

**MARK SCHEME for the May/June 2011 question paper
for the guidance of teachers**

9771 BUSINESS AND MANAGEMENT

9771/01

Paper 1 (Business Concepts), maximum raw mark 100

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.

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Section 1

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2	B	12	C
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Section 2

21 Discuss, using the data in Table A and other information, whether Fergus is right to want to close the sports centre. [10]

	K 1 mark	App 3 marks	An 3 marks	E 3 marks
Level 2		3 marks Points made are well applied to case.	3 marks Relevant reasoning or theory used to explain answer.	3 marks Good judgement shown of the impact of closing the sports centre plus clear recommendation.
Level 1	1 mark Some knowledge of contribution shown or relevant calculation undertaken.	1–2 marks Some application of points to the case, e.g. will sports centre be useful to attract business customers for new conference suite, and/or further relevant use made of data in Table 1.	1–2 marks Limited reasoning shown.	1–2 marks Limited evaluation or judgement.

Answers could include:

- Calculation of contribution of sports centre (£10k) or before/after closure profit figures for the whole business (£115k/£105k).
- Is allocation of fixed costs 'fair'?
- Fixed costs will have to be paid anyway.
- Is there any way in which contribution could be increased rather than closing the centre?
- Impact of redundancy on costs and motivation of hotel staff at a time of intended expansion?
- Could the sports centre become a selling point for the new conference facilities?
- Is the space needed for the new conference centre development?
- Will revenue of other profit centres be reduced if sports centre is closed?
- Overall conclusion/judgement needed, which could be that a decision needs to be deferred until other (specific) information is available.

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22 Assume the conference project goes ahead. Recommend an appropriate marketing strategy that Fergus could adopt. Justify your answer. [10]

	K 1 mark	App 3 marks	An 3 marks	E 3 marks
Level 2		3 marks Points made are well applied to case.	3 marks Relevant reasoning or theory used to explain answer.	3 marks Good judgement shown of the most important features of a marketing strategy in this case.
Level 1	1 mark Some knowledge of marketing strategy shown.	1–2 marks Some application of points to the case, e.g. the specific target market being aimed at, the objectives of Fergus and the marketing budget available.	1–2 marks Limited reasoning shown.	1–2 marks Limited evaluation or judgement.

Answers could include:

- Definition of marketing strategy – the medium/long-term plan for meeting marketing objectives (objectives + budget + mix + time span).
- Important to focus on marketing to business customers.
- Objective is not SMART in this case – needs to be more specific and measurable, e.g. 10% of regional business conference market. This is very significant.
- Is the budget enough? This new centre and its facilities will need to be promoted to 'high end' business customers.
- Pricing might be less important if the facilities and image of the centre are suitable for the market segment being aimed at – but some market research of similar rivals' prices would be important.
- Product – facilities and the quality of staff and service could be crucial for long-term success.
- Balanced discussion required but it will be essential to have an integrated marketing mix fully coordinated with the aims of the business and the other departments to improve chances of success.

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23 Evaluate whether Fergus could have changed the culture of the hotel without causing such a high labour turnover. [10]

	K 1 mark	App 3 marks	An 3 marks	E 3 marks
Level 2		3 marks Points made are well applied to case.	3 marks Relevant reasoning or theory used to explain answer.	3 marks Good judgement shown of the problems in changing culture so fundamentally in this case.
Level 1	1 mark Some knowledge of corporate culture shown.	1–2 marks Some application of points to the case, e.g. the loyalty of existing staff and the problems of cultural change in this case.	1–2 marks Limited reasoning shown.	1–2 marks Limited evaluation or judgement.

Answers could include:

- Definition of corporate culture – the attitudes, beliefs and values of the organisation ('how things are done around here').
- Reasons for cultural differences between former owners/managers and the Majestic/Fergus approach. Less people-focused and more task-focused.
- Problems of changing culture – inertia, resistance to and fear of change, requires new mission and vision statements.
- In this case, many staff have been very loyal to the hotel but Fergus seems happier to replace them than to try to change their culture.
- Communication of new vision needed – reasons for change need to be explained and staff need to participate in the major changes being planned, especially as these affect staff.
- But such an approach might still lead to high labour turnover in this case due to the drastic change in culture – especially as Fergus, perhaps, does not really have much empathy towards the old set-up and staff.

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24 (a) (i) State the length of the critical path. [1]

26 weeks

(ii) State the latest finish time at Node 9. [1]

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(b) Evaluate the extent to which the network analysis will guarantee the successful completion of the conference project. [8]

	K 1 mark	App 1 mark	An 3 marks	E 3 marks
Level 2			3 marks Relevant reasoning or theory used to explain answer.	3 marks Good judgement shown of the extent to which network analysis will help the project – but will not guarantee success.
Level 1	1 mark Some knowledge of network analysis shown.	1 mark Some application of points to the case, e.g. the lack of experience in using network analysis.	1–2 marks Limited reasoning shown.	1–2 marks Limited evaluation or judgement.

