

CAMBRIDGE INTERNATIONAL EXAMINATIONS

General Certificate of Education Advanced Subsidiary and Advanced Level

MARK SCHEME FOR the November 2002 question papers

9707 BUSINESS STUDIES

9707/01	Paper 1 (Short Answer/Essay), maximum raw mark 40
9707/02	Paper 2 (Data Response), maximum raw mark 60
9707/03	Paper 3 (Case Study), maximum raw mark 60
9707/04	Paper 4 (Essay), maximum raw mark 40

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

- CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the October/November 2002 question papers for most IGCSE, GCE Advanced Subsidiary (AS) and GCE Advanced (A) Level syllabuses.



NOVEMBER 2002

GCE ADVANCED SUBSIDIARY AND ADVANCED LEVEL

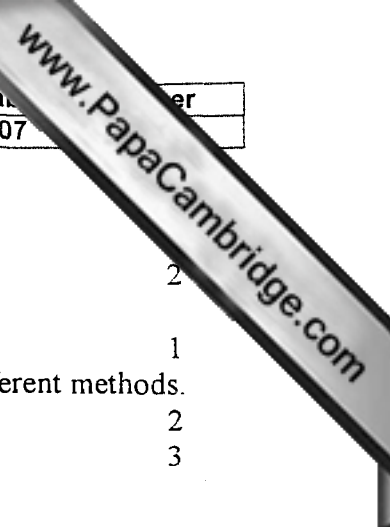
MARK SCHEME

MAXIMUM MARK : 40

SYLLABUS/COMPONENT : 9707/01

BUSINESS STUDIES





- Q1 (a) One relevant method only given. 2
Two relevant methods given. 2
- (b) Some understanding. 1
Substantially full but incomplete explanation of significance of different methods. 2
Full explanation of problem 3
- Q2 (a) Partial understanding of meaning of market orientation. 1
Full explanation of importance for success. 2
- (b) Some understanding but importance not explained. 1
Substantially full but incomplete explanation of importance. 2
Full explanation of PLC linked to devising a marketing strategy. 3
- Q3 Limited knowledge of some legal constraints 1
Good understanding of constraints, not well linked to businesses in the country 2-3
Well developed understanding of the way in which laws impinge on the ability of firms to operate in the candidate's country. 4-5
Some latitude will have to be given for local conditions
- Q4 (a) Partial explanation of principle of depreciation 1
Full explanation of principle of depreciation in accounts 2
- (b) Some understanding but importance not explained. 1
Substantially full but incomplete explanation of importance. 2
Full explanation of importance in context of investment 3
- Q5 (a) Answers should include discussion of the benefits of capital injection both immediately and in the future; the greater opportunity for growth and market domination; permanent finance without the problems of debt; the opportunity for owners to realise wealth. Drawbacks to discuss include factors such as effect on ownership and control; stock market pressure to perform; susceptibility to takeover and shareholder expectation.

Knowledge and Application	Analysis and Evaluation
Level Two: Discusses both pros and cons in some detail. 4-6 marks	
Level One: Gives some benefits or disadvantages. 1-3 marks	Level One: Analyses the benefits versus the risks in some detail. 1-4 marks

- (b) Answers should focus on the expectations of the different interest groups in the business. Shareholders' desire for profit, share price and dividends contrasted with the needs of other stakeholders such as workforce, suppliers, customers, local community, banks etc. To achieve the higher levels of analysis and evaluation, candidates will need to explain the inherent conflict between the two groups and why companies cannot always satisfy both simultaneously.

Knowledge and Application	Analysis and Evaluation
Level Two: Demonstrates good awareness of the different objectives of shareholders and the major stakeholders. 3-4 marks	Level Two: Evaluation of the inherent irreconcilability of objectives, whilst showing appreciation of the ultimate need to satisfy shareholders. 4-6 marks
Level One: Shows awareness of the difference between the two groups and their different objectives. 1-2 marks	Level One: Analysis of the clash in interests between the groups and why there is often a clash of objectives. 1-3 marks

- Q6 Candidates will be expected to discuss the merits of financial remuneration as a driving factor as well as examining alternative methods of achieving worker motivation. These should include concepts such as need satisfaction including need for achievement and recognition, job enlargement, rotation and enrichment

Candidates will be expected to refer to the writing of relevant theorists including Taylor, Maslow, Mayo, MacGregor and Herzberg.

Knowledge and Application	Analysis and Evaluation
Level Two: In-depth discussion of different motivating factors with some mention of theorists and their ideas. 6-10 marks	Level Two: Evaluation of the different approaches of theorists whilst appreciating the importance of financial reward 6-10 marks
Level One: Some attempt to discuss the importance of money as a motivator. 1-5 marks	Level One: Analysis of the ideas of theorists and their significance in different situations. 1-5 marks

- Q7 (a) Answers should include discussion of the different factors taken into consideration, both traditional location theory: land, labour, infrastructure, proximity to suppliers or market or power sources. Candidates are also expected to be aware of more recent factors such as government or local government measures including different types of grant, and economic factors such as inflation levels, fiscal and monetary policies and currency.

Knowledge and Application	Analysis and Evaluation
Level Two: Discusses factors in detail in the context of a multinational car manufacturer. 4-6 marks	
Level One: Outlines some different factors without any detailed examination	Level One: Analysis of the different elements in the light of possible

(b) Candidates should be able to define marketing mix and apply to the sale of a new small car. Reference might well be made to such issues as product positioning, segmentation and targeting.

Knowledge and Application	Analysis and Evaluation
Level Two. Full awareness of the marketing mix and connection to small car. 3-4 marks	Level Two. Some evaluation of the issues devising an appropriate marketing mix. 4-6 marks
Level One. Partial understanding of marketing mix and relevance to a new small car. 1-2 marks	Level One. Some analysis and application of the marketing mix to the situation. 1-3 marks