

BUSINESS

9609/11 October/November 2017

Paper 1 Short Answer/Essay MARK SCHEME Maximum Mark: 40

Published

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Question	Answer	Marks				
1(a)	Define the term 'channel of distribution'.	2				
	It is the chain of intermediaries a product passes through (1) from producer to consumer. (1)					
	A definition such as this merits 2 marks.					
	A partial definition such as 'the way a business distributes its products' or 'method used by a business to get products to customers' merits 1 mark.					
	Sound definition(2 marks)Partial definition – limited understanding(1 mark)No creditable content(0 marks)					
1(b)	Briefly explain <u>two</u> factors a manufacturing business might consider in deciding on an appropriate channel of distribution.	3				
	Answers may include:					
	 cost of different distribution channels e.g. direct selling involves shipping costs and requires the manufacturer to hold inventory. using intermediaries means reduced profits for the manufacturer. efficiency of distribution channel; which will reach the customer the quickest and at the lowest cost to the manufacturer. which channel gives the manufacturer the control they require over how the product is presented to the customer. type of product – industrial products tend to be sold more directly than consumer goods, perishable direct to retailers. the nature of the chosen market – if it is large and dispersed, intermediaries may well be needed. level of service required or demanded by customers – so some products will not be sold via internet (e.g. bespoke products). technical complexity of the product – may be direct selling, e.g. computers. number of customers – if high value product and few customers, direct selling might be used (luxury yacht). 					
	NOTE: Some answers refer to methods of transportation but not specific intermediaries. The question is 'channel of distribution' so methods of transportation only cannot gain marks.					
	Sound explanation of two factors (3 marks) Sound explanation of one factor or partial explanation of two factors (2 marks)					
	Partial example of one factor or a list of two factors(1 mark)No creditable content(0 marks)					

Question	Answer	Marks			
2(a)	Define the term' job re-design'.	2			
	The re-structuring / altering / changing of a job (1), usually with employee involvement and agreement, (1) to make the work / job more interesting / satisfying / challenging. (1)				
	A definition that merits 2 marks will contain 2 of the 3 points listed above.				
	A partial definition that merits 1 mark will contain 1 of the 3 points above.				
	NOTE: Some answers refer to the role of an employee changing but do not refer to a 'job' The question is 'job re-design' so explicit reference to a 'job/tasks' must be made for marks to be awarded.				
	Sound definition given(2 marks)Partial definition given(1 mark)No creditable content(0 marks)				
2(b)	Briefly explain the benefits to a business of job re-design.				
	Answers could include:				
	 Job re-design is designed to: make the job holder feel more valued by increasing their role. This leads to maximum output from satisfied workers. increase motivation of workers and hence help to retain them so reducing costs of recruitment. create a right person – right job fit leading to efficient and effective workforce so increasing productivity. adapt the business / job roles to suit changing economic conditions, therefore having the right staff and skills to deal with change so the business can survive/grow. 				
	NOTE: Candidates that do not refer to a 'job' in question 2(a) may nevertheless give acceptable answers in question 2(b) by referring to the impact of job re-design on employees such as new skills and motivation, leading to increased productivity and should be rewarded accordingly.				
	Sound explanation of the benefits of job re-design to a business				
	Limited explanation of the benefits of job re-design(3 marks)Some general comment on job re-design(2 marks)No creditable content(0 marks)				

Question	Answer	Marks
3	Explain how a business might benefit from acting ethically.	5
	Answers may include:	
	Acting ethically is regarded as doing the 'right thing' – taking business decisions against a background of certain moral principles – morally correct behaviour.	
	In the short-term there may be a 'cost' involved in acting ethically – only doing things in a certain way or not doing certain things.	
	In the long-term there could be substantial benefits:	
	 avoid negative publicity. retain customer loyalty – retain/gain sales through high reputational perception. attract ethical customers/investors. attract staff/retain staff. gives a competitive advantage. improved brand and business awareness. 	
	Effective explanation of possible benefits to a business of ethical business activities (4–5 marks)Limited explanation of possible benefits of ethical business activities(2–3 marks)Understanding of ethical business activity(1 mark)No creditable content(0 marks)	
4(a)	Define the term 'micro-finance'.	2
	The provision of financial services for poor and low-income customers (1) who do not have access to banking services such as loans and overdrafts offered by traditional commercial banks. (1) Such a definition should be awarded 2 marks.	
	A partial definition such as 'the provision of financial services to poor customers' should be awarded 1 mark.	
	NOTE: Reference to 'poor' or 'low-income' must be made for 2 marks to be awarded.	
	Sound definition(2 marks)Partial definition(1 mark)No creditable content(0 marks)	

