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**BUSINESS**

**9609/13**

Paper 1 Short Answer and Essay

**May/June 2019**

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.

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This document consists of **12** 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.

**9609 Paper 1 Specific Marking Principles**

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.

Question	Answer	Marks
1(a)	<p><b>Define the term ‘market segmentation’.</b></p> <p>Identifying / dividing a market into sub-groups or segments (1).            An example of a sub-group to target (1).            Sub-groups or segments have customers with similar characteristics (1).            Targeting products or services to these sub-groups or segments (1).            Differentiated marketing (1).            In order to conduct easier market research (1).            Segments are based on the products of a business provider (1).</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>	<b>2</b>
1(b)	<p><b>Briefly explain <u>two</u> reasons why a business might segment its market.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Allows a business to focus on and attract the ‘right’ customer – may give an initial commercial advantage.</li> <li>• Reduces risk in deciding what to produce and where to supply.</li> <li>• Increases marketing efficiency in giving focus and direction.</li> <li>• Allows differentiated marketing strategies to be implemented – target groups prevent waste in seeking to sell to those not interested.</li> <li>• Allows small businesses with new products to enter a market and focus on limited target groups.</li> <li>• Find gaps in the market.</li> <li>• Facilitates price discrimination on different segments.</li> <li>• Produce that which is more appropriate for that segment.</li> </ul> <p>Sound explanation of <b>two</b> reasons why a business might segment its market. (3 marks)            Sound explanation of <b>one</b> reason or partial explanation of <b>two</b> why a business might segment its market. (2 marks)            Partial explanation of <b>one</b> reason or a list of <b>two</b> why a business might segment its market. (1 mark)            No creditable content. (0 marks)</p>	<b>3</b>

Question	Answer	Marks
2(a)	<p><b>Define the term ‘transformation process’.</b></p> <p>Resource inputs / raw materials in a production process (1). Converted / transformed into products / outputs (1).</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>	<b>2</b>
2(b)	<p><b>Briefly explain <u>two</u> ways that a manufacturing business might improve the efficiency of its operations.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Concern to produce output at the highest ratio of output to input.</li> <li>• The business might be capital or labour intensive or a combination of both – will offer different opportunities.</li> <li>• Improve / increase employee training / recruitment – more skills.</li> <li>• Improve staff motivation / morale.</li> <li>• Job rotation to reduce monotony.</li> <li>• Invest in more advanced equipment – e.g. robotics.</li> <li>• Change the actual system of production – e.g. to flow production.</li> <li>• Decrease waste.</li> <li>• More efficient management / supervision.</li> <li>• Better communication channels.</li> <li>• More appropriate inventory management.</li> </ul> <p>Sound explanation of <b>two</b> ways that a manufacturing business might improve the efficiency of its operations. (3 marks) Sound explanation of <b>one</b> way or partial explanation of <b>two</b> ways that a manufacturing business might improve the efficiency of its operations. (2 marks) Partial explanation of <b>one</b> way or a list of <b>two</b> ways that a manufacturing business might improve the efficiency of its operations. (1 mark) No creditable content. (0 marks)</p>	<b>3</b>

Question	Answer	Marks
3	<p><b>Explain why cost information is important for business decision-making.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Important decisions are made in a business such as: – what suppliers to use – what price to set – how much to invest – when to expand etc.</li> <li>• Such decisions cannot realistically be made without accurate cost information.</li> <li>• Cost information informs the business decision-making process.</li> <li>• Cost information facilitates control / monitoring / benchmark comparisons.</li> <li>• All resource allocation decisions are dependent on cost information.</li> <li>• Vital for setting budgets and targets.</li> <li>• Cost information is at the heart of all important business decisions.</li> <li>• Credit examples of specific decisions.</li> <li>• Compare costs with competitor costs.</li> <li>• Know when the break-even point is reached.</li> </ul> <p>Effective explanation of why cost information is important for business decision-making. (4–5 marks)            Limited explanation of why cost information is important to a business. (2–3 marks)            Understanding of cost information. (1 mark)            No creditable content. (0 marks)</p>	5

