Cambridge Assessment International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/11**

Paper 1 Short Answer and Data Response **October/November 2022**

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 'on-the-job training'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Training at the place of work, watching or following an experienced employee [2] OR Training at the place of work–usually the person does the actual job while an experienced employee observes and guides him or her, making corrections as required [2] Partial definition e.g. training while you are working [1]	**2**	Do not award answers which clearly relate to induction. Accept: Watching a more experienced worker doing the job [2]
1(b)	**Calculate total variable cost per month. Show your working.** Correct answer: $960 000 [2] Method e.g. Variable cost per unit times output [1] OR $80 × 12 000 [1] If correct answer given with no working shown award 2 marks.	**2**	Award only 1 mark if $960 000 is written as part of the answer but is not given as the final answer. $ sign not required.

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Question	Answer	Marks	Notes
1(c)	**Identify <u>four</u> factors a business should consider when deciding which method of production to use.** Award 1 mark for each relevant factor. Points might include: • Amount of capital available / costs (of machinery/production) • Demand / size of the market / how much they are likely to sell / output needed • Nature / type / variety of goods produced • Amount of suitable space / storage • Access to (suitable/skilled) labour / amount of labour needed Other appropriate responses should also be credited.	**4**	Only award the first four responses given. Award 'size of business' [BOD]

Question	Answer	Marks	Notes
1(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to SSG of using quality control.** Award 1 mark for identification of each relevant advantage/disadvantage (max 2). Award 1 mark for each relevant reference made to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: Advantage: • Tries / may eliminate errors before customers receive the product [k] improving the reputation [an] of its phones [app] • All workers do not need to be trained for quality control [k] reducing costs [an] of its 130 employees [app] • Production is not slowed [k] Disadvantage: • Inspectors / someone needs to be employed to check the product [k] increasing labour costs [an] • Faulty products must be scrapped [k] therefore variable cost is higher [an] than $80 per unit [app] • Does not identify where / why the fault has occurred [k] so vulnerable to repeating the errors • There is less reason for employees to help ensure quality [k] leading to more faults in products [an] Other appropriate responses should also be credited.	**6**	Note: 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: • (Mobile/cell) phones • 130 employees • On-the-job training • $80 • 12 000 • $300 000 • Maturity / extension strategy • Batch production Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
1(e)	**Do you think adding new features to a product is the best extension strategy 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 2 marks for justified decision as to whether adding new features is the best extension strategy for a large manufacturer to use. Points might include: • Product appears more appealing [k] attracting new / more customers or sales [an] increasing revenue [an] • High cost of development / market research [k] which the business may not be able to afford [an] • Customers may dislike changes [k] reducing sales [an] • Adds value to product [k] therefore can charge a higher price [an] Other strategies might include: • Finding new markets [k] widening customer base [an] • Adapt / change the packaging [k] improving the appeal [an] but existing customers may not recognise the product [an] • Increase advertising / marketing / promotion [k] remind customers that the product still exists [an] • Sell through **additional** outlets [k] Other appropriate responses should also be credited. Justification might include: Adding new features involves high development costs [k] which the business may not be able to afford [an]. Finding new markets [k] could increase sales revenue [an]. There is a risk that customers may not like the new features [eval] so it's safer and cheaper to try to find new markets. [eval]	**6**	This is a general question so there are no marks for application. Some points could be awarded for different options or as [k] / [an], but do not award the same point twice. For evaluation to be awarded justification will usually follow on from relevant analysis of points. USP [k] attracting customers away from competitors [an]

Question	Answer	Marks	Notes
2(a)	**Define 'opportunity cost'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. The next best alternative foregone / given up [2] OR The benefit that could have been gained from an alternative use of the same resource [2] OR A benefit, profit, or value that a firm gives up in order to achieve something else [2] Partial definition e.g. what you must give up / forgo [1]	**2**	
2(b)	**Identify <u>two</u> limitations of using the number of employees to measure the size of a business.** Award 1 mark per limitation. Points could include: • Does not account for capital intensive business / depends on method of production used • Could have many part-time employees • May give a different indicator of size to other measures used. Other appropriate responses should also be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Notes
2(c)	**Outline how having limited liability might benefit DNG's shareholders.** Award up to 2 marks for relevant points (max 2). Award up to 2 marks for each relevant reference to this business (max 2). • Shareholders risk is limited to the amount invested [k] in this electricity business [app] • Protects personal assets [k] in case the business decision to contribute to sustainable development does not work [app] • Encourages (potential/existing) shareholders to invest [k] Other appropriate responses should also be credited. Shareholders risk is limited (to the amount invested) [k] in the electricity company [app] protecting their personal assets [k] in case the decision to stop using coal does not work [app]	**4**	Note 1: Candidates can outline one benefit in detail or outline two separate benefits. Note 2: Answers must refer to the owners / shareholders and not the business itself. 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: • Electricity • (Stop using) coal • 16 million (customers) • 6500 (employees) • Pressure groups • Opportunity cost Other appropriate examples in context can still be credited.

