CAMBRIDGE
International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer/Data Response **February/March 2025**

MARK SCHEME

Maximum Mark: 80

Published

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.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point.
	Incorrect point.
	Used when the benefit of the doubt is given in order to reward a response.
	Used when parts of the answer are considered to be too vague to be given credit.
	Indicates where content has been repeated.
	Used when the answer or parts of the answer do not answer the question asked.
	Indicates knowledge and understanding of the concepts and issues relating to the question.
	Indicates appropriate reference to the information in the stem.
	Indicates where the answer has demonstrated analysis.

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Annotation	Meaning
EVAL	Indicates where the answer has demonstrated evaluation (part (e) questions only).
OFR	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.

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Question	Answer	Marks	Guidance
1(a)	**Identify <u>two</u> motivators from Herzberg's theory of motivation.** Award 1 mark for each relevant motivator [max 2]. Points might include: • Achievement • Recognition • Personal growth • Advancement • The work itself Other appropriate responses should be credited.	**2**	Only award the first two responses given.
1(b)	**Identify <u>two</u> features of a short hierarchical structure.** Award 1 mark for each relevant feature [max 2]. Points might include: • Short(er) chain of command • Wide(r) span of control • Quick(er)/fast(er) communication • Top managers are less remote from employees Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
1(c)	**Outline <u>two</u> advantages to Amir and Carla of operating in a niche market.** Award 1 mark for each relevant advantage [max 2]. Award 1 mark for each relevant reference to this business [max 2]. Points might include: • Can charge higher prices [k] for its luxury service [app] • Fewer competitors [k] for the hotel [app] • Focus on meeting the needs of customers / can target customers [k] through its 5 employees [app] • Can survive in markets dominated by larger firms [k] which may increase the chance of expanding [app] • Builds up specialist skills/knowledge [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Hotel or related words such as rooms • Luxury • 5 (employees) • Expand / **new** hotel / growth • Different city • (2) partners/partnership Other appropriate examples can be credited.
1(d)	**Explain <u>two</u> sources of finance Amir and Carla could use if they decide to expand.** Award 1 mark for each relevant source of finance [max 2]. Award 1 mark for each relevant reference to this business [max 2]. Award 1 mark for each relevant explanation [max 2]. Points might include: • Retained profits [k] from the hotel [app] as does not need to pay it back [an] • Bank loans [k] to obtain a large amount of money/varying length of time to repay/quick to arrange [an] for the luxury service [app] • Own(er) savings [k] from the 2 partners [app] as may be readily accessible/no interest to pay [an] • Crowdfunding [k] as no interest to pay [an] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • (New) hotel or related words such as rooms • (2) partners/partnership • Luxury • Niche market • Different city • Market research Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
1(e)	**Do you think secondary market research is the most appropriate method of market research for a business to use when deciding whether it should expand? Justify your answer.** Award 1 mark for each relevant point [max 2]. Award 1 mark for each relevant explanation [max 2]. Award up to 2 marks for a justified decision as to whether secondary market research is the most appropriate method of market research for a business to use when deciding whether it should expand. Points might include: Secondary market research: • Low cost [k] so more funds to spend in other areas of the business [an] • Quick to obtain [k] so may speed up decision-making [an] • Data may be out of date [k] so may not make appropriate decisions [an] • Wide range of data [k] • Data may not be relevant [k] • Data is available for all businesses [k] Primary market research [k] • More in-depth information [an] • Specific / only available to the business [an] • Up to date [an] • May not have the necessary skills to collect data [an] • Expensive [an] • Takes time to collect [an] Other appropriate responses should be credited.	**6**	This is a general question so there are no marks for application. Some points can be [k] or [an] but do not accept the same point twice. Some points can be written as advantages or disadvantages of each method, but only award once. For evaluation to be awarded justification will usually follow on from relevant analysis of points.

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Question	Answer	Marks	Guidance
1(e)	Justification might include: Secondary market research is cheap [k] so more funds can be invested into other areas of the business [an]. However, the data may be out of date [k] so may make inappropriate decisions [an]. Secondary market research is not the most appropriate method to use because although it is cheap, the wrong decisions about expansion can cost the business even more money in the long run [eval] [eval].		

