Cambridge Assessment International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer/Data Response **October/November 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.

Cambridge International is publishing the mark schemes for the October/November 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

© UCLES 2023

[Turn over

PUBLISHED

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.

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).

© UCLES 2023

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.

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).

© UCLES 2023

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.

© UCLES 2023

PUBLISHED

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.

© UCLES 2023

Question	Answer	Marks	Notes
1(a)	**Identify <u>two</u> benefits to a business of specialisation.** Award 1 mark per benefit (max 2). Points might include: • Increases output • Quicker production / increases productivity / higher efficiency • Lower unit cost / economies of scale • Workers become expert/more skilled / employees focus on what they are good at • Improves accuracy / better quality / fewer mistakes / reduces waste • Helps improve competitiveness Other appropriate responses should be credited.	**2**	Only award the first two responses given.
1(b)	**Identify two ways a business can grow.** Award 1 mark per way (max 2). Points might include: • Takeover • Merger • Develop new products • Enter new markets • Increasing sales (of existing products) / open more locations • Franchising Other appropriate responses should be credited.	**2**	Only award the first two responses given.

Question	Answer	Marks	Notes
1(c)	**Outline <u>one</u> possible advantage and <u>one</u> possible disadvantage of DBR being a public limited company.** Award 1 mark for each relevant advantage / disadvantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: Advantages: • Can raise large amounts of finance [k] so can continue to grow [app] • Can sell shares to general public / no restrictions on buying, transferring / selling shares [k] of this mining business [app] • May be able to borrow at low rates of interest [k] • High status / seen as more creditworthy to suppliers [k] • Limited liability (for shareholders) [k] • Incorporated business / separate legal identity [k] • Continuity [k] Disadvantages: • Many regulations / has to publish its accounts [k] so everyone knows its profit was $600 million [app] • High cost / lengthy process to sell shares [k] • Risk of takeover / original owners may lose control (if too many shares are issued) [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: • Mining business / mine • Diamonds • 8 (mines) • Grown quickly / continue to grow • $600 million (profit) • Large (business) Other appropriate examples can be credited.

Question	Answer	Marks	Notes
1(d)	**Explain <u>two</u> diseconomies of scale DBR might experience.** Award 1 mark for identification of each relevant diseconomy of scale (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: • Low motivation / lack of commitment [k] for its 3000 employees [app] leading to higher labour turnover / more workers leaving [an] • Poor communication [k] between the mines [app] leading to mistakes being made/ inefficiency [an] • Weak / lack of co-ordination [k] leading to the wrong decisions [an] reducing the profit of $600 million [app] • Lack of 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: • Mining business / mine • Diamonds • 8 (mines) • 3000 (employees) • Grown quickly / continue to grow • $600 million • Specialisation • Public limited company • Large (business) Other appropriate examples can be credited.

Question	Answer	Marks	Notes
1(e)	**Explain <u>two</u> ways the size of a primary sector business can be measured. Which do you think is the best way? Justify your answer.** Award up to 2 marks for identification of relevant issues. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to which is the best way to measure the size of a primary sector business. Points might include: Number of employees [k] • Simple / easy to calculate [an] • May use a lot of machinery / capital intensive [an] • May have many part-time employees [an] so business may look larger than it is / difficult to compare [an] Value of sales [k] • Easy / quick to access data [an] • Some business may sell seasonal products [an] • If sell high value items, may not reflect size of business [an] Value of output [k] • Can be easy to compare across similar businesses [an] • If sell high value items, may not reflect size of business [an] Value of capital employed [k] • May have a lot of expensive machinery / capital which makes business look bigger than it is [an] Other appropriate responses should be credited. Justification might include: One way is value of output [k] as easy to compare across similar businesses [an]. Another is number of employees [k] which is simple to calculate [an]. Value of output is likely to be a better way because many primary sector businesses may use a lot of machinery which means it has fewer employees [eval] so any comparison of employees is likely to be misleading [eval].	**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. Some points could be awarded for different options, but do not award the same point twice.

© UCLES 2023

Question	Answer	Marks	Notes
2(a)	**Define 'current liabilities'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Short-term debts owed by a business, repaid in less than one year [2] OR Debts of a business which it expects to pay before the date of the next statement of financial position [2] Partial definition e.g. money owed by a business [1]	**2**	
2(b)	**Calculate NPZ's return on capital employed (ROCE). Show your working.** Award 2 marks for the correct answer. Award 1 mark for correct method but incorrect answer. Correct answer: 20% [2] Correct method but incorrect answer e.g. profit / capital employed × 100 [1] OR 60 000 / 300 000 × 100 [1] If correct answer given with no working shown, award 2 marks.	**2**	Award max 1 mark if 20% is written as part of the answer but is not given as the final answer. Answer **must** be shown as a percentage % to gain both marks.

© UCLES 2023

Question	Answer	Marks	Notes
2(c)	**Outline <u>two</u> possible benefits to NPZ of having well-motivated employees.** Award 1 mark for each relevant benefit (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Increased productivity/efficiency [k] of the 35 employees [app] • Increase output [k] of pizzas [app] • Reduced absenteeism [k] among the part-time employees [app] • Lower labour turnover [k] so business can focus on ways to increase profit [app] • Willing to accept changes / new methods of working [k] in the restaurant [app] • Improves quality [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: • Restaurant or related words • Pizza or related words such as food • 35 employees • Part-time • Ways to increase profit • $600 000 (revenue) • $240 000 (gross profit) • $60 000 (profit) • $300 000 (capital employed) • 20% (ROCE) Other appropriate examples can be credited.

© UCLES 2023

Question	Answer	Marks	Notes
2(d)	**Explain <u>two</u> methods NPZ could use to improve employee motivation.** Award 1 mark for identification of each relevant 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: • Increased wages / salary / rate of pay [k] as the revenue is $600 000 [app] so workers are better able to meet their basic needs [an] • Praise [k] to meet esteem needs [an] of the 35 employees [app] • Offer training [k] so employees feel more valued / important [an] to the restaurant [app] • Employee of the month / recognition [k] so workers feel their hard work is acknowledged [an] • Job enrichment [k] as gives employees tasks which require more skills / responsibilities [an] • Introduce job rotation [k] so employees are not bored doing the same thing / work is more varied [an] • Bonus [k] so workers have an incentive to work harder to get bonus [an] • Profit-sharing [k] so employees have an interest in the success of the business [an] • Offer fringe benefits (or examples – discounts on products) [k] • Team working [k] would provide support / sense of belonging [an] • Opportunity for promotion [k] which could lead to higher pay [an] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Restaurant or related words • Pizza or related words such as food • 35 employees • Part-time • Ways to increase profit • $600 000 (revenue) • $240 000 (gross profit) • $60 000 (profit) • $300 000 (capital employed) • 20% (ROCE) Other appropriate examples can be credited.

© UCLES 2023

Question	Answer	Marks	Notes
2(e)	**Do you think reducing variable costs is the best way for a business to improve profit? Justify your answer.** Award up to 2 marks for identification of relevant issues. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether reducing variable costs is the best way for a business to improve profit. Points might include: • No need to increase prices [k] as this could result in fewer sales [an] • Would reduce break-even output [k] • Increase (gross) profit