td> </tr> <tr> <td>3</td> <td>Some analysis of the advantages of using different methods to measure the size of a business.</td> <td>5–6</td> </tr> <tr> <td>2</td> <td>Some application of methods to measure the size of a business.</td> <td>3–4</td> </tr> <tr> <td>1</td> <td>Knowledge and understanding of business size.</td> <td>1–2</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p><i>Answers could include:</i></p> <p><b>Knowledge and Understanding</b></p> <ul style="list-style-type: none"> <li>Clear understanding of business size.</li> </ul> <p><b>Application</b></p> <ul style="list-style-type: none"> <li>Reference to methods to measure the size of a business.</li> </ul> <p><b>Analysis</b></p> <ul style="list-style-type: none"> <li>There are several ways of measuring the size of a business which may give different results and may suggest different advantages.</li> <li>These advantages (and possibly limitations) may be referenced after each method is described and analysed.</li> <li>Advantages may be identified in a concluding section.</li> </ul>	Level	Description	Marks	4	Good analysis of the advantages of using different methods to measure the size of a business.	7–8	3	Some analysis of the advantages of using different methods to measure the size of a business.	5–6	2	Some application of methods to measure the size of a business.	3–4	1	Knowledge and understanding of business size.	1–2	0	No creditable content	0	<b>8</b>
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Question	Answer	Marks
5(a)	<p><b>Different methods to measure the size of a business include:</b></p> <ul style="list-style-type: none"> <li>• <u>Number of employees</u> – can be used to judge the size of similar businesses but capital-intensive business can be very large without employing a large number of employees.</li> <li>• <u>Revenue</u> – useful when comparing firms in the same industry but some businesses may sell high value products while others sell low value products, so the measurement is skewed.</li> <li>• <u>Capital employed</u> – the amount of capital investment needed for the business to function. Larger businesses will need to employ more capital to buy the assets needed to run.</li> <li>• <u>Market capitalisation or share capital</u> – the number of issued shares × the market price of each share. Only applies to limited companies. A public limited company will have more share capital than a private limited company due to selling shares on a stock market.</li> <li>• <u>Market share</u> – used to compare businesses in the same market. Can be based on total value or total volume of goods sold. Shows the sales of a business as a proportion of all sales of that type of product.</li> <li>• <u>Number of outlets</u> – a large business would have more shops than a small business, possibly being a national or international chain rather than existing in a localised area.</li> <li>• <u>Analysis of advantages of using different methods</u> Using one or a limited number of measures could give a misleading picture. Using only value of output or value of sales when comparing business that sell different products.</li> </ul> <p><b>Accept any other valid response.</b></p>	

Question	Answer	Marks																		
5(b)	<p><b>Discuss whether a partnership is the best legal structure for an accountancy business.</b></p> <table border="1" data-bbox="316 349 1305 775"> <thead> <tr> <th>Level</th> <th>Description</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Effective evaluation of whether a partnership is the best legal structure for an <b>accountancy</b> business.</td> <td>9–12</td> </tr> <tr> <td>3</td> <td>Limited evaluation of whether a partnership is the best legal structure for an <b>accountancy</b> business.</td> <td>7–8</td> </tr> <tr> <td>2</td> <td>Application and analysis of whether a partnership is the best legal structure for a business.</td> <td>3–6</td> </tr> <tr> <td>1</td> <td>Knowledge and understanding of partnership / legal structure.</td> <td>1–2</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p><i>Answers could include:</i></p> <p><b>Knowledge and Understanding</b></p> <ul style="list-style-type: none"> <li>• Clear understanding of partnership.</li> <li>• Clear understanding of legal structure.</li> </ul> <p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Reference to whether a partnership is the best legal structure for a business.</li> </ul> <p><b>Analysis</b></p> <ul style="list-style-type: none"> <li>• <u>Capital</u> – partners provide start-up capital. More partners mean more money in the business, so better flexibility / potential for growth. This means more potential profit, equally shared between the partners.