Question	Answer	Marks
4(a)	<p><b>Define the term ‘emotional intelligence’.</b></p> <p>The ability to understand / be aware of own emotions (1). The ability to understand the emotions / thoughts / feelings of other people (1).</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>	<b>2</b>
4(b)	<p><b>Briefly explain <u>two</u> of Goleman’s emotional intelligence competences.</b></p> <p><i>Answers could include:</i></p> <p>According to Daniel Goleman, there are four emotional competences:</p> <ul style="list-style-type: none"> <li>• <b>Self-awareness</b> – recognising one’s emotions / feelings and their effects on others – how these emotions affect performance and determine actions – aware of strengths and weaknesses.</li> <li>• <b>Self-management</b> – self regulation / control – manage impulsive feelings – stay focused under pressure – handle stress – be trustworthy – be conscientious, flexible and innovative.</li> <li>• <b>Social awareness</b> – empathetic – interest in others – take advice – listen – develop others.</li> <li>• <b>Social skills</b> – skilled at persuasion – effective communication – handle emotions in relationships – manage conflict – collaborate and co-operate.</li> </ul> <p><b>NOTE</b></p> <p><i>If the answer gives a clearly recognisable explanation of a competence without labelling that competence, the mark should be awarded as if the competence was labelled.</i></p> <p>Sound explanation of <b>two</b> of Goleman’s emotional intelligence competences. (3 marks) Sound explanation of <b>one</b> or partial explanation of <b>two</b> of Goleman’s emotional intelligence competences. (2 marks) Partial explanation of <b>one</b> or a list of <b>two</b> of Goleman’s emotional intelligence competences. (1 mark) No creditable content. (0 marks)</p>	<b>3</b>

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5(a)	<p data-bbox="316 248 1225 315"><b>Analyse the impact of small businesses on the development of a country.</b></p> <table border="1" data-bbox="316 349 1313 875"> <thead> <tr> <th data-bbox="316 349 440 414">Level</th> <th data-bbox="440 349 1166 414">Description</th> <th data-bbox="1166 349 1313 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 414 440 512">4</td> <td data-bbox="440 414 1166 512">Good analysis of the impact of small businesses on the development of a country.</td> <td data-bbox="1166 414 1313 512">7–8</td> </tr> <tr> <td data-bbox="316 512 440 611">3</td> <td data-bbox="440 512 1166 611">Some analysis of the impact of small businesses on the development of a country.</td> <td data-bbox="1166 512 1313 611">5–6</td> </tr> <tr> <td data-bbox="316 611 440 710">2</td> <td data-bbox="440 611 1166 710">Some application of the impact of small businesses on the development a country.</td> <td data-bbox="1166 611 1313 710">3–4</td> </tr> <tr> <td data-bbox="316 710 440 808">1</td> <td data-bbox="440 710 1166 808">Limited understanding of small businesses / development of a country.</td> <td data-bbox="1166 710 1313 808">1–2</td> </tr> <tr> <td data-bbox="316 808 440 875">0</td> <td data-bbox="440 808 1166 875">No creditable content.</td> <td data-bbox="1166 808 1313 875">0</td> </tr> </tbody> </table> <p data-bbox="316 913 619 943"><i>Answers could include:</i></p> <ul data-bbox="316 981 1313 1462" style="list-style-type: none"> <li>• Improve the standard of living / GDP / tax revenues.</li> <li>• Small businesses can be critical contributors to the strength of local and national economies.</li> <li>• They may be significant employers and generate a high percentage of new jobs.</li> <li>• May stimulate growth and innovation, take risks, explore new ideas.</li> <li>• May be the building blocks for future large businesses and become significant players in national and international markets.</li> <li>• May be an important element in the ‘outsourcing’ systems of larger businesses.</li> <li>• Small businesses can also bring disadvantages to the development of a country.</li> <li>• Some candidates may answer the question in terms of advantages and disadvantages. This is acceptable.</li> </ul>	Level	Description	Marks	4	Good analysis of the impact of small businesses on the development of a country.	7–8	3	Some analysis of the impact of small businesses on the development of a country.	5–6	2	Some application of the impact of small businesses on the development a country.	3–4	1	Limited understanding of small businesses / development of a country.	1–2	0	No creditable content.	0	8
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5(b)	<p><b>Discuss the view that a public limited company should prioritise the aims of its shareholders rather than those of other stakeholder groups.</b></p> <table border="1" data-bbox="316 344 1313 972"> <thead> <tr> <th data-bbox="316 344 448 409">Level</th> <th data-bbox="448 344 1171 409">Description</th> <th data-bbox="1171 344 1313 409">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 409 448 544">4</td> <td data-bbox="448 409 1171 544">Effective evaluation of the view that a plc should prioritise the aims of its shareholders rather than those of other stakeholder groups.</td> <td data-bbox="1171 409 1313 544">9–12</td> </tr> <tr> <td data-bbox="316 544 448 678">3</td> <td data-bbox="448 544 1171 678">Limited evaluation of the view that a plc should prioritise the aims of its shareholders rather than those of other stakeholder groups.</td> <td data-bbox="1171 544 1313 678">7–8</td> </tr> <tr> <td data-bbox="316 678 448 842">2</td> <td data-bbox="448 678 1171 842">Analysis and some application of the view that a business should prioritise the aims of its shareholders rather than those of other stakeholder groups.</td> <td data-bbox="1171 678 1313 842">3–6</td> </tr> <tr> <td data-bbox="316 842 448 907">1</td> <td data-bbox="448 842 1171 907">Understanding of shareholders / stakeholders.</td> <td data-bbox="1171 842 1313 907">1–2</td> </tr> <tr> <td data-bbox="316 907 448 972">0</td> <td data-bbox="448 907 1171 972">No creditable content.</td> <td data-bbox="1171 907 1313 972">0</td> </tr> </tbody> </table> <p><i>Answers could include:</i></p> <ul data-bbox="319 1081 1313 1563" style="list-style-type: none"> <li>• A discussion of shareholders / stakeholders, duties, responsibilities, rights, contributions.</li> <li>• Discussion as to whether some / any one stakeholder might merit favourable treatment (shareholders).</li> <li>• How equal should stakeholders be? Corporate governance.</li> <li>• Who are the biggest risk-takers?</li> <li>• Are there different kinds of shareholders (big and small).</li> <li>• Examples of recent / current cases of stakeholder / shareholder benefits and losses e.g. BHS and Sports Direct.</li> <li>• Should plc's address all stakeholder needs?</li> <li>• Answers may well give an evaluative conclusion which addresses the question as to whether shareholders should be prioritised and where.</li> <li>• With reference to previous comment and analysis candidates may express a view / make a judgement.</li> </ul>	Level	Description	Marks	4	Effective evaluation of the view that a plc should prioritise the aims of its shareholders rather than those of other stakeholder groups.	9–12	3	Limited evaluation of the view that a plc should prioritise the aims of its shareholders rather than those of other stakeholder groups.	7–8	2	Analysis and some application of the view that a business should prioritise the aims of its shareholders rather than those of other stakeholder groups.	3–6	1	Understanding of shareholders / stakeholders.	1–2	0	No creditable content.	0	12
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7(b)	<p><b>An ability to understand income statements and statements of financial position is the most important quality required of a senior manager in a business.</b></p> <p><b>Discuss this view.</b></p> <table border="1" data-bbox="316 450 1313 1178"> <thead> <tr> <th data-bbox="316 450 443 512">Level</th> <th data-bbox="443 450 1179 512">Description</th> <th data-bbox="1179 450 1313 512">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 512 443 680">4</td> <td data-bbox="443 512 1179 680">Effective evaluation of the view that an ability to understand and analyse income statements and statements of financial position is the most important quality required of a senior manager in a business.</td> <td data-bbox="1179 512 1313 680">9–12</td> </tr> <tr> <td data-bbox="316 680 443 848">3</td> <td data-bbox="443 680 1179 848">Limited evaluation of the view that an ability to understand and analyse income statements and statements of financial position is the most important quality required of a senior manager in a business.</td> <td data-bbox="1179 680 1313 848">7–8</td> </tr> <tr> <td data-bbox="316 848 443 1016">2</td> <td data-bbox="443 848 1179 1016">Analysis and some application of the view that an ability to understand and analyse income statements and statements of financial position are important to a business.</td> <td data-bbox="1179 848 1313 1016">3–6</td> </tr> <tr> <td data-bbox="316 1016 443 1113">1</td> <td data-bbox="443 1016 1179 1113">Understanding of financial statements / senior management.</td> <td data-bbox="1179 1016 1313 1113">1–2</td> </tr> <tr> <td data-bbox="316 1113 443 1178">0</td> <td data-bbox="443 1113 1179 1178">No creditable content.</td> <td data-bbox="1179 1113 1313 1178">0</td> </tr> </tbody> </table> <p><i>Answers could include:</i></p> <ul data-bbox="320 1285 1313 1794" style="list-style-type: none"> <li>• How important is an understanding and analysis of these two financial statements? – income statement is about ability of a business to earn profit – statement of financial position relates to status of a business in terms of liquidity, funding and debt.</li> <li>• Assuming the business is a PLC – bottom line considerations – using these quantitative signals are vital and senior managers in a business need to understand and analyse, (but could they rely on the expertise of a competent Finance Director?).</li> <li>• What about other kinds of business? – e.g. social enterprises – public corporations – different issues here.</li> <li>• Evaluative comments could be presented based on points such as: Is financial understanding and analysis the most important quality / skill of a senior business manager? – What about leadership qualities – emotional intelligence – strategic vision – operational efficiency – people management skills?</li> </ul>	Level	Description	Marks	4	Effective evaluation of the view that an ability to understand and analyse income statements and statements of financial position is the most important quality required of a senior manager in a business.	9–12	3	Limited evaluation of the view that an ability to understand and analyse income statements and statements of financial position is the most important quality required of a senior manager in a business.	7–8	2	Analysis and some application of the view that an ability to understand and analyse income statements and statements of financial position are important to a business.	3–6	1	Understanding of financial statements / senior management.	1–2	0	No creditable content.	0	12
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