Question	Answer	Marks	Guidance
2(a)	**Define 'sole trader'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • A business is owned (and controlled) by one person [2]. • An (unincorporated) business owned by one person [2]. Partial definition, e.g. • One person starts/runs/controls/operates a business [1]	**2**	
2(b)	**Identify <u>two</u> ways a government can support business start-ups.** Award 1 mark for each relevant way [max 2]. Points might include: • Providing (low cost) loans / low interest rates • Providing grants • Low-cost rent • Lower tax / tax relief • Providing training • Providing advice / research / marketing data • Providing mentors Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
2(c)	**Outline <u>two</u> ways Rachel could increase sales of her best-selling product.** Award 1 mark for each relevant way [max 2]. Award 1 mark for each relevant reference to this business [max 2]. Points might include: • Advertising or examples e.g. use social media [k] to explain quality is important [app] • Improve the existing product / use better quality materials / new features / new variations [k] to make its chocolate [app] • Decrease prices / promotional pricing / offer discounts [k] in the competitive market [app] • Point of sale display [k] by the sole trader [app] • Free samples [k] • Competitions [k] • Offer free gifts [k] • Buy One Get One Free / BOGOF [k] • New/change packaging [k] • Enter a new market [k] • Sell through new outlets [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Chocolate (bars) or related words e.g. cocoa • Sole trader • Competitive market • Quality (is important) Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
2(d)	**Explain <u>two</u> reasons why quality is important to Rachel's business.** Award 1 mark for each relevant reason [max 2]. Award 1 mark for each relevant reference to this business [max 2]. Award 1 mark for each relevant explanation [max 2]. Points might include: • Can charge higher prices [k] which could influence pricing method [app] and increase profit margin [an] • Attract new customers [k] increasing market share [an] in the competitive market [app] • Establish a brand image [k] which can increase sales [an] of chocolate bars [app] • Differentiate product from competitors [k] which could increase market share [an] • Reduce complaints [k] for the sole trader [app] so reduce returns / cash outflows / less waste [an] • Maintain customer loyalty [k] which can lead to (repeat) sales / increase revenue / buy more often [an] • Act as a form of word-of-mouth promotion [k] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Chocolate bars or related words such as cocoa, ingredients • Sole trader • Competitive market • (Decide on) pricing method • New product • Best-selling product Other appropriate examples can be credited. Some points can be [k] or [an] but only award once.

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Question	Answer	Marks	Guidance
2(e)	**Do you think price skimming is the best pricing method for a business to use when introducing a new product? Justify your answer.** Award 1 mark for each relevant point [max 2]. Award 1 mark for each relevant explanation [max 2]. Award up to 2 marks for justified decision as to whether price skimming is the best pricing method to use when introducing a new product. Points might include: Price skimming: • Gives the image of high quality [k] which may increase reputation [an] • May be quick to recover research/development costs [k] to break even sooner [an] • Increase profit margin [k] • (High price) may encourage competitors to enter the market [k] which can decrease market share [an] • (High price) may decrease demand [k] which may decrease revenue [an] Other pricing methods include: • Penetration pricing [k] as the low price may be more affordable [an] which increases sales [an] • Cost-plus pricing [k] as is simple to use [an] • Competitive pricing [k] so should not lose sales to competition on price alone [an] Other appropriate answers should be credited.	**6**	This is a general question so there are no marks for application. To access marks, points must refer to a specific pricing method. Advantages or disadvantages of other methods can be awarded as [an]. Some points can be awarded as [an] for different methods, but only award once.

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Question	Answer	Marks	Guidance
2(e)	Justification might include: Price skimming means that it may be quick to recover development costs [k] which means funds can be reinvested back into the business [an]. Whereas using penetration pricing [k] can make the product more affordable [an]. Price skimming is not the best method because the high price might discourage customers from trying the product whereas penetration pricing could generate more sales [eval] and increase market share for the new product [eval].		