</li> <li>• <u>Flexibility</u> – easier to form, manage and run and less strictly regulated than companies. Partners (not shareholders) decide how the business is run so have more flexible management.</li> <li>• <u>Shared Responsibility</u> – allows partners to use their abilities. May split the work according to skills and specialise more than a sole trader could.</li> <li>• <u>Decision Making</u> – is shared and partners can help each other out when needed. More business ideas and better problem solving.</li> <li>• <u>Disagreements</u> – different ideas on how the business runs. Disagreements and disputes might harm the business and relationship of partners. Deed of partnership reduces risk and gives procedures for disagreements.</li> </ul>	Level	Description	Marks	4	Effective evaluation of whether a partnership is the best legal structure for an <b>accountancy</b> business.	9–12	3	Limited evaluation of whether a partnership is the best legal structure for an <b>accountancy</b> business.	7–8	2	Application and analysis of whether a partnership is the best legal structure for a business.	3–6	1	Knowledge and understanding of partnership / legal structure.	1–2	0	No creditable content	0	12
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Question	Answer	Marks
5(b)	<ul style="list-style-type: none"> <li>• <u>Agreement</u> – all partners must agree which can restrict management of the business. Sole traders free to decide what they want. In limited companies the directors must follow the will of the shareholders.</li> <li>• <u>Unlimited liability</u> – each partner shares liability and financial risks. May put off potential partners. LLP benefits from advantages of limited liability, with the flexibility of the partnership model.</li> <li>• <u>Taxation</u> – partners pay tax like sole traders and are self-employed. They pay higher personal taxation than they would in a limited company.</li> <li>• <u>Profit Sharing</u> – Partners share profits equally, regardless of respective efforts.</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• The context is an <b>accountancy</b> (small financial services) business.</li> <li>• This could be shown by reference to the services offered by this type of business.</li> <li>• Candidates may question what the term ‘best legal structure’ means.</li> <li>• Does it mean the best structure for successful performance / for the owners / for that type of business / for the consumers?</li> <li>• Might success depend on different skills of partners, the amount of capital injected into the partnership, the degree of co-operation on decision-making?</li> <li>• Might a partnership prove limiting leading to the move to a private limited company.</li> <li>• Is there a need to gain limited liability by become a Ltd or PLC business?</li> <li>• Is there a need for being a PLC to provide even more capital?</li> <li>• Will the factors influencing success of a business such as quality of management, motivation and morale of employees, core competencies within the business be more easily supplied by becoming a PLC.</li> </ul> <p><b>Accept any other valid response.</b></p>	

Question	Answer	Marks																					
6	<p><b>‘Using the Internet for marketing is essential to the success of a smart phone retailer.’</b></p> <p><b>Do you agree with this statement? Justify your view.</b></p> <table border="1" data-bbox="316 416 1313 992"> <thead> <tr> <th data-bbox="316 416 440 465">Level</th> <th data-bbox="440 416 1193 465">Description</th> <th data-bbox="1193 416 1313 465">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 465 440 577">5</td> <td data-bbox="440 465 1193 577">Effective evaluation of whether using the Internet for marketing is essential to the success of a smart phone retailer.</td> <td data-bbox="1193 465 1313 577">17–20</td> </tr> <tr> <td data-bbox="316 577 440 696">4</td> <td data-bbox="440 577 1193 696">Limited evaluation and good analysis of whether using the Internet for marketing is essential to the success of a smart phone retailer.</td> <td data-bbox="1193 577 1313 696">15–16</td> </tr> <tr> <td data-bbox="316 696 440 779">3</td> <td data-bbox="440 696 1193 779">Analysis of whether using the Internet for marketing is essential to the success of a retailer.</td> <td data-bbox="1193 696 1313 779">11–14</td> </tr> <tr> <td data-bbox="316 779 440 862">2</td> <td data-bbox="440 779 1193 862">Application and / or analysis of whether marketing is essential to the success of a business.