Cambridge Assessment International Education

Cambridge IGCSE™

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER			

6148412007

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer and Data Response **February/March 2020**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Blank pages are indicated.

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[Turn over

1 HSN uses batch production to make breakfast cereals. The products are sold using several distribution channels. HSN employs 600 production workers. HSN has problems with many employees leaving. Following the dismissal of the Operations Manager, the Human Resources Director has to recruit a new manager. She said: 'The person must have good communication skills to help solve the communication barriers HSN has with employees.' The Human Resources Director has to decide whether to use internal recruitment or external recruitment for the new manager.

(a) Define 'dismissal'.

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..... [2]

(b) State **two** distribution channels a business might use.

Distribution channel 1: .....

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Distribution channel 2: .....

..... [2]

(c) Outline **two** possible problems to HSN of many employees leaving.

Problem 1: .....

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Problem 2: .....

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(d) Explain how each of the following could cause communication barriers within HSN.

Language: .....

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Medium of communication: .....

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(e) Do you think external recruitment is better than internal recruitment when recruiting a new manager for a large business? Justify your answer.

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2 Gomez is a sole trader. He provides painting and decorating services to business customers. His business does not benefit from any economies of scale because it is small. Gomez has to pay his suppliers within 1 month. However, he gives customers 3 months to pay. Gomez uses an old van he has borrowed from his father to travel to his customers' offices and shops. As the van often breaks down, Gomez is thinking of buying a new van. A cash-flow forecast for the next 3 months is shown in Table 2.1.

Table 2.1

Cash-flow forecast for Gomez's business ($)			
	April	**May**	**June**
Cash in	3 000	2 800	2 600
Cash out	2 600	3 000	**Y**
Net cash flow	**X**	(200)	200
Opening balance	200	600	400
Closing balance	600	400	600

(a) Define 'economies of scale'.

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..... [2]

(b) Calculate **X** and **Y**.

X: .....

Y: ..... [2]

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(c) Outline **two** factors Gomez should consider when choosing a source of finance for the new van.

Factor 1: .....

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Factor 2: .....

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..... [4]

(d) Explain **one** advantage and **one** disadvantage to Gomez of being a sole trader.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

(e) Do you think asking customers to pay more quickly is the best way for a small business to improve its cash-flow? Justify your answer.

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3 Globalisation has changed the way many businesses operate. VKW makes cell (mobile) phones. It uses just-in-time inventory control. VKW exports 40% of its products. It imports most of its raw materials to help reduce total costs. All 800 of VKW's employees understand the importance of quality assurance. The Operations Director has asked all suppliers to ensure they do not use child labour. She is also concerned that many governments are planning to increase import controls such as quotas.

(a) Define 'globalisation'.

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..... [2]

(b) State **two** advantages to a business of using quality assurance.

Advantage 1: .....

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Advantage 2: .....

..... [2]

(c) Outline **two** ways VKW might be affected by increased import controls.

Way 1: .....

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Way 2: .....

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..... [4]

(d) Explain **one** advantage and **one** disadvantage to VKW of using just-in-time inventory control.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think that businesses should be concerned about ethical issues such as child labour? Justify your answer.

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4 WFG is a private limited company in country X. It owns 120 supermarkets, of which 20 are operated as franchises. One of WFG's objectives is to expand by opening 30 more shops in the next 18 months. The Managing Director said: 'Market research shows that fewer people are going to the local markets every day to buy their food. It is important for us to set prices at the right level.' The Managing Director is thinking about whether to introduce new technology into the business.

(a) Define 'market research'.

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..... [2]

(b) State **two** objectives (other than expansion) a business might have.

Objective 1:.....

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Objective 2:.....

..... [2]

(c) State **four** factors a business should consider when deciding the price of a product.

Factor 1:.....

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Factor 2:.....

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Factor 3:.....

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Factor 4:.....

..... [4]

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(d) Explain **two** factors WFG should consider when deciding whether to introduce new technology into its business.

Factor 1: .....

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Explanation:.....

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Factor 2:.....

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Explanation:.....

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..... [6]

(e) Do you think selling franchises is a better way for a retail business to expand than opening more of its own shops? Justify your answer.

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