Cambridge Assessment International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/13**

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 'primary sector'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Businesses/firms whose business activity involves the extraction of raw materials [2] OR Extracts and uses the natural resources of the earth to produce raw materials used by other businesses [2] Partial definition e.g. involves natural resources [1] OR Generates/produces raw materials [1]	**2**	**Do not award** examples.
1(b)	**Calculate the value of NFF's current liabilities. Show your working.** Award 2 marks for a correct answer. Award 1 mark for correct method but incorrect answer. Correct answer: $80 000 or 80 000 [2] Correct method e.g. Trade payables + overdraft [1] OR $60 000 + $20 000 [1]	**2**	Award 1 mark where $80 000 is shown as part of the answer but is not given as the final answer.

Question	Answer	Marks	Notes
1(c)	**Outline <u>two</u> internal sources of finance NFF might use.** Award 1 mark for each **internal** source of finance (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • (Retained) profit [k] from the fishing business [app] • **Sale of** (existing) non-current/fixed assets [k] as has 6 boats [app] • Owner's savings / sell **own** assets [k] to help reduce the high level of debt [app] • **Sale of** current assets / inventories / reduce inventory levels [k] • Ask customers to pay more quickly [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: • Fish/seafood/fishing • 6 boats • $50 000 (trade receivables) • $60 000 (trade payables) • $200 000 (bank loan) / high level of debt Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
1(d)	**Explain <u>two</u> possible problems for NFF of having a high level of debt.** Award 1 mark for identification of each relevant problem (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: • Difficult to arrange (additional) finance [k] may be difficult to expand [an] so may not contribute to sustainable development [app] • Amount / high level of interest [k] especially as already have $200 000 in bank loans [app] increasing expenses / cash outflows [an] • May struggle / cannot meet repayments [k] leading to liquidity problems [an] • Increase financial risk [k] when buying boats [app] so bank may not be willing to lend extra funds [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: • Fish/seafood • 6 fishing boats • 36 employees • $200 000 (bank loan) • $20 000 (overdraft) • $50 000 (trade receivables) • $60 000 (trade payables) • Sustainable development Other appropriate examples in context can still be credited. Some points could be awarded as [k] or [an] but do not award the same point twice.

Question	Answer	Marks	Notes
1(e)	**Explain <u>two</u> ways a business in the primary sector might contribute to sustainable development. Which do you think is the best way? Justify your answer.** Award up to 2 marks for identification of relevant ways. Award up to 2 marks for relevant development of points. Award 2 marks for a justified decision as to which is the best way for a business in the primary sector to contribute to sustainable development. Points might include: • Reduce / limit the number of raw materials extracted / harvested [k] so more left for future use [an] but could reduce potential sales [an] • Buy energy efficient machinery / electric vehicles [k] but high initial cost [an] which the business might not be able to afford [an] • Use renewable energy [k] as this will conserves finite (limited) resources [an] • Recycle [k] which helps reduce number of materials needed / less waste [an] • Reuse materials [k] • Replant trees / restore land to nature after use [k] Other appropriate answers should also be credited. Justification might include: Businesses could reduce the number of raw materials extracted [k] so more left for future use [an]. Alternatively, it could use electric vehicles [k] but these are expensive to buy [an]. I think electric vehicles are better because harvesting less could be difficult for sectors such as farming who need to provide sufficient food to meet people's basic needs [eval]. Whereas changing to electric vehicles can still mean fewer finite resources are gathered but helping the current population survive. [eval]	**6**	This is a general question so there are no marks for application. Some points could be [k] or [an] or can be used as development for more than one way but do not award the same point twice.

Question	Answer	Marks	Notes
2(a)	**Define 'limited company'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. A business which has a separate legal identity/status to its owners [2] Partial definition e.g. a business that can sell shares [1] OR Benefit from limited liability [1]	**2**	Features of a limited company - max 1 mark.
2(b)	**Outline <u>two</u> reasons why having objectives might be important for a business.** Award 1 mark per reason (max 2). Points might include: • A clear target / aim / purpose to work towards / guides the business in the right direction • Help provide focus for decision making • Helps motivate employees • Allows measurement of success / can judge performance / track progress Other appropriate responses should also be credited.	**2**	Only award the first two responses given.