</td> <td data-bbox="1193 779 1313 862">5–10</td> </tr> <tr> <td data-bbox="316 862 440 945">1</td> <td data-bbox="440 862 1193 945">Knowledge and understanding of the Internet / marketing / retailer.</td> <td data-bbox="1193 862 1313 945">1–4</td> </tr> <tr> <td data-bbox="316 945 440 992">0</td> <td data-bbox="440 945 1193 992">No creditable content</td> <td data-bbox="1193 945 1313 992">0</td> </tr> </tbody> </table> <p><i>Answers could include:</i></p> <p><b>Knowledge and Understanding</b></p> <ul style="list-style-type: none"> <li>• Clear understanding of the Internet.</li> <li>• Clear understanding of marketing.</li> <li>• Clear understanding of retailer.</li> </ul> <p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Reference to whether marketing is essential to the success of a business.</li> </ul> <p><b>Analysis</b></p> <ul style="list-style-type: none"> <li>• Internet (online) marketing – advertising / marketing which uses the internet, email and mobile communications to encourage direct sales via electronic commerce.</li> <li>• Marketing is an important part of communicating with customers. There may be discussion of how any of the 4P’s or 4C’s are carried out using the Internet.</li> <li>• Marketing informs and persuades customers to purchase which can result in high sales / customer loyalty / high market share.</li> <li>• <u>Relatively inexpensive</u> – cost per potential customer reached. Easy to maintain up-to-date catalogue of products and prices – phones dynamic.</li> <li>• <u>Worldwide audience</u> – good use of promotional budget. Use pop-ups on other websites. Target audience for smart phones likely to make strong use of internet. Viral marketing increasingly important in driving sales.</li> </ul>	Level	Description	Marks	5	Effective evaluation of whether using the Internet for marketing is essential to the success of a smart phone retailer.	17–20	4	Limited evaluation and good analysis of whether using the Internet for marketing is essential to the success of a smart phone retailer.	15–16	3	Analysis of whether using the Internet for marketing is essential to the success of a retailer.	11–14	2	Application and / or analysis of whether marketing is essential to the success of a business.	5–10	1	Knowledge and understanding of the Internet / marketing / retailer.	1–4	0	No creditable content	0	20
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Question	Answer	Marks
6	<ul style="list-style-type: none"> <li>• <u>Consumer interaction</u> – visit website, make purchase, leave data about themselves plus feedback. Collects market research. Can email in questions. Cell phone target market made of younger segments already comfortable with use of internet, expect businesses to communicate with them by social media. Concerns about internet security.</li> <li>• <u>Convenient for consumers</u> – 24/7 access from computers, laptops, tablets and smart phones. Easy to compare technical details of different phones to gain customer satisfaction and reduce number of returns. May need a retail outlet for those preferring direct contact. But buyers see phones of friends and buy the same thing for cheapest price.</li> <li>• <u>Global access to internet</u> – increasing rapidly in all countries. Some countries have slow connections and computer ownership not widespread.</li> <li>• <u>Accurate measures and records</u> – number of visitors and success of different promotions. Dynamic market to follow so helps keep up-to-date.</li> <li>• <u>Lower fixed costs</u> – than operating a traditional retail store. Phones can be cheaper than rivals. Cost to keep website up-to-date and user-friendly.</li> <li>• <u>Dynamic pricing</u> – easier to charge different prices to different customers using their on-line data. Cheaper than traditional retailer.</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• The context is a smart phone retailer.</li> <li>• This could be shown by naming brands, features or manufacturers of smart phones</li> <li>• On-line marketing on technological websites is highly appropriate for smart phones.</li> <li>• What might the factors be that could explain / determine the success of a retailer?</li> <li>• How important / essential is marketing or Internet marketing for the success of this business?</li> <li>• What are the issues around the impact of internet marketing as opposed to traditional marketing?</li> <li>• What factors might be more important / essential to the success of this business?</li> <li>• Could quality of product, branding features, business reputation be more important in this market?</li> </ul> <p><b>Accept any other valid response.</b></p>	