Answers could include:

- Definition/explanation of network analysis/CPA.
- CP length in this case (26 weeks) suggests that the project could be ready for launch by end of June 2012.
- The network can be used to help: allocate scarce resources, overcome delays, plan ahead, calculate float times.
- So, in many ways the network analysis will be of great help to the hotel with the successful launch of this project.
- However, lack of experience in using and applying the technique.
- It is a very simplified network – not of much use unless more detail added?
- Does not guarantee completion on time – may be time delays but at least CPA can be used to help reduce these by rescheduling resources.
- Project still needs good management to reach time target.
- Marketing of the conference centre will also need to be good to help ensure success – the CPA alone cannot guarantee success.

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Section 3

	K 6 marks AO1	App 10 marks AO2	An 12 marks AO3	E 12 marks AO4
Level 3		7–10 marks Excellent application of most points to selected businesses.	8–12 marks Extensive reasoning and use of theory to explain arguments.	8–12 marks Extensive judgement in answer and conclusion.
Level 2	4–6 marks Good knowledge shown.	4–6 marks Points well applied to selected businesses.	4–7 marks Good reasoning/use of theory to explain answer.	4–7 marks Good judgement shown in answer and conclusion or excellent judgement in answer or conclusion.
Level 1	1–3 marks Some knowledge shown.	1–3 marks Some application of points.	1–3 marks Some reasoning/use of theory to explain answer.	1–3 marks Some judgement shown in answer or conclusion.

25 'An environment where people have to think brings with it wisdom and this wisdom brings with it continuous improvement (kaizen).' Teruyuki Minoura, Toyota Motor Corporation. Discuss whether all businesses should create work environments in which staff 'have to think'. [40]

Answers could include:

- Definition or explanation of kaizen and worker involvement/participation.
- Claimed benefits of kaizen and other forms of involvement.
- Develops the whole person and allows job enrichment – Herzberg.
- Improves quality and decision-making due to the practical experience of workers.
- Improves motivation and lowers labour turnover.

However:

- Is it more effective in some business situations than others?
- Can all workers be encouraged to 'think' and 'participate'?
- Need for – and cost of – staff training and development.
- Much depends on the culture of the organisation and leadership style used.

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26 The UK real GDP fell by more than 2.0% between June 2008 and 2009. Evaluate the extent to which UK businesses were adversely affected by this. [40]

Answers could include:

- Definition of, or explanation of, recession/falling GDP.
- Impact on demand **dependent** on type of product (income elasticity) and whether it is sold in domestic or export markets.
- Scope for many relevant examples – some businesses have closed and others have reported rising sales/profits.
- Some businesses responded more quickly than others, e.g. cost-cutting, so this might have been a factor in some firms being less affected than others.
- Long-term impact will **depend** on whether businesses emerge 'leaner and fitter', or just smaller and less profitable. Much depends on the management action taken.
- Recession also contributed to very low interest rates and depreciation of sterling (£). These issues could be analysed and evaluated in different business contexts too.
- Some businesses less affected as they export to markets less affected by recession.

27 'The only thing harder than planning for an emergency is explaining why you didn't.' Evaluate the extent to which contingency planning is essential for all businesses. [40]

Answers could include:

- Definition/explanation of contingency planning/business continuity planning.
- Why it is undertaken – the potential benefits of it:
 - Reduces chance of unforeseen events damaging the business.
 - Prepares staff and other resources for crises.
 - Presents a responsible attitude to stakeholders – 'we had planned for this'.
- Risks of not planning:
 - Financial losses could be greater and higher risk of compensation claims.
 - Bad PR – link back to essay title.

However:

- It is expensive and time-consuming – how big a priority should it be for smaller or new businesses?
- Does not eliminate risk – is it still worth undertaking it? Will the potential benefits exceed the costs?
- Some industries obviously more risk-prone than others – and the potential consequences are different too.

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28 Discuss whether UK businesses should focus less on staff motivation techniques during a period of rapidly rising unemployment. [40]

Answers could include:

- Cyclical unemployment during recent recession – over 3m unemployed.
- Easier to recruit staff and staff less likely to leave for other employment.
- Fear of job losses may provide its own motivation.
- Pay increases have been very low or non-existent and some pay cuts have also been announced.
- Opportunity to save on staff costs during such a period – may increase cost competitiveness (in the short run?).

However:

- Taking the longer-term view, ignoring all efforts at staff motivation is likely to be counter-productive.
- Pay not the only motivator – should firms still be adopting non-financial methods of motivation?
- Will staff feel they are being taken advantage of? How will this affect long-term industrial relations as economic growth occurs again?
- Are businesses more keen to cut costs during a recession or to continue to build long-term relationships with workers, which may benefit them when economy recovers? (Honda UK made no workers redundant during recession but used part-time working and temporary closures to reduce output/costs.)