Question	Answer	Marks	Notes
2(c)	**Outline <u>two</u> opportunities of globalisation for GBR.** Award 1 mark for each relevant opportunity (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Increase potential sales / access to more markets [k] which could help it achieve its profit objective [app] • Increase brand awareness [k] as does not currently export [app] • Spread risk [k] when making its shoes [app] • Access to cheaper labour [k] as currently has 450 employees [app] • Access to cheaper materials [k] to make 18 000 pairs (per week) [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: • Shoes • 18 000 pairs per week • 450 employees • Limited company • Does not export • Objective is profit Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
2(d)	**Explain how <u>one</u> objective for each of the following stakeholder groups might conflict with GBR's objective to increase profit.** Award 1 mark for identification of each relevant objective (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Employees: • May want higher / high pay [k] for its 450 employees [app] which could lead to higher costs [an] • May want job security [k] especially with globalisation [app] but GBR might want to make some redundant [an] • Safe working conditions [k] • Job satisfaction / motivation / training / promotion [k] Suppliers: • Might want to charge higher prices [k] for materials for the shoes [app] whereas GBR might want to use its power to reduce prices (to increase profit margin) [an] • Increased / regular number of orders [k] but GBR might want to reduce orders [an] • Receive **prompt** payment for goods supplied [k] but this could increase cash outflows / lead to liquidity problems [an] • To be treated fairly [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: • Shoes • 18 000 pairs per week • 450 employees • Limited company • Does not export • Globalisation Other appropriate examples in context can still be credited.

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Question	Answer	Marks	Notes
2(e)	**Do you think the size of the market is the most important factor for a business to consider when deciding on a method of production? 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 a justified decision as to whether the size of the market is the most important factor for a business to consider when deciding on a method of production. Points might include: Size of the market: • If high level of demand needs to be able to **produce** a lot [k] otherwise risk losing sales [an] Other factors include: • Capital available / cost [k] as business might not be able to afford machinery needed for some methods [an] • Type / variety / nature of product [k] as if the product is unique then do not need to produce on large scale [an] • Availability of suitable employees [k] • Factory space / storage space available [k] Other appropriate responses should also be credited. Justification might include: The size of market is important because if demand is low then fewer products need to be made [k] so large-scale production may result in excess output [an]. However, I think type of product [k] is more important because if the product is unique then do not need to produce on large scale [an]. Then the business has limited choice about the method it can use [eval] and if the business cannot produce a product that meets customer needs, the size of market doesn't really matter. [eval]	**6**	This is a general question so there are no marks for application. Some analysis could be used as development for more than one point but do not award the same point twice as this is repetition.

Question	Answer	Marks	Notes
3(a)	**Identify <u>two</u> reasons why people work.** Award 1 mark per reason (max 2). Points might include: • To earn money / pay for basic needs • Job satisfaction / feeling you have done a good job • Safety / security or examples such as knowing job is safe • Social or examples such as feel part of a group • Esteem / recognition / status • Opportunity to reach your potential / challenge yourself to do new things / learn new skills / gain experience • Help others / society Other appropriate responses should also be credited.	**2**	Only award the first two responses given.
3(b)	**Define 'trade union'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Group of workers who join together to ensure their interests are protected [2] OR Organisation that represents the workers and fights for improvements to pay and conditions [2] Partial definition e.g. group of people who act together to protect their rights [1]	**2**	

Question	Answer	Marks	Notes
3(c)	**Identify the <u>four</u> stages of the business cycle.** Award 1 mark per stage (max 4). • Recession • Slump • Growth • Boom	**4**	Only award the first four responses given. Can award the following alternatives to 'slump' - downturn or depression.

Question	Answer	Marks	Notes
3(d)	**Explain <u>one</u> benefit and <u>one</u> limitation for MDL of using induction training.** Award 1 mark for identification of a relevant benefit/limitation (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: Benefits: • Helps new employees understand / familiarise with the work / workplace / job role [k] so can help maintain standards [an] in the hotel [app] • May be a legal requirement [k] so must offer to avoid any fines [an] and possible action by the trade union [app] • Less likely to make mistakes [k] which can help protect the business reputation [an] Limitations: • Employees **are not working** but are still being paid [k] which increases costs [an] of the 20 employees [app] • Delays when employees start their job [k] so may not be able to operate at full capacity [an] of 160 rooms [app] • Increased costs [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: • Hotel • 160 rooms • 20 employees • Business cycle • Trade union (membership is encouraged) Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
3(e)	**Explain <u>two</u> stages of the recruitment and selection process that businesses use. Which stage do you think is more 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 2 marks for a justified decision as to which stage of the recruitment and selection process is more important. Points might include: • Job analysis [k] helps work out whether need to recruit someone / tasks and duties can be given to someone else [an] • Job description [k] provides a clear idea of what job involves [an] so can help avoid applications from people who cannot do the job [an] • Person / job specification [k] identifies qualifications / skills / experience needed [an] • Advertising the vacancy [k] which raises awareness of the job [an] increasing the number of potential applicants [an] • Shortlisting / screening [k] allows business to reduce the number of candidates who will be interviewed [an] • Interview [k] allows you to find out more about the candidate (in terms of abilities / skills) [an] but this may be time consuming [an] Other appropriate responses should also be credited. Justification might include: A job description [k] is helpful as it sets out the roles and responsibilities of job [an]. Another stage is advertising the vacancy [k] which helps make people aware about the jobs [an]. I think the job description is more important because without knowing what you want the person to do, the business is unlikely to know if it has found a suitable candidate [eval]. This means that the money spent on advertising may not be cost effective. [eval]	**6**	This is a general question so there are no marks for application. The focus of the answer should focus on the business and not employees.