Question	Answer	Marks																		
7(a)	<p data-bbox="316 248 1206 282"><b>Analyse the benefits to a business of motivating its employees.</b></p> <table border="1" data-bbox="316 315 1305 741"> <thead> <tr> <th data-bbox="316 315 448 360">Level</th> <th data-bbox="448 315 1171 360">Description</th> <th data-bbox="1171 315 1305 360">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 360 448 450">4</td> <td data-bbox="448 360 1171 450">Good analysis of the benefits to a business of motivating its employees.</td> <td data-bbox="1171 360 1305 450">7–8</td> </tr> <tr> <td data-bbox="316 450 448 528">3</td> <td data-bbox="448 450 1171 528">Some analysis of the benefits to a business of motivating its employees.</td> <td data-bbox="1171 450 1305 528">5–6</td> </tr> <tr> <td data-bbox="316 528 448 607">2</td> <td data-bbox="448 528 1171 607">Some application of the benefits to a business of motivating its employees.</td> <td data-bbox="1171 528 1305 607">3–4</td> </tr> <tr> <td data-bbox="316 607 448 685">1</td> <td data-bbox="448 607 1171 685">Knowledge and understanding of motivation of employees.</td> <td data-bbox="1171 607 1305 685">1–2</td> </tr> <tr> <td data-bbox="316 685 448 741">0</td> <td data-bbox="448 685 1171 741">No creditable content</td> <td data-bbox="1171 685 1305 741">0</td> </tr> </tbody> </table> <p data-bbox="316 775 620 808"><i>Answers could include:</i></p> <p data-bbox="316 842 751 875"><b>Knowledge and Understanding</b></p> <ul data-bbox="316 880 823 954" style="list-style-type: none"> <li>• Clear understanding of motivation.</li> <li>• Clear understanding of employees.</li> </ul> <p data-bbox="316 987 480 1021"><b>Application</b></p> <ul data-bbox="316 1025 1249 1059" style="list-style-type: none"> <li>• Reference to the benefits to a business of motivating its employees.</li> </ul> <p data-bbox="316 1104 440 1137"><b>Analysis</b></p> <ul data-bbox="316 1171 1313 1267" style="list-style-type: none"> <li>• Motivation of employees is achieved by the use of methods / factors that stimulate employees to take actions which lead to achieving business objectives.</li> </ul> <p data-bbox="316 1305 1078 1339">Benefits to a business of motivating its employees include:</p> <ul data-bbox="316 1373 1302 1989" style="list-style-type: none"> <li>• <u>Low labour turnover</u> – motivated employees are happier and more committed to the business therefore less likely to leave. Reduces recruitment and training costs.</li> <li>• <u>Low absenteeism/lateness</u> – motivated employees are less likely to suffer from illness and so have better attendance and punctuality at work. Increases productivity.</li> <li>• <u>High productivity</u> – motivated employees want to work quickly and effectively to achieve objectives and targets.</li> <li>• <u>Less waste</u> – motivated employees care more about the cost to the business and concentrate more on getting things right first time.</li> <li>• <u>Responsible employees</u> – motivated employees will enjoy working for the company and be prepared to accept more responsibility.</li> <li>• <u>Involved employees</u> – motivated employees will feel part of a team and will be able to make suggestions for the improvement of the business.</li> <li>• <u>Focused employees</u> – who work hard to achieve personal goals, e.g. self-actualisation, which the business also benefits from.</li> <li>• <u>Less accidents</u> – motivated employees take greater care at work and concentrate more.</li> </ul>	Level	Description	Marks	4	Good analysis of the benefits to a business of motivating its employees.	7–8	3	Some analysis of the benefits to a business of motivating its employees.	5–6	2	Some application of the benefits to a business of motivating its employees.	3–4	1	Knowledge and understanding of motivation of employees.	1–2	0	No creditable content	0	8
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7(a)	<ul style="list-style-type: none"> <li>• <u>Easier to manage</u> – motivated employees respond well and promptly to direction by managers.</li> <li>• <u>Less disruption and disputes</u> – employees are less likely to challenge and disagree with instructions so there are less disputes.</li> </ul> <p><b>Accept any other valid response.</b></p>																			
