

MARK SCHEME for the May/June 2010 question paper
for the guidance of teachers

9707 BUSINESS STUDIES

9707/12

Paper 12 (Short Answer/Essay), maximum raw mark 40

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Section A

- 1 (a) Definitions such as 'the number of staff/subordinates directly answerable to a manager/supervisor' or 'the number of staff that a manager/supervisor has authority over.'
- A definition that indicates some understanding. [1]
 - A definition that indicates full understanding. [2]
- (b) Problems might include: communication and co-ordination problems might become more complex – limited opportunity for close consultation with staff – possible morale issues – increased stress and workload for managers/supervisors – time constraints might encourage more autocratic management.
- One problem identified with limited explanation. [1]
 - One problem identified with good explanation. [2]
 - Two problems identified with limited explanation. [2]
 - Two problems identified with good explanation. [3]
- 2 (a) Definitions such as: the collection (collation and analysis) of data from existing and potential customers regarding market conditions for the products and services of a business.
- A definition that indicates some understanding. [1]
 - A definition that indicates full understanding. [2]
- (b) Explanation such as: primary research collects original data – data not collected before – may be called 'field' research – speaking to consumers in their natural habitat – home, work or shopping.
Secondary research is using information that is already published and available – termed desk research – cheaper and more quickly obtained.
- Partial explanation of either term. [1]
 - Full explanation of either term or partial explanation of both. [2]
 - Accurate explanation of both terms that clearly differentiates the two types of research. [3]
- 3 Explanation might initially include a definition of economies of scale – an increase in output leading to a less than proportionate increase in costs – and discuss the generic categories such as financial, technical, risk-bearing, marketing, managerial. Specific economies in the context of this question might include: – financial – bulk purchasing of supplies (food, linen, etc); technical – increased use of computers for stock control, reservations; marketing – reduced cost of advertising – specialist management roles for the larger company.
- Limited response – definition/generic categories only – a list. [1]
 - Identification and explanation of one appropriate economy of scale. [2–3]
 - Identification and explanation of two appropriate economies of scale. [4–5]

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4 (a) A pie chart is a graphical means of representing numerical data and consists of a circle where the components of the data are indicated by segments in the circle. Each segment represents the size of a particular part relative to the total (360°). This gives an immediate impression of the relative importance of each data component.

- Partial outline of main features. [1]
- Full outline of main features. [2]
- (Accept accurate diagrams).

(b) Advantages might include: simple and commonly understood – shows results very clearly – trends and changes over time explicitly represented – allows the reader to interpret data more easily and quickly (a diagram might illustrate simplicity and ease of understanding) – comparison might be made with alternative methods.

- Limited attempt to explain advantage(s). [1]
- Limited explanation of at least 2 advantages/full explanation of one. [2]
- Full explanation of at least 2 advantages. [3]

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Section B

- 5 (a) Explanation might initially define a cash flow forecast – a prediction of all expected receipts and expenses of a business over a future time period, which shows the expected cash balance at the end of each month. It indicates the likely future liquidity of a business, enabling appropriate action to be taken if a cash shortfall is expected – while profit is often seen as being more important in the long term, cash flow is a key factor in the short term survival of a business. It is important to control and monitor cash flow and plan ahead. Specific reasons/advantages include: identifies the timing of cash shortages and surpluses – supports applications for funding – enhances the planning process – enables cash flow monitoring with comparison of predicted figures and actual figures – provides a recognition that retail businesses do have particular cash flow problems e.g. outlay on stock – time gap before products are sold.
- Sound analysis of reasons for the preparation of a cash flow forecast and a reference to retail business. [7–8]
 - Good explanation of reasons for the preparation of a cash flow forecast (possibly with reference to retail). [5–6]
 - Limited explanation of reasons for the preparation of a cash flow forecast. [3–4]
 - Attempt to explain cash flow forecasts. [1–2]
- (b) Discussion might identify potential causes of cash flow problems e.g. delayed debtor repayments – cash receipts slowed down – liquidity reduced – creditors paid too early – more cash tied up in stock than is necessary. Ways to improve might include: – factor debts (quick cash – but does not receive full debt) – lengthen the credit period taken from supplies – leasing, sale and lease back.
- Comprehensive set of improvement options identified and analysed with some attempt to assess likely success. [11–12]
 - Analysis of some specific ways. [8–10]
 - Sound understanding of some specific ways (at least 2). [3–7]
 - Shows limited understanding of cash flow problems. [1–2]
- 6 Discussion might initially define stakeholders – those influenced by or influencing an organisation and its decisions. The essence of the scenario is a successful business. Stakeholders might be in conflict in any business – successful or not – e.g. shareholders' interests at the expense of other stakeholders. In this example there may be specific conflicts of interest e.g. – shareholders want high dividends and not long term investment – managers and workers want immediate salary increases (versus long term security) – consumers want lower prices (vs innovation and high quality) – environment groups want more investment in the reduction of waste and pollution, etc. A range of potential conflicts exist with regard to the distribution of profits. The relative power and influence of stakeholders is important – and more stakeholders might be in agreement than in conflict.
- Evaluative comment that recognises the significance of a profitable business in creating conflict and/or comments on the power/influence of respective stakeholders. [17–20]
 - Analysis of different stakeholder group objectives and expectations in a business. [14–16]
 - Good understanding of stakeholder conflict possibilities. [11–13]
 - Shows good understanding of stakeholder groups and their objectives in a business. [5–10]
 - Shows some understanding of stakeholder groups and their objectives. [0–4]

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7 (a) Explanation might refer to why initially, i.e. an assumption that money is the most important motivating factor – but the question seeks examples of how financial rewards might be used e.g. a variety of payment schemes might be explained: time rates – wages and salaries – piece rates – payment by results – commission – fees – fringe benefits – medical insurance – incentive schemes – sales targets – bonus payments – productivity schemes – share ownership.

- Sound analysis of a range of relevant financial rewards. [7–8]
- Some analysis of relevant financial rewards. [5–6]
- Sound description of relevant financial rewards. [3–4]
- Shows limited awareness of financial rewards. [1–2]

(b) Discussion could refer to the different assumptions underpinning the use of non-financial rewards – e.g. the Theory Y view that workers are motivated by a variety of factors and non-financial rewards might be very significant – e.g. team work as well as pay – sense of involvement as well as high productivity. This question is about why non-financial rewards are used.

- May be a more efficient motivator.
- Recognition of worker needs and impact of motivation theory/theorists e.g. Mayo, McGregor, Maslow, Herzberg, etc.
- The deficiencies and difficulties of using financial rewards.

Confident answers will likely use motivation theory/theorists to explain the use of job enrichment/enlargement, job rotation, team work, empowerment, etc. as alternatives or additions to financial methods.

- Some evaluative comment on why non-financial rewards might be used (or used in tandem with financial rewards) – the context – the type of worker, etc. [11–12]
- Analysis of reasons why non-financial rewards might be used (expect effective use of motivation theory for higher mark in this level). [8–10]
- Shows good understanding of why non-financial rewards might be used. [3–7]
- Shows some understanding of non-financial rewards. [1–2]