Cambridge Assessment International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/11**

Paper 1 Short Answer/Data Response **May/June 2023**

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.

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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 descriptors 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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0450/7115/0986 Business Studies - Paper 1 Annotations

Annotation	Description	Use
Tick	Tick	Indicates a point which is relevant and rewardable.
X	Cross	Indicates a point which is inaccurate/irrelevant and not rewardable.
BOD	Benefit of doubt	Used when the benefit of the doubt is given in order to reward a response.
TV	Too vague	Used when parts of the answer are considered to be too vague.
REP	Repetition	Indicates where content has been repeated.
NAQ	Not answered question	Used when the answer or parts of the answer are not answering the question asked.
K	Knowledge	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Application	Indicates appropriate reference to the information in the stem.
AN	Analysis	Indicates where the answer has demonstrated analysis.
EVAL	Evaluation	Indicates where the answer has demonstrated evaluation (part (e) questions only).
OFR	Own figure rule	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Noted but no credit given	Indicates that content has been recognised but not rewarded.

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Question	Answer	Marks	Notes
1(a)	**Define 'specialisation'.** Award 2 marks for a full definition. Award 1 mark for the partial definition. When people/businesses/countries concentrate on what they are best at [2] OR Focusing an individual or group on one particular skill or process that they are suited to or for which they possess the correct skills [2] OR Way in which work is divided so each worker concentrates on a specific task [1] so they become expert at it [1] Partial definition, e.g. Workers do only one job [1] Other appropriate responses should also be credited.	**2**	
1(b)	**Identify <u>two</u> methods of production.** Award 1 mark per method (max 2). Two from: • Job (production) • Batch (production) • Flow/mass (production)	**2**	Only award the first two responses given. Do not award answers such as lean production or cell production.

Question	Answer	Marks	Notes
1(c)	**Outline <u>two</u> advantages to WLT of using quality assurance.** Award 1 mark for each relevant advantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Reduces faults/errors at all stages of production/fewer mistakes [k] when making carpets [app] • Less waste/less rework (of faulty products) [k] which could help improve efficiency [app] • Encourages teamwork which may motivate worker [k] among its 60 employees [app] • Fewer customer complaints/fewer customer returns/replacements [k] • Better brand image/improve/maintain reputation [k] • Reduce inspection costs/do not need to hire inspectors [k] • Allows business to know at what stage mistakes happen [k] Other appropriate responses should also 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: • Carpets • 40%/exported • Globalisation • Specialisation • 60 (employees) • Efficiency • Manufactures/production Other appropriate examples can be credited. Do not award: • improve customer satisfaction • better quality • increase sales • lower cost on its own • encourages teamwork/motivation on its own.

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Question	Answer	Marks	Notes
1(d)	**Explain <u>one</u> opportunity and <u>one</u> threat of globalisation for WLT.** Award 1 mark for each opportunity/threat (max 2). Award 1 mark for each relevant reference to this business (max 2). Award one mark for each relevant explanation (max 2). Opportunities might include: • Increase potential sales/access to more markets [k] as it exports 40% of its products [app] increasing revenue [an] • Cheaper raw materials from other countries [k] to manufacture [app] which can improve the profit margin [an] • Labour may be cheaper [k] reducing (labour) costs [an] • Economies of scale or relevant examples [k] • Global brands are more recognised/desirable [k] Threats might include: • Increased competition [k] leading to a reduction in market share [an] • Employees may leave if WLT cannot pay as much as international competitors [k] so may lose some of its 60 employees [app] increasing recruitment costs [an] • Over dependent on supplies from other countries [k] Other appropriate responses should also 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: • Carpets • 40%/exported • Specialisation • 60 (employees) • Efficiency • Manufactures/production Other appropriate examples in context can be credited. Accept sales as either [k] or [an] but not both.