Question	Answer	Marks	Guidance
3(a)	**Define 'working capital'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • The money available for a business to pay its day-to-day expenses/short-term debts. [2] • Current assets - current liabilities. [2] Partial definition, e.g. • Funds used to pay inventory/wages/electricity [1]	**2**	

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Question	Answer	Marks	Guidance
3(b)	**Calculate TKJ's profit margin. Show your working.** Award 2 marks for the correct calculation. Award 1 mark for correct method but wrong answer. Correct answer: 40% [2] Method: • Profit / revenue × 100 [1] • (400 000 / 1 000 000) × 100 [1] • 40 [1] If correct answer given and no workings shown award 2 marks.	**2**	Award a maximum of one mark if 40% is calculated but is not written as the final answer. % is needed for 2 marks to be awarded.
3(c)	**Identify <u>four</u> benefits to a business of becoming a multinational company.** Award 1 mark for each relevant benefit [max 4]. Points might include: • Increased sales/access to bigger/new markets • Better reputation/image • Lower transport costs • Avoid barriers to trade • Spread risks • Easier access to raw materials • Access to cheaper labour • Take advantage of lower tax rates • Access to government funding/grants Other appropriate responses should be credited.	**4**	Only award the first four responses given.

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Question	Answer	Marks	Guidance
3(d)	**Explain <u>two</u> ways TJK could contribute to sustainable development.** Award 1 mark for each relevant way [max 2]. Award 1 mark for each relevant reference to this business [max 2]. Award 1 mark for each relevant explanation [max 2]. Points might include: • Reduce waste [k] when making candles [app] leading to less pollution [an] • Use fewer resources [k] in the factory [app] so more resources left for future generations/other uses [an] • Use environmentally friendly production methods/sustainable materials [k] which could reduce harmful emissions [an] • Use renewable energy/resources [k] in batch production [app] • Develop environmentally friendly products [k] for females [app] • Buy resources locally [k] reducing their carbon footprint [an] • Recycle [k] which could reduce the amount of waste [an] • Use environmentally friendly/sustainable packaging / avoid use of plastic in packaging / biodegradable packaging [k] • Reuse materials [k] so reduce the number of materials needed [an] • Reduce amount/number of materials used [k] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Candles • Factory • Batch production • Females (aged between 20 and 50 years) • $400 000 (profit) • $1 million (revenue) Other appropriate examples can be credited. Some points could be [k] or [an] but only award once e.g. less waste. Less pollution is [an] only.

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Question	Answer	Marks	Guidance
3(e)	**Do you think batch production is the best method of production for a business to use? Justify your answer.** Award 1 mark for each relevant point [max 2]. Award 1 mark for each relevant explanation [max 2]. Award up to 2 marks for a justified decision as to whether batch production is the best method of production for a business to use. Points might include: Batch production: • Flexible / can easily change from one product to another [k] so can respond quickly to changing customer tastes [an] • Variety of products can be made [k] which can widen its customer base/help spread risk [an] • (Variety of tasks) can motivate employees [k] • Machines must be re-set between batches [k] which can reduce output [an] • Warehouse space needed [k] which increases storage costs [an] Other methods include: Flow production [k] • Quick/high output [an] • Economies of scale [an] • Low(er) unit cost [an] so able to charge a lower price [an] • Can operate 24 hours a day [an] • Few(er) employees / high levels of automation [an] • If a machine breaks down the whole production line will stop [an] • High initial cost of machinery [an] • Can lower motivation [an] Job production [k] • Can charge a high price [an] increasing profit margin [an] • Can meet the (exact) requirements of customers [an] • (Often) high quality [an] • Labour intensive [an] which increases (labour) costs [an]	**6**	This is a general question so there are no marks for application. Some points could be expressed as an advantage or disadvantage of different methods, but only award once. Some points can be [k] or [an] but only award once. Can accept comparative points e.g. batch production has higher output than job production [k].

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Question	Answer	Marks	Guidance
3(e)	Other appropriate responses should be credited. Justification might include: Batch production is flexible [k] which means businesses can quickly respond to changes in customer tastes [an]. However, flow production [k] might be better as a high output is produced [an]. Batch production is better because responding to customer tastes means you are likely to have less waste products [eval] whereas using flow could result in very high quantities of unwanted products which increases costs [eval].		