Question	Answer	Marks			
4(b)	Briefly explain <u>two</u> advantages of micro-finance for entrepreneurs.				
	 entrepreneurs use micro-finance to start businesses. entrepreneurs use micro-finance to operate and grow businesses. this provides an income and average incomes increase. provide finance which otherwise would not be available to high risk entrepreneurs with no credit score. such finance is likely to be at lower interest rates than traditional banks making it easier to pay back. small capital sums in the form of loans to poor aspiring entrepreneurs (especially in rural areas) have encouraged small businesses to be set up where previously there was no access to such funds. evidence that women, who traditionally have been denied financial services, have benefitted from micro-finance opportunities. growth of local economies; incomes rise and families are able to give education to their families. micro-finance institutions stimulate economic activity and development particularly through entrepreneurial activity – the multiplier effect. Sound explanation of two advantages of micro-finance for entrepreneurs (3 marks) Sound explanation of one advantage or partial explanation of two advantages (2 marks) Partial explanation of one advantage or list of two (1 mark) No creditable content (0 marks) 				



		Answer		Marks
5(a)	Analyse the role of marketing in adding value to a product			
	Level	Description	Marks	
	4	Good analysis of how marketing can add value to a product.	7–8	
	3	Some analysis of how marketing can add value to a product.	5–6	
	2	Some application of how marketing can add value to a product or convince customers that a product is more desirable.	3–4	
	1	Understanding of value added and/or marketing.	1–2	
	0	No creditable content.	0	
		may include: tes may well use the 4Ps framework to answer this question	on, but	
	materials	alue is the difference between the cost of purchasing boug and the price finished goods/services are sold for – the g e the greater the potential for more profit.		
	ident effect	ng / market research / market intelligence can add valu tifying how to get a product to the right customers more ctively/cheaply so reducing cost and adding value. rmining the right offer price to set for the target market so	-	

Question		Answer		Marks	
5(b)	Discuss how market segmentation could be used to improve the profitability of a hotel.				
	Level	Description	Marks		
	4	Effective evaluation of how market segmentation could be used to improve the profitability of a hotel.	9–12		
	3	Limited evaluation of how market segmentation could be used to improve the profitability of a hotel.	7–8		
	2	Analysis and some application of how market segmentation could be used to improve the profitability of a hotel.	3–6		
	1	Understanding of market segmentation and/or profitability.	1–2		
	0	No creditable content.	0		
	sale it mi price profi reve NOTE. S the hote acceptal Hote Spec	stomer-focused marketing strategy with the promise of ine s and profitability. ght lead to gaps in the market being identified and exploit e discrimination can be used to increase revenue and pro- tability – the ability of a business to earn a profit by increa nues and decreasing costs. Some may adopt a 'macro approach' and focus on the I being segmented such as becoming a luxury hotel. I being segmented such as becoming a luxury hotel.	ed. fits. asing whole of This is pancy.		
	wed • Species inco gene Evaluati involves potential competit	dings), conference traffic, all ensuring different revenue st cific provision could include: luxury penthouse rooms for h me earners, family rooms, budget rooms etc. all potential erating higher levels of profit. ve points : increasing hotel facilities to suit different segm costs e.g. refurbishment, staffing, materials. Must be eno revenue to cover this. Depends on existing reputation / lo ion of hotel as to how successful and therefore profitable, egmentation might be. Impact on decisions if say an ecor	high- ly hents ugh bocation / increased		