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Question	Answer	Marks	Notes
1(e)	**Do you think improving labour skills is the best way for a manufacturing business to increase efficiency? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for justified decision as to whether improving labour skills is the best way for a manufacturing business to increase efficiency. Points might include: Improving labour skills: • Able to work faster [k] which will increase output per worker [an] • Fewer mistakes are made [k] leading to less rework/wastage [an] • Training takes employees time [k] which will lower output in the short-term [an] • Increase training costs [k] which will increase unit costs [an] • Workers are more versatile/ flexible [k] Other ways might include: • Automation/machinery [k] allows operation with fewer employees [an] • Lean production/Just-in-time/Kaizen [k] therefore lower cost per unit [an] • Improved motivation or methods of motivating, e.g. piece rate [k] Other appropriate responses should also be credited.	**6**	This is a general question so there are no marks for application. For evaluation to be awarded justification will usually follow on from relevant analysis of points. Do not award as [an]: • increased productivity • profitability • lower cost • more output

Question	Answer	Marks	Notes
1(e)	Justification might include: Improving labour skills can mean that employees make fewer mistakes. [k] leading to less rework [an]. Whereas automation [k] allows the business to operate with fewer employees [an]. Improving labour skills is the best way, because automation could lead to redundancies which may demotivate the remaining employees [eval] and potentially leading to less output overall [eval].		

Question	Answer	Marks	Notes
2(a)	**Identify <u>two</u> reasons why a business might have cash-flow problems.** Award 1 mark per reason (max 2). Points might include: • Too much inventory • Growing too quickly/overtrading • Allow customers/ trade receivables too long to pay • Paying suppliers/ trade payables too quickly • Seasonal /low demand • Poor (financial) planning Other appropriate responses should also be credited.	**2**	Only award first two answers given.
2(b)	**Calculate X and Y.** Award 1 mark for each correct calculation (max 2). X = $10 000 or 10 Y = $20 000 or 20	**2**	$ sign not required.

Question	Answer	Marks	Notes
2(c)	**Identify <u>four</u> examples of a cash inflow.** Award 1 mark per example (max 4). Points might include: • (Cash) sales/revenue • Payments from trade receivables/money from credit sales • Grants • Bank loan • Sponsorship • Sale of non-current assets • Funds from investors/share issue/capital introduced by owner • Dividends from shares in other companies • Interest received from savings/bonds/investments Other appropriate responses should also be credited.	**4**	Only award the first four responses given. Can award 'sales' if the candidate does not identify specific examples (of cash or credit sales). Can allow 'additional income from renting assets'. Allow Debt factoring if seen. Do not award trade receivables alone.

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Question	Answer	Marks	Notes
2(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to LMA of becoming a private limited company.** Award 1 mark for each relevant advantage/disadvantage (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: Advantages: • Limited liability [k] so personal assets are not at risk if the business is not able to repay its debts/ only liable for the amount invested [an] • Separate legal identity [k] so the owners are not held responsible for the actions of the business [an] which is not true for a partnership [app] • Able to raise finance by selling shares [k] to fund expansion [an] if the business decides it does not want to remain small [app] • Continuity [k] • Can choose who buys shares [k] Disadvantages: • More legal formalities [k] which takes time away from other activities [an] in the restaurant [app] • Separation of ownership and control [k] so the owners may not be involved /agree with business decisions taken [an] as the directors may not listen to the family [app] • Expensive/time consuming to change to this form of business organisation [k] • Accounts must be made available [k] • Dividends may/ be paid [k] reducing retained profit [an] Other appropriate responses should also 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: • Restaurant • Partnership • Remain small • 20 years ago • Family(-owned) Other appropriate examples in context can be credited.

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Question	Answer	Marks	Notes
2(e)	**Explain <u>two</u> reasons why a business might remain small. Which reason is likely to be most important? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for justified decision as to which reason is likely to be the most important reason why a business might remain small. Points might include: • Access to capital/lack of finance [k] which makes it difficult to fund expansion/working capital [an] • Small market [k] so there is not sufficient demand [an] • Lack of skills/knowledge to expand/larger business more difficult to manage [k] so more likely to make mistakes if expand [an] • Lack of workers [k] • Type of industry/service industries (offer a personal service)/specialised products [k] where close contact maybe needed [an] • Personal objectives/owner's objectives or example such as better communication with customers, keeping control [k] which might help retain/increase customer loyalty [an] • Market dominated/controlled by a few large competitors [k] so will struggle to attract more customers [an] Other appropriate responses should also be credited.	**6**	This is a general question so there are no marks for application.

