CAMBRIDGE
International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/11**

Paper 1 Short Answer/Data Response **May/June 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 May/June 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.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague to be given credit.
REP	Indicates where content has been repeated.
NAQ	Used when the answer or parts of the answer do not answer the question asked.
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Indicates appropriate reference to the information in the stem.
AN	Indicates where the answer has demonstrated analysis.
EVAL	Indicates where the answer has demonstrated evaluation (part (e) questions only).

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Annotation	Meaning
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)	**Define 'business partnership'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Two (or more) people agree to (jointly) own the business [2] • A business formed by two (or more) people who will usually share responsibility for the day to day running of the business [2] • An unincorporated business that has more than one owner [2] Partial definition e.g. • business run by two or more people [1]	**2**	For two marks need the idea of owned/formed and it involves at least two people.
1(b)	**Identify two ways a government can support business start-ups.** Award 1 mark for each way (max 2). Points might include: • Grants/subsidies • (Low interest) loans • Low-cost/rent-free premises • Provide training • Tax relief/lower tax/tax holiday • Advice/help with research • Help promote/advertise the business • Provide mentors 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> ways an economic boom might affect Brendan's business**. Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • High level of demand/sales/revenue [k] for flowers [app] • May be difficult to find employees [k] for the shop [app] • He can increase his prices [k] which will increase added value [app] • Higher costs / wages might increase [k] so may need more government support [app] • High business confidence [k] for this entrepreneur [app] • Increased competition [k] • Harder to access materials [k] • Harder to find a location [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: • (Successful) entrepreneur • Start-up/new business • Flower(s) or examples • Shop • Government support • Increase added value • (Business) partnership • <u>Pricing method</u> Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
1(d)	**Explain <u>two</u> ways Brendan could increase added value for his business.** Award 1 mark for identification of 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: • Set high prices [k] which widens the gap between the cost and price [an] for the flowers [app] • Lower (input) costs [k] by buying cheaper materials [an] for this new business [app] • Branding/marketing/packaging [k] to give the idea of higher quality [an] • Unique design/products [k] making it more desirable than similar products [an] which could influence its pricing method [app] • Improve convenience [k] so products are immediately available [an] in the shop [app] • (Improve) quality/service [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: • Start-up/new business • Flower(s) or examples • Shop • Government support • Brother • (Business) partnership • Pricing method • (Successful) entrepreneur Other appropriate examples can be credited. Analysis can be awarded for: • explaining the reason why price or costs may be higher/lower • how the way increases the added value. Some points can be awarded as [k] or [an] but only award once. Do not award the same point of analysis twice.

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Question	Answer	Marks	Guidance
1(e)	**Explain <u>two</u> pricing methods a new business might use. Which is likely to be the best method to use? 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 a justified decision as to which is the best pricing method for a new business to use. Points might include: • Cost-plus [k] by adding a percentage onto the costs of production [an] it is easy to calculate [an] • Penetration pricing [k] setting a lower price <u>than competitors</u> [an] could attract customers [an] • Competitive pricing [k] setting a price <u>similar</u>/<u>just below</u> competitors [an] which may not cover costs [an] • Price skimming [k] allows the business to recover development costs quicker [an] may lead to low sales [an] • Promotional pricing [k] Other appropriate responses should be credited. Justification might include: Cost-plus pricing [k] is easy to calculate [an]. Price skimming [k] allows the business to recover development costs quickly [an]. Cost-plus pricing is the best method as the business will make profit on each item sold [eval] whereas with price skimming they may not attract customers to their new business [eval].	**6**	This is a general question so there are no marks for application. Candidates must name the method to access the knowledge marks. Analysis can be awarded for explaining the method or advantages/disadvantages Some points can be awarded as advantages or disadvantages of different methods but only award the same point once. To access evaluation must discuss two relevant methods. Accept but do not expect: • Dynamic pricing [k] • Psychological pricing [k]

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Question	Answer	Marks	Guidance
2(a)	**Identify <u>one</u> way each of the following changes in country X's exchange rate might affect businesses which import materials.** Award 1 mark for each way (max 2). Points might include: • Depreciation: Imports dearer/more expensive • Appreciation: Imports cheaper	**2**	Only award the first two responses given. Do not award answers about the effect on exports.
2(b)	**Identify <u>two</u> reasons why consumer spending patterns might change**. Award 1 mark for each reason (max 2). Points might include changes in: • Price of product • Price of competitors products/increased competition • Incomes/wages/unemployment/business cycle or examples • Population size/structure/life stage of consumers • Taste/fashion/preferences • Advertising/promotion • Technology • Taxation • Interest rates • Exchange rates • Weather/season 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> reasons why maintaining quality is important for NSL**. Award 1 mark for each relevant reason (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Develop strong brand image / generate good publicity / better reputation [k] for its food [app] • Keep customer loyalty/remain competitive [k] which may help as spending patterns change [app] • Can charge high/premium prices [k] which may help cover any effect of exchange rates [app] • Lower costs/less wastage [k] at the factory [app] • Fewer customer complaints/returns [k] • Attract new customers/increase sales [k] • To meet legal requirements [k] such as food standards [app] • It adds value [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: • Food or related words such as ingredients, breakfast cereal, bread • Manufacture • (Consumer) spending patterns change • Factory • Exchange rates • (15% of raw) materials are imported • Lean production Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
2(d)	**Explain <u>two</u> benefits to NSL of using lean production.** Award 1 mark for identification of each relevant benefit (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: • Fewer mistakes/errors [k] so less rework / lower repair costs / may improve reputation [an] as maintaining quality is important [app] • Less inventory held [k] of imported materials [app] lowering storage costs/amount of working capital [an] • Cut out some processes [k] when making the food [app] which speeds up production / increase productivity [an] • Increase motivation [k] leading to lower absenteeism / reduce labour turnover [an] at the factory [app] • Less waste of time/ materials OR improved efficiency [k]quicker/increased output [an] • Lower (unit) costs [k] improving competitiveness [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: • Food or related words such as ingredients, breakfast cereal, bread • Manufacture • (Consumer) spending patterns change • Factory • Exchange rates • (15% of raw) materials are imported • Maintaining quality Other appropriate examples can be credited. Some points can be awarded as [k] or [an] but only award the same point once e.g. waste, productivity, lower cost