7(b)	<p><b>Discuss whether a salary is the best payment method for motivating employees of a shoe retailer.</b></p> <table border="1" data-bbox="316 589 1305 1081"> <thead> <tr> <th data-bbox="316 589 448 633">Level</th> <th data-bbox="448 589 1171 633">Description</th> <th data-bbox="1171 589 1305 633">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 633 448 752">4</td> <td data-bbox="448 633 1171 752">Effective evaluation of whether a salary is the best payment method for motivating employees of a <b>shoe retailer</b>.</td> <td data-bbox="1171 633 1305 752">9–12</td> </tr> <tr> <td data-bbox="316 752 448 871">3</td> <td data-bbox="448 752 1171 871">Limited evaluation of whether a salary is the best payment method for motivating employees of a (shoe) <b>retailer</b>.</td> <td data-bbox="1171 752 1305 871">7–8</td> </tr> <tr> <td data-bbox="316 871 448 949">2</td> <td data-bbox="448 871 1171 949">Application and analysis of whether a salary is the best payment method for an employee.</td> <td data-bbox="1171 871 1305 949">3–6</td> </tr> <tr> <td data-bbox="316 949 448 1030">1</td> <td data-bbox="448 949 1171 1030">Knowledge and understanding of salary / payment method / motivation / employees / retailer.</td> <td data-bbox="1171 949 1305 1030">1–2</td> </tr> <tr> <td data-bbox="316 1030 448 1081">0</td> <td data-bbox="448 1030 1171 1081">No creditable content.</td> <td data-bbox="1171 1030 1305 1081">0</td> </tr> </tbody> </table> <p><i>Answers could include:</i></p> <p><b>Knowledge and Understanding</b></p> <ul style="list-style-type: none"> <li>• Clear understanding of salary.</li> <li>• Clear understanding of payment method.</li> <li>• Clear understanding of motivation.</li> <li>• Clear understanding of employees.</li> <li>• Clear understanding of retailer.</li> </ul> <p><b>Application</b></p> <ul style="list-style-type: none"> <li>• Reference to whether a salary is the best payment method for an employee.</li> </ul> <p><b>Analysis</b></p> <p><b>Answers which focus on manufacturing are not answering the question.</b></p> <ul style="list-style-type: none"> <li>• Salary is an annual income that is usually paid on a monthly basis</li> <li>• Common form of payment for professional, supervisory and management staff.</li> </ul>	Level	Description	Marks	4	Effective evaluation of whether a salary is the best payment method for motivating employees of a <b>shoe retailer</b> .	9–12	3	Limited evaluation of whether a salary is the best payment method for motivating employees of a (shoe) <b>retailer</b> .	7–8	2	Application and analysis of whether a salary is the best payment method for an employee.	3–6	1	Knowledge and understanding of salary / payment method / motivation / employees / retailer.	1–2	0	No creditable content.	0	<b>12</b>
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7(b)	<ul style="list-style-type: none"> <li>• Salary fixed each year, not dependent on number of hours worked (time rate) or number of units sold (piece rate).</li> <li>• Given in recognition that hours and workload may vary during the year and the employee is responsible for working to achieve targets regardless of time taken.</li> <li>• A salary may not provide an incentive for a shop assistant to sell more or provide good customer service.</li> <li>• Shop assistant could be on time rate as likely to work set hours per week. If called in extra, would get extra pay per hours worked. Good incentive to do more hours but may not work any harder.</li> <li>• Possibility of using other financial reward systems eg bonus, performance related pay, profit sharing</li> <li>• Commission (percentage of sales value) would reward the assistants selling more shoes. Assistants may not want to serve children due to lower sales value.</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• The context is a <b>shoe retailer</b>.</li> <li>• This could be shown by types of shoes sold, specific shoe retailers.</li> <li>• Retailer could be shown by the use of relevant employee roles ie shop assistant, sales supervisor, customer service.</li> <li>• Recognition that a shoe retailer, like other retailers may have different types of employees such as full time, part-time, temporary, contract employees.</li> <li>• Employees may also have different levels of responsibility.</li> <li>• Salary payment may be appropriate / the best way of payment to motivate only a minority of employees in this business.</li> <li>• Are there more important ways of motivating staff in this type of business than various methods of financial rewards? For example, non-financial incentives alongside a perceived 'fair' and / or 'generous' payment system.</li> <li>• Reference may well be made here and throughout the essay to appropriate motivation theorists such as Maslow, Herzberg, Mayo, McClelland and Vroom.</li> </ul> <p><b>Accept any other valid response.</b></p>	


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