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Question	Answer	Marks	Notes
4(a)	**Define 'niche market'.** Award two marks for a full definition. Award one mark for a partial definition. A small, usually specialised, segment of a much larger market [2] Partial definition e.g. small part / segment of a (large) market [1] OR Part of the market with specific needs / characteristics [1]	**2**	
4(b)	**Identify <u>two</u> impacts of legal controls on marketing strategy.** Award 1 mark per impact (max 2). Points might include: • Cannot make misleading / false claims in advertisements / adverts may have to be changed or withdrawn / influence where / when / who it can be advertised • Increase costs / time spent on marketing • May have to change what is written on packaging / ensure product description is accurate on packaging / make sure information promotion / packaging is not misleading • Cannot sell underweight goods • Cannot charge less than **minimum** price set / cannot charge more than **maximum** price set / cannot fix prices (with competitors) Other appropriate responses should also be credited.	**2**	

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Question	Answer	Marks	Notes
4(c)	**Outline <u>two</u> reasons why having a good brand image might be important for Caleb's business.** Award 1 mark for each relevant reason (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Increase sales / customers [k] of his handmade product [app] • To differentiate the product (from competitors) [k] when using ecommerce [app] • Helps promote / aids recognition [k] of his furniture [app] • Create / maintain customer loyalty / customers will keep buying its products rather than competitors [k] which could be important for this start-up business [app] • Can charge higher price [k] helpful as it's a niche market [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: • Furniture or examples such as tables/chairs • Handmade • Ecommerce • Legal controls over marketing • Location decision • New / start-up business • Niche market Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
4(d)	**Explain <u>two</u> threats to Caleb's business of using e-commerce to sell his products.** Award 2 marks for identification of each relevant threat (max 2). Award 2 marks for each relevant reference to this business (max 2). Award 2 marks for each relevant explanation (max 2). Points might include: • More competition / difficult to stand out from competition [k] especially as it's a new business [app] leading to less revenue [an] • No passing trade [k] so could mean fewer sales [an] which could influence Caleb's location decision [app] • Not everyone has access to the internet [k] which reduces its target market [an] for this niche market product [app] • Cost to design / maintain website [k] increasing cash outflows [an] • Lack of personal service / no face-to-face contact with customers [k] which might make it difficult to develop brand loyalty [app] which could damage its reputation [an] • Need to pay for pop-ups to advertise on popular sites / feature at top of search engine listings [k] • Risk of hackers / fraud [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: • (Handmade) furniture or examples such as tables/chairs • Legal controls over marketing • Location decision • New business / start-up • Niche market • Brand loyalty (is important) • Entrepreneur Other appropriate examples in context can still be credited.

Question	Answer	Marks	Notes
4(e)	**Explain <u>two</u> factors a service business should consider when deciding on a suitable location. Which factor do you think is more 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 2 marks for a justified decision as to which is the most important factor for a service sector business to consider when deciding on a suitable location. Points might include: • Availability of suitable premises / cost of site [k] as high rent will increase (fixed) costs [an] which business might not be able to afford [an] • Access to customers / demand / sales [k] to increase revenue [an] • Government influence / grants / legal controls [k] which may influence or restrict where / how the business can operate [an] • Competitors [k] where there are many competitors it could mean high footfall [an] • Access to employees [k] as might need trained workers to offer good level of service / may not be suitable workers nearby [an] Other appropriate responses should also be credited. Justification might include: The cost of rent [k] is important as high rent will increase fixed costs [an] which the business may not be able to afford [an]. Another factor is access to customers [k]. Overall, I think customers is likely to be more important as a business has limited influence over the cost of rent whereas it can influence its sales [eval]. If it locates where there are many customers, the business has a better chance to gain enough revenue to pay its rent even if this is higher than in quieter locations. [eval]	**6**	This is a general question so there are no marks for application. Some points of analysis could apply to several points but only award once.

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