Question	Answer	Marks	Guidance
4(a)	**Identify <u>two</u> services provided by businesses in the tertiary sector.** Award 1 mark for each relevant service. [max 2]. Points might include: • Banking • Retailing • Hotels • Holidays/tourism • Restaurant • Insurance • Accountancy • Advertising • Hairdressing • Entertainment • Transporting • Legal services • Education • Healthcare/medical/hospitals Other appropriate responses should be credited.	**2**	Only award the first two responses. Do not award: • Names of businesses.

Question	Answer	Marks	Guidance
4(b)	**Identify <u>two</u> objectives a social enterprise might have.** Award 1 mark for each relevant objective [max 2]. Points might include: • To make a profit to reinvest back into the business • Social benefit/welfare or examples e.g. to benefit/improve local community/disadvantaged groups in society • To protect the environment/environmental issues Other appropriate responses should be credited.	**2**	Only award the first two responses given.
4(c)	**Outline <u>two</u> benefits to SEP of having part-time employees.** Award 1 mark for each relevant benefit [max 2]. Award 1 mark for each relevant explanation in context [max 2]. Points might include: • Cheaper than full-time / reduce labour costs / no need to pay when not working [k] which may help have low prices [app] • More flexible hours of work [k] when selling books [app] • Can ask/more likely to work at busier times [k] for the social enterprise [app] • Can/more likely to extend working hours [k] for the tertiary sector business [app] • Provides a range of skills/experience [k] among the 10 employees [app] • Helps attract well-qualified employees who need flexible hours [k] • Can help keep experienced staff [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Books • Social enterprise • Tertiary sector • 10 employees • Libraries/schools Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
4(d)	**Explain <u>two</u> reasons why training is important to SEP.** Award 1 mark for each relevant reason [max 2]. Award 1 mark for each relevant reference to this business [max 2]. Award 1 mark for each relevant explanation [max 2]. Points might include: • Increase knowledge/skills/flexibility [k] of the 10 employees [app] which can increase the quality of the service offered [an] • Increase motivation [k] in the social enterprise [app] which can increase productivity/efficiency [an] • Better quality (service) / decrease errors [k] when dealing with the books [app] which can decrease waste/cost [an] • Increase efficiency [k] of the tertiary sector business [app] which can lower <u>average/unit</u> cost [an] • Fewer accidents / ensure safe working conditions [k] to avoid legal action [an] • Able to train others [k] reducing training costs [an] • Help introduce a new process [k] which could lower mistakes [an] • To attract (new/potential) employees [k] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Books • Social enterprise • 10 (employees) • Part-time (employees) • Tertiary sector • Libraries/schools Other appropriate responses can be credited. Some points can be [k] or [an] but do not award the same point twice.

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Question	Answer	Marks	Guidance
4(e)	**Do you think the introduction of a legal minimum wage will always have a negative effect on a business? Justify your answer.** Award 1 mark for each relevant point [max 2] Award 1 mark for each relevant explanation [max 2]. Award up to 2 marks for a justified decision as to whether the introduction of a legal minimum wage will always have a negative effect on a business. Points might include: • May encourage more people to apply for jobs [k] making it easier to recruit [an] • Business may already pay above minimum wage so would have limited/no effect on costs [k] • Increase motivation [k] increasing productivity/reduce absenteeism/labour turnover [an] • Have to pay more to employees [k] which will increase costs [an] so may have to increase prices [an] • May not be able to afford to pay all workers the higher wage rate [k] so may have to make redundancies [an] • Other workers being paid more than the minimum wage may ask for a wage increase [k] • May have to find other ways to reduce costs [k] which may reduce quality [an] Other appropriate responses should be credited. Justification might include: It may increase motivation [k] increasing productivity [an]. However, it can lead to high costs [k] so prices may have to be increased [an]. The introduction of a minimum wage may not always have a negative effect as it will apply to all businesses so competitors may also have to increase their prices so the business may not lose any competitive advantage [eval]. The increase in productivity could even offset some of the increase in cost [eval].	**6**	This is a general question so there are no marks for application.

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