

**MARK SCHEME for the May/June 2008 question paper**

**9707 BUSINESS STUDIES**

**9707/01**

Paper 1 (Short Answer/Essay), maximum raw mark 40

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.

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.

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- 1 (a) One objective stated  
Two objectives stated [e.g. survival, profitability, market share]
- (b) Partial explanation of setting objectives (1)  
Sound explanation of setting objectives (2)  
Full explanation, with reference to the importance of setting objectives (3)  
[e.g. give direction/focus, motivate staff, assess performance, identify problems]
- 2 (a) ['Determining a level of quality and working to those standards']  
Partial understanding of the term: (1)  
Full understanding of the term: (2)
- (b) Description of one acceptable way: (1)  
Description of two acceptable ways or one way plus context: (2)  
Reference to the manufacturing context for the 3<sup>rd</sup> mark: (3)  
(Accept specific methods, e.g. inspection, testing, random sampling and more general methods, i.e. quality circles, TQM, Kaizen etc.)
- 3 Partial/implied explanation of a stakeholder(s) use: (1)  
Full explanation of one stakeholder use: (2)  
Full explanation of two stakeholders use: (4)  
5<sup>th</sup> mark for a clear context in the form of explanation of the stakeholder concept and/or in the form of an explanation of published accounts. (This 5<sup>th</sup> mark might be explicit in the form of a separate statement of implicit in a comprehensive discussion of stakeholder interests – shareholders, employees, customers, suppliers, society – internal, external – P&L, balance sheet.) (5)  
[3 marks for one fully explained stakeholder use together with a partial/implied explanation of another.]
- 4 (a) [Cash needed for day to day running of the business – (wages, creditors) OR Current Assets minus Current Liabilities.]  
  
Partial understanding of the term: (1)  
One full definition of working capital: (2)
- (b) [Tight control over stocks, efficient debtor management, debt factoring, creditor management – issues of commercial sense and ethical practices. Sale and lease back if explained.]  
  
Some understanding of ways of managing working capital: (1)  
Partial explanation of relevant method: (2)  
Full explanation of relevant method: (3)

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5 (a) [Answers could refer to the potential for government intervention and constraint in business decision-making in order to ensure state objectives such as stability, standards etc. are achieved. Such political constraints might be exemplified with reference to areas such as location, employment policy, conditions of work, relations with other businesses, marketing behaviour, macro-economic policy etc. Closely related to these are potential legal interventions to support and constrain businesses. These relate to areas such as financial structures, employment issues, conditions of work, marketing, consumer protection, competition policy.]

- Attempt to assess the impact of these constraints on business activity: (7–8)
- Sound understanding and analysis with relevant examples of political and legal constraints: (5–6)
- Shows good understanding of political and/or legal constraints: (3–4)
- Shows some limited awareness of political and/or legal constraints: (1–2)

(b) [Increasingly businesses are taking into account social/ethical issues and recognising responsibilities to internal and external stakeholders – this may be on a voluntary basis or required by governments. Examples of production activity (pollution), ethical trading locally and globally etc., raise issues of potential conflicts with business objectives of profitability and return on investment.]

- Evaluative comment, e.g. recognition of the potential conflict between say social responsibility and economic performance: (11–12)
- Sound analysis of ethical issues and business objectives (reference to context of manufacturing awarded at the top of level) (8–10)
- Shows awareness of ethical issues with implicit reference to business objectives: (3–7)
- Limited attempt to define ethical issues (must be accurate) or understanding of objectives of business: (1–2)

6 [Candidates could (perhaps implicitly) distinguish between leadership and management – though this distinction is not always clear in the texts. While candidates might draw on concepts relating to motivation, decision-making, delegation etc., a focus on leadership qualities such as inspiration, strategic focus and business growth, will merit high marks. Candidates who recognise the focus of the question but use limited leadership sources, e.g. leadership style concepts, should be rewarded more than those that simply describe orthodox manager activities.]

- Some evaluative comment – perhaps commenting on the validity of the concepts/theories or judgement on the strength of the arguments considered: (17–20)
- Sound analysis of leadership qualities/styles. (11–16)
- Descriptive discussion of management/leadership functions (rather than a focus on leadership qualities): (5–10)
- Limited awareness of leadership qualities (probably expressed in basic managerial functions): (1–4)

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- 7 (a) [Answers could explain the stages of a typical product lifecycle and indicate the implications (potential) for pursuing a particular product marketing strategy.]
- Attempt to comment on the specific usefulness of this concept for a financial manager (judgement): (7–8)
- Sound understanding and analysis of the PLC concept and illustrates the financial implications (e.g. a new product in a competitive market at the beginning of its lifecycle will require heavy investment): (5–6)
- Shows good understanding of the product lifecycle concept with some reference (may be very limited) to financial issues: (3–4)
- Shows some limited awareness of the product lifecycle concept: (1–2)
- (b) [Answers could review all or some of the stages of a product lifecycle including extension strategies and show understanding of how promotion changes, e.g. heavyweight approach at launch, informative ads in growth, brand loyalty emphasis in maturity, heavy promotion of extensions. Most candidates will probably focus on how. Explanations of why to be rewarded.]
- Evaluative comment – perhaps a judgemental comment on why promotional activity might need to change: (11–12)
- Sound analysis of how promotion might change at different stages of the product lifecycle: (8–10)
- Shows good knowledge of the product lifecycle and types of promotion: (3–7)
- Shows limited awareness of the product lifecycle and/or types of promotion: (1–2)