Question	Answer	Marks	Notes
2(e)	Justification might include: One reason is the size of the market [k] as there may be insufficient customers [an]. Another reason is lack of finance [k] making it difficult to fund expansion [an]. The size of market is a more important reason why a business might remain small as without customers there is no revenue [eval], which is likely to reduce the need for finance anyway [eval].		

Question	Answer	Marks	Notes
3(a)	**Define 'job description'.** Award 2 marks for a full definition. Award 1 marks for a partial definition. Outlines the responsibilities and duties to be carried out by someone employed to do a specific job [2] OR A list of the key points about a job, job title, key duties, responsibilities, and accountabilities [2] OR A description of the tasks, role, and responsibilities of a particular position [2] OR What the job entails/explains the job with a list of suitable content [2] Partial definition, e.g. What they must do in a job/list of content [1]	**2**	

Question	Answer	Marks	Notes
3(b)	**Identify <u>two</u> levels from Maslow's hierarchy of needs.** Award 1 mark per level (max 2). Two from: • Physiological/physical • Safety/security • Social/(love and) belonging • Esteem • Self-actualisation	**2**	Only award the first two responses given. Do not award examples such as job security. Do not award answers such as 'psychological' or 'basic needs' as too vague.
3(c)	**Outline <u>two</u> factors DZD should consider when deciding which applicants to recruit.** Award 1 mark for identification of each relevant factor (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Experience [k] of delivering parcels [app] • Qualifications or relevant examples such as do they have a driving licence [k] to drive the (20) vehicles [app] • Skills or examples such as good at communication [k] as will work in a large business [app] • Whether they match the requirements of business/job or examples such as physical ability/know the area [k] willing to work part-time [app] • Whether they match the culture of the business [k] • Performance during interview/testing [k] • Age [K] • References [K] Other appropriate responses should also 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 all responses on this question: • Delivery business or examples such as parcels • 60 employees • Large business • (20) vehicles • Part-time • Planning to expand • Maslow • Human resource director Other appropriate examples in context can be credited.

Question	Answer	Marks	Notes
3(d)	**Explain <u>two</u> sources of finance DZD might use for the new vehicles.** 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: • Bank loan [k] as able to purchase immediately [an] so there is no delay to the planned expansion [app] • Retained profit [k] as it's a large business [app] as no need to repay [an] • Leasing [k] of the 20 [app] vehicles as do not need to make a large initial payment [an] • Hire purchase [k] • Grant [k] • Selling of assets [k] • Owner's capital/share issue [k] • Debenture [k] • Crowdfunding [k] Other appropriate responses should also 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: • Delivery business or examples such as parcels • Planning to expand/expansion • Large business • 20 (vehicles) Do not award 'vehicles' as application as stated in question. Other appropriate examples can be credited. Do not award short-term options such as overdraft as not appropriate in this context.

Question	Answer	Marks	Notes
3(e)	**Do you think a service business should only employ part-time workers? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for justified decision as to whether a service business should only employ part-time workers. Points might include: **Part-time:** • When not working no need to pay wages [k] helping to reduce labour costs [an] • Need to recruit/train more employees [k] taking more time/money [an] • Could allow the business to recruit wider range of skills [k] • More flexible hours/less likely to take time off for appointments [k] • Easier to extend worker hours at busy times [k] or [an] • Some employees may not be willing/want part-time jobs [k] so may miss out on possible candidates if not offered full-time option [an] **Full-time:** • Able to offer consistency of service [k] so could improve reputation/increase customers [an] • Workers may be committed to business [k] which could increase the productivity of the business [an] • Easier to communicate/update [k] • Less workers needed [k]	**6**	This is a general question so there are no marks for application. The focus should be on the benefit/cost to the business not the worker. **Do not** award points such as part-time workers are likely to be less tired, more motivated, lack skills, do not have a contract. **Do not** award answers which confuse part-time with temporary/seasonal workers.