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Question	Answer	Marks	Guidance
2(e)	**Explain <u>two</u> methods of market research a business could use to help make business decisions. Which is likely to be the best method for a manufacturing business to use? 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 a justified decision as to which is the best method of market research for a manufacturing business to use to make business decisions. Points might include: • Government sources/statistics [k] provide information from a wide number of people [an] • Using internet/online sources [k] which is free / low cost / immediately available [an] • Information from trade associations/journals [k] as specifically about the industry [an] • Market research agency reports [k] can often be expensive/provide <u>detailed information</u> [an] • Questionnaire [k] as provides up-to-date information / specific to the business [an] • Interviews [k] to obtain <u>in depth</u> details/opinions [an] • Survey [k] can reach out to more/large number of people [an] • Focus group [k] as it provides <u>detailed information</u> / allows for follow-up questions [an] • Test marketing [k] so the cost of any problem is limited to a smaller number of products [an] • Observation [k] low cost [an] • Newspapers/magazines [k] Other appropriate responses should be credited.	**6**	This is a general question so there are no marks for application. Candidates must identify the method of market research to access the knowledge marks not just state primary/secondary. Analysis can refer to an advantage/disadvantage of method. Some development can be used for more point, but only award once.

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Question	Answer	Marks	Guidance
2(e)	Justification might include: Government statistics [k] provide information from a wide number of people [an]. A focus group [k] can provide detailed information about consumer tastes [an]. Government statistics are better because they are based on wide samples whereas a focus group is based on a few existing customers so it may not identify what is happening in the market overall so the business may not produce the right product. [eval] [eval]		

Question	Answer	Marks	Guidance
3(a)	**Define 'dismissal'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • When employment is ended against the will of the employee, usually for not working in accordance with the employment contract [2] • Termination by the employer because the employee has broken company rules or not performing work to the required standard [2] • Employee is told to leave the business because of poor performance/behaviour [2] Partial definition e.g. • when someone/employee is told to leave a business [1] • lose job/let go because of bad behaviour [1]	**2**	For two marks need to recognise the employee is being told to leave and why. Do not award on own: • Lose job • Let go Accept fired/sacked as alternative to employment ended or against their will

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Question	Answer	Marks	Guidance
3(b)	**Calculate the value of X and Y.** Award 1 mark for each correct calculation. **X**: 500000 or (500000) or 500 [1] **Y**: (40000) or (40) or – 40 [1]	**2**	Y must be shown as a negative number. This could be using brackets/minus sign.
3(c)	**Identify <u>four</u> reasons why a cash flow forecast might be useful to a business.** Award 1 mark for each relevant reason (max 4). Points might include: • Help support a loan application / attract investors • Can identify (possible causes of) cash flow problems • Help (financial) planning / budgeting / manage cash flow better / help avoid cash flow problems or insolvency • Identify how much a business might need to borrow/size of overdraft • Identify whether the business will be holding too much cash that could be put to better use • Helps with decision making / decide if expansion is possible 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> advantages of LFK training its employees**. Award 1 mark for identification of each relevant advantage (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: • To motivate employees [k] to reduce absenteeism / lower labour turnover [an] of its 135 employees [app] • Help retain/keep/attract employees / lower labour turnover [k] • To increase skills/knowledge [k] more workers are suitable for promotion [an] so may not need to use external recruitment [app] • Reduce mistakes/errors / better quality [k] • Reduce number of accidents [k] increasing workers` safety [an] • Increase efficiency/productivity/reduced waste [k] which can help reduce (average) cost [an] which can reduce its cash outflows of $600 000 [app] • Increase output [k] • Can improve competitiveness [k] of the mine [app] • Improve customer service [k] • <u>Management training</u> can help improve business decisions [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: • Coal • Mining/mines • 135 (employees) • Dismissal • New supervisor • External recruitment • Use of data from Table 3.1. Other appropriate examples can be credited. Advantages can refer to the business or employees. Some points can be awarded as [k] or [an] but only award once e.g. reduce mistakes, accidents, efficiency, waste The following are AN only: • reduce costs • better reputation • increase sales