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Question	Answer	Marks	Notes
2(d)	**Explain <u>two</u> ways a pressure group might influence DNG's decisions.** Award 1 mark for identification of each relevant way (max 2). Award 1 mark for each relevant reference made to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Create (negative) publicity / publish information / write to newspaper [k] about the impact of using coal [app] damaging its reputation [an] • Organise customer boycotts [k] of its 16 million customers [app] leading to fewer sales / less revenue [an] • Demonstrations / protests [k] about electricity production [app] which could reduce investment in the business [an] • Petition / send letters to government [k] against this limited company [app] • Lobbying [k] • Take legal action [k] Other appropriate responses should also be credited.	**6**	Note: Can award responses which refer to strikes as TU may use to influence pay or working conditions. 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: • Electricity • Coal • 16 million (customers) • 6500 (employees) • Opportunity cost • Limited company / shareholders Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
2(e)	**Explain <u>two</u> methods of internal communication a large business could use to share important information with its employees. Justify which method should be used.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to which of the two methods discussed is the best method of communication for a large business to use to convey important information to its employees. Points might include: • Meeting / briefing / video conference [k] workers receive the message at the same time [an] but workers will not be working so output may fall [an] • Email [k] message can be sent to multiple people at the same time [an] but people may not be able to access the internet [an] • Phones [k] allows for immediate feedback [an] • Text / SMS [k] contains only very limited information [an] • Posters / noticeboards [k] • Announcements [k] • Internal newspapers [k] • Social media such as Whatsapp [k] • Letter [k] Other appropriate responses should also be credited. Justification might include: Email [k] would allow the business to send the same message to multiple people [an]. A meeting [k] will allow employees to ask questions to confirm their understanding of the important information [an]. Email is better as it may not be possible to get all employees in a large business together at the same time [eval]. Whereas with an email all employees receive information which they can refer back to later. [eval]	**6**	This is a general question so there are no marks for application. Some points could be awarded for different options, but do not award the same point twice. For evaluation to be awarded justification will usually follow on from relevant analysis of points. Note: Do not award types of communication such as written, verbal, electronic.

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Question	Answer	Marks	Notes
3(a)	**Define 'non-current assets'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Resources owned by a business which will be used for a period longer than one year [2] OR Items owned by a business for more than one year [2] Partial definition e.g. items owned by the business [1] Items in the business for more than one year [1]	**2**	Do not award Assets owned for one year as this is TV. Do not award examples.
3(b)	**State <u>two</u> elements of the marketing mix.** Award 1 mark per element. Two from: Price, product, place, and promotion	**2**	Only award the first two responses given.
3(c)	**Outline <u>two</u> ways CPK might be affected by an increase in taxation.** Award 1 mark for each relevant way. Award 1 mark for each relevant reference to this business. Points might include: • Less profit [k] to help improve the sports clubs [app] • Decreased demand [k] at the 5 locations [app] • May have to increase prices [k] affecting its marketing mix [app] • Can increase expenses / cost of buying materials [k] Other appropriate responses should also be credited.	**4**	Note: 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: • Sports club or examples such as activities / gym / yoga class • 5 (locations) • 60 (employees) • Marketing mix • 10% / 12% Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
3(d)	**Explain <u>one</u> possible effect on CPK of the change in each of the following ratios as shown in Table 3.1:** Award 1 mark for identification of each relevant effect (max 2). Award 1 mark for each relevant reference made to this business (max 2). Award 1 mark for each relevant explanation (max 2) Points might include: **Current ratio:** Decreased / fallen / worsened / deteriorated [k] or [app] Analysis could be awarded for: • May need to reduce creditors / trade payables [k] to avoid cashflow problems [an] in the sports clubs [app] • May need to improve cash by selling more products or sell unwanted non-current assets • May have problems paying its short-term liabilities / less liquidity / less cash available • May make it harder to obtain finance • Suppliers may be less willing to provide goods (on credit) **Profit margin:** Decreased / fallen / worsened / deteriorated [k] or [app] Analysis could be awarded for: • May need to increase prices [k] to improve profit margin [an] in the 5 clubs [app] • Need to look for ways to increase added value • May look for ways to lower variable costs / expenses Other appropriate responses should also be credited.	**6**	Award decrease/fallen as [k] OR [app] but not both. Do not award reasons for change as knowledge or analysis as this does not answer the question. Note: 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: • 2% / 12% or 10% • 0.3 / 1.6 / 1.3 • Sports club or examples such as gym / yoga class • 5 (clubs) Other appropriate examples in context can still be credited.

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Question	Answer	Marks	Notes
3(e)	**Do you think job enrichment is a better way for a business to motivate its employees than profit sharing? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether job enrichment is a better way for a business to motivate its employees than profit sharing. Points might include: **Job enrichment:** • Business able to make most / full use of employee's skills [k] which can help increase labour flexibility [an] • Training may be needed [k] which can increase expenses [an] • Workers gain more job satisfaction/ feel recognised/valued [k] • Not all workers are able / want to do more complex work [k] leading to mistakes/ waste [an] • Not easy to add extra tasks to some jobs [k] • Time consuming to redesign tasks [k] • May create conflict between employees (as may not be possible to offer opportunities to all) [k] **Profit sharing:** • Money is a major motivator for many employees [k] • Can help build team spirit / sense of belonging / common goal [k] • Not everyone is motivated by money [k] • If business makes low/ no profit, then there is little/ nothing to share [k] which could decrease motivation [an] Other appropriate responses should also be credited	**6**	

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Question	Answer	Marks	Notes
3(e)	Justification might include: Job enrichment can help the business make the most use of employee's skills [k] increasing productivity [an]. A business making no profit, has nothing to share [k] which could decrease rather than increase motivation [an]. I think job enrichment is better as making the job more interesting is more likely to motivate employees every day. [eval]. Profit-sharing is at the end of the year, and therefore is likely to have less impact on daily effort. [eval]		

Question	Answer	Marks	Notes
4(a)	**Define 'recession'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. When there is a period of falling gross domestic product / GDP [2] OR a sustained (over a period of time) reduction in GDP / national income / output [2] Partial definition e.g.–fall in output / fall in GDP [1]	**2**	Do not award features of a period of recession.

Question	Answer	Marks	Notes
4(b)	**Identify <u>two</u> ways of segmenting a market.** Award 1 mark per way. Points might include: • Age • Gender • Socio-economic group / social status / class • Geographical / region / location • Lifestyle • Ethnic group • Family characteristics • Education • Occupation • Use of product Other appropriate responses should also be credited.	**2**	Only award the first two responses given. Award : • Demographic–if age / gender / socio-economic group / social status/ethnic group not awarded • Psychographic if lifestyle, personality, and attitudes not awarded

Question	Answer	Marks	Notes
4(c)	**Outline <u>two</u> reasons why having enough working capital might be important for Beena's business.** Award 1 mark for each relevant reason. Award 1 mark for each relevant reference to this business. Points might include: • To pay for (day-to-day) expenses / short-term debts [k] of her hairdressing business [app] • Evidence to support loan applications [k] if she decides to take the franchise [app] • Use in an emergency / pay for unexpected expenses [k] in case she needs more than $800 [app] • To ensure the business has a good credit reputation [k] especially as her business is a start-up [app] • Ensures the business can take advantage of discount on bulk purchases [k] Other appropriate responses should also be credited.	**4**	Note: 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: • Hairdressing or related words such as haircut or shampoo • Start-up / **new** business • Recession • Franchise • $800 • Market research • (Market) segment Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
4(d)	**Explain <u>two</u> possible advantages to Beena of buying a franchise.** 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: • Established brand / well-known brand [k] therefore no need to spend on advertising [an] • Reduces risk of failure [k] especially after a recession [app] • Training / advice offered by franchisor [k] which saves costs [an] which is important for a start-up business [app] • Attracts customers [k] helping to ensure / increase revenue [an] for her hairdressing business [app] • Easier to obtain finance / bank more willing to lend [k] which may be necessary with savings of $800 [app] • Franchisor pays for advertising [k] • Stock control and accounting systems often provided by franchisor [k] which can help make business more efficient [an] and improve her working capital [app] • All supplies are obtained from a central source / the franchisor [k] which can help ensure quality [an] • Fewer decisions to be made (than an independent business) [k] Other appropriate responses should also be credited.	**6**	Note: 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: • Hairdressing or related words such as haircut or shampoo • Start-up / **new** business • Recession • $800 • Market research • (Market) segment • Working capital Other appropriate examples in context can still be credited. Note: [k] Points may sometimes be awarded [an]

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Question	Answer	Marks	Notes
4(e)	**Do you think it is always better for a start-up business to use primary market research, rather than secondary market research, when making decisions? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether it is always better for a start-up business to use primary market research rather than secondary market research when making decisions. Points might include: **Primary market research**: • Relevant / up to date data gathered [k] so should help you find out what you want to know [an] • High cost / time to collect information [k] which a new business might not be able to afford [an] • Only available to own business [k] • May find it difficult to find people that represent target market / population [k] **Secondary market research:** • May not be relevant / outdated [k] which can lead to wrong decisions [an] • Readily available [k] • Cheap [k] • Can collect wide range of information [k] Justification might include: Primary research collects business specific data [k] helping to find out what you want to know [an]. Secondary research is cheaper than primary to collect [k] which could help reduce costs [an]. As this is a start-up business finance may be limited therefore secondary research may be better for them. [eval]. However the information must be from a reliable source. [eval]	**6**	This is a general question so there are no marks for application. Some points could be awarded for different options, but do not award the same point twice. For evaluation to be awarded justification will usually follow on from relevant analysis of points. Note: Do not accept mirror arguments such as primary research is up to date and secondary research maybe outdated.

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