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Question	Answer	Marks	Notes
3(e)	Other appropriate responses should also be credited. Justification might include: Part-time employees are only paid when they are working [k] reducing labour costs [an]. However, consistency of service may fall [k] which could damage the business reputation [an]. A service sector business especially should not have only part-time employees as service quality is vital for customer loyalty [eval] and therefore sales. [eval].		

Question	Answer	Marks	Notes
4(a)	**Identify <u>two</u> factors that might affect the accuracy of market research.** Award 1 mark per factor (max 2). Points might include: • Sample size • Sample chosen/who is asked • Interviewer experience/interviewer bias • Wording of the questions • Who carried out research • Age of information/when data gathered/information might be out of date • People's actions do not always match what they say • Anonymity • Bots or use of AI Other appropriate responses should also be credited.	**2**	Only award the first two answers given.

Question	Answer	Marks	Notes
4(b)	**Identify <u>two</u> benefits to a business of using market segmentation.** Award 1 mark per benefit (max 2). Points might include: • Able to tailor goods to specific needs of segment/know what to produce • Identify gaps in the market • To help decide best place to sell • Research is simpler • Help focus spending/make best use of resources • Help target promotion/advertising • Help set prices • Help increase sales/revenue Other appropriate responses should also be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Notes
4(c)	**Outline <u>two</u> ways NLR might respond to environmental pressures.** Award 1 mark for identification of each relevant way (max 2). Award 1 mark for each relevant reference made to this business (max 2). Points might include: • Reduce amount of materials used/wastage [k] when making its skincare products [app] • Use recycled materials [k] for the packaging [app] • Develop environmentally friendly products [k] based on its market research [app] • Buy energy efficient/environmentally friendly machinery/use renewable energy [k] • Offer different sizes/only make to order/reduce number of products available [k] • Alter/reduce transport use [k] • Promote/support environmentally friendly causes [k] • Ask customers to reuse containers (when buying from shops) [k] as 85% of consumers (want the business to respond to environmental pressures) [app] Other appropriate responses should also 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: • Skincare or examples such as hand cream • Packaging • 85% of consumers/customers • Product life cycle • Market research • Branded Other appropriate examples can be credited. Do **not** award environmental pressures as [app] on its own as stated in question.

Question	Answer	Marks	Notes
4(d)	**Explain how NLR's pricing decisions might be affected at <u>two</u> different stages of the product life cycle.** Award 1 mark for each relevant stage of life cycle/pricing method (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: • During introductory stage [k] the business may set a low price to attract customers [an] to their hand cream [app] • At growth stage [k] prices may be lowered due to increased competition [an] • At maturity stage [k] price is likely to be similar to competitors to retain market share [an] for the branded products[app] • During decline stage[k] discounts might be offered to maintain sales/ sell of remaining inventory [an] • Skimming pricing [k] can be used at the introductory stage to recover development costs [an] of new packaging [app] • Penetration pricing [k] in some market segments [app] • Cost plus pricing [k] • Competitive pricing [k] • Promotional pricing [k] Other appropriate responses should also be credited.	**6**	Attract customers/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: • Skincare or examples such as hand cream • 85% • Market research • Packaging • Environmental pressures • Branded (product) • Market segmentation Other appropriate examples in context can be credited.

Question	Answer	Marks	Notes
4(e)	**Do you think promoting the brand image is the most important role of packaging? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for justified decision as to whether promoting the brand image is the most important role of packaging. Points might include: • This can help the product attract customers/stand out against competitor's products [k] which can help increase/maintain sales [an] leading to higher revenue [an] • Protect the product [k] so the product does not get damaged/can be kept fresh [an] which can help reduce the amount of wastage [an] • Ease of storage/transport [k] which could lead to lower storage/transport costs [an] • Provide information about the product [k] • Legal requirements [k] as a business might have to identify the ingredients to avoid legal action [an] • Easy to open the container and use the product [k] Justification might include: Packaging helps the product stand out against competitor's products [k] helping increase sales [an]. Protecting the product is important [k]to keep the product fresh [an] This is the most important role because damaged goods will not sell [eval] Therefore, brand image is not the most important role although customers need to be aware of the product, to buy. [eval]	**6**	This is a general question so there are no marks for application.

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