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Question	Answer	Marks	Guidance
3(e)	**Do you think the advantages of external recruitment for a business are greater than the disadvantages? 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 a justified decision as to whether the advantages of external recruitment for a business are greater than the disadvantages. Points might include: Advantages: • Brings new skills/ideas [k] improving productivity / efficiency [an] • Wider choice of applicants [k] increases possibility of finding the best person for the job [an] • Can bring valuable knowledge/experience of competition [k] so might gain a competitive advantage [an] • Avoids creating a vacancy which will need to be filled [k] • Avoids risk of upsetting employees when someone internal is promoted [k] which could demotivate/cause others to leave [an] Disadvantages: • Higher recruitment costs [k] increasing cash outflows [an] • No knowledge of how business works / current operations [k] so may need (induction) training [an] • More time spent / takes longer to fill vacancy [k] which could be used for other purposes [an] Other appropriate responses should be credited.	**6**	This is a general question so there are no marks for application. Award only once: Advantage avoids upsetting employees or Disadvantage demotivates existing employees

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Question	Answer	Marks	Guidance
3(e)	Justification might include: External recruitment can bring in new skills [k] improving productivity [an]. However, the new employee will not know how business works [k] so might need induction training [an]. External recruitment is better because the new ideas could lead to lower costs in the long term, [eval] which can more than cover the extra cost of any induction training needed [eval].		

Question	Answer	Marks	Guidance
4(a)	**Identify <u>two</u> methods of external growth a business might use.** Award 1 mark for each method (max 2). Points might include: • Horizontal integration • Forward integration • Backward integration • Conglomerate/diversification • Joint venture Other appropriate responses should be credited.	**2**	Only award the first two responses given. Can award below if no specific example given • Merger • Takeover/acquisition • Vertical integration

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Question	Answer	Marks	Guidance
4(b)	**Identify <u>two</u> reasons for globalisation**. Award 1 mark for each reason (max 2). Points might include: • Free trade agreements / economic trading blocs / reduction in trade barriers • Improved/cheaper transport/travel links • Improved communication networks/technology • Emerging/new markets are quickly expanding/rapid economic growth/rising income • Governments <u>allow</u> companies from other countries to set up operations in own country Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
4(c)	**Outline <u>two</u> ways PKN 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). Points might include: • Use renewable energy [k] in each of the 30 countries [app] • Use energy efficient/environmentally friendly methods [k] to make glass [app] • Use fewer resources/reduce output [k] in its factory/factories [app] • Recycle waste [k] • Use/develop new environmentally friendly products [k] • Avoid/reduce use of chemicals (that produce toxic waste) [k] • Use packaging made of recycled material [k] • Use packaging that can be recycled/reused [k] • Avoid unnecessary travel [k] • Use local supplier [k] • Replant trees [k] • Switching to environmentally friendly transport or examples [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: • Glass • Factory/factories • Manufacturer • 30 countries • 27000 employees • Globalisation • Expand/external growth • Source of finance • Diseconomies of scale Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
4(d)	**Explain <u>two</u> diseconomies of scale which might affect PKN as it grows.** Award 1 mark for identification of each relevant diseconomy (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: • <u>Low</u> morale/motivation/lack of loyalty [k] leading to higher labour turnover / more workers leaving [an] among its 27000 employees [app] • <u>Poor</u> communication [k] leading to mistakes [an] when making glass [app] • <u>Weak/lack</u> of co-ordination [k] leading to the wrong decisions [an] at the factory [app] • <u>Lack of</u> control [k] leading to higher average costs [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: • Glass • Factory/Factories • Manufacturer • 30 countries • 27000 employees • Globalisation • Sustainable development • Source of finance Other appropriate examples can be credited. Some analysis points can be used for any diseconomy but only award once e.g. higher average/unit costs.

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Question	Answer	Marks	Guidance
4(e)	**Do you think the advantages of using retained profits to fund business expansion are greater than the disadvantages? 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 a justified decision as to whether the advantages of using retained profits to fund business expansion are greater than the disadvantages. Points might include: Advantages: • No need to repay [k] so does not increase level of debt/liabilities [an] • No interest to pay [k] so no additional cash outflows/expenses [an] • Easy/quick to obtain [k] Disadvantages: • Takes time to generate sufficient funds [k] which could delay the expansion [an] • May not have sufficient/any funds [k] so must limit the size of expansion [an] • (Keep more profit in the business) reduces payment/reward to owners [k] which may deter further investment [an] Other appropriate responses should be credited.	**6**	This is a general question so there are no marks for application. Some analysis could apply to more than one point, but only award once.

Question	Answer	Marks	Guidance
4(e)	Justification might include: An advantage is there is no interest to pay [k] so no additional cash outflows [an]. However, it may take time to generate these funds [k] delaying expansion [an]. The disadvantages are greater because expansion is likely to need a large amount of finance which the business may not have [eval]. Delay could mean the opportunity is missed [eval].		

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