Question	Answer			Marks
6		n is the most important factor determining the success r manufacturing business.' Discuss this statement.	s of a	20
	Level	Description	Marks	
	5	Effective evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business.	17–20	
	4	Good analysis and limited evaluation of the statement that location is the most important factor determining the success of a large car manufacturing business.	13–16	
	3	Analysis of the statement that location is the most important factor determining the success of a large car manufacturing business.	11–12	
	2	Limited analysis with application of the importance of business location and business success.	5–10	
	1	Understanding of business location / business success.	1–4	
	0	No creditable content.	0	
	Answers a dis car r trans incer servi an u busin influe a rec facto impo othe i.e.: 	possibly to another country. a may include: acussion of the importance of location to any business (incluent manufacturing business) – access to skilled labour, raw may sport and communication facilities, governmental support / ntives / light regulations, proximity to other businesses and ices, customers. Inderstanding that the particular needs and strategies of sponsesses will affect location decisions and considerations and ence the significance of particular location issues and deci- cognition that while location is likely to be a significant succes or it will not be the only important factor or necessarily the ro- ortant factor. r critical success factors determining success will be discu Operational efficiency – including innovative design, lear efficient production processes leading to – Product differentiation – distinctive features, 'bells and we that lead to distinctive brand attributes leading to – Customer satisfaction – supported by effective marketing effective response to the demands of existing and emerging opportunities. Answers will fully explain the potential contribution made brances and success are appreciated attributes leading to a support and emerging the substitution made brances and success and emerging the substitution made brances attributes and attributes and attributes and a the substitution and emerging the substitution and emerging the substitution attributes and emerging the substitution attributes and a the substitution and emerging the substitution attribution made brances attributes and a the substitution attributes and emerging the substitution attributes and a thread attributes and emerging the substitution attributes and emerging the substitution attributes and emerging the substitution attributes and the substitution attributes and emerging the substitution attributes attributes and emerging the substitution attributes attri	aterials, becific d sions. cess most ssed, n / vhistles' g and an ng market	
	'Location recognise set out a	inswers will fully explain the potential contribution made by i' to success of a car manufacturing business– but will also e that other factors might be equally / more important such bove and not forgetting the quality of leadership and mana siness – location is but one important factor.	as the 3	

Question		Answer		Marks	
7(a)	Analyse how a business might use Mintzberg's roles of management.				
	Level	Description	Marks		
	4	Good analysis of how a business might use Mintzberg's roles of management.	7–8		
	3	Some analysis of how a business might use Mintzberg's roles of management.	5–6		
	2	Some explanation of how a business might use Mintzberg's roles of management.	3–4		
	1	Understanding of Mintzberg's roles of management.	1–2		
	0	No creditable content.	0		
		ional:Monitor, Disseminator and Spokesperson.nal:Entrepreneur, Disturbance Handler, Resource Allocator and Negotiator.vs a business / HRM to analyse the roles that need to be p	erformed		
	 allows a business / HRM to analyse the roles that need to be performed to support the effective management of a business and to identify any gaps acts as a benchmark for drawing up job specifications / recruitment criteria acts as a guide for the content of training and development programmes can be used as evaluative criteria for assessing the performance of managers allows a business to recognise that management roles are varied and demanding 				
	Mintzber	nswers in which the candidate discusses how a mana rg's roles and how the result of the manager's actions ness e.g. achieving objectives, having good working ships, etc. are valid and can be fully rewarded.	•		

Question		Answer		Marks
7(b)		nal intelligence is the most important quality of an effe Do you agree with this view? Justify your answer.	ective	12
	Level	Description	Marks	
	4	Effective evaluation of the statement that emotional intelligence is the most important quality of an effective leader.	9–12	
	3	Limited evaluation of the statement that emotional intelligence is the most important quality of an effective leader.	7–8	
	2	Analysis and some application of the statement that emotional intelligence is the most important quality of an effective leader.	3–6	
	1	Understanding of emotional intelligence and / or qualities of leaders.	1–2	
	0	No creditable content.	0	
	 abilit abilit motividem inspi Emotion abilit abilit to active at the at respination auth Gole award 	e leadership qualities will be identified such as: ty to set a clear vision and direction; ty to think strategically and see the big picture; vate and carry staff along in successful achievement of go onstrate resilience and risk-taking skills; ire followers etc. al intelligence – Some say EI is more important than IQ. ty of leaders to understand their own emotions and those of chieve business performance; ability to understand people and to get staff to respond thro ect and understanding; entic leadership and servant leadership eman's EI competencies: self-awareness; self-management reness; social skills.	of others ough	
	 how with 'soft balan Evaluation number of within the	tive importance of emotional intelligence – does El complement and support other leadership qualitie out El leaders may not gain the confidence of employees. is hard' in business leadership but it would be risky not to nce and variety of qualities from an effective business lead ve comment/judgement of the view stated. El may be on of important qualities required of an effective leader. The b e cluster of qualities may well be critical, as would the spec a business at particular times.	expect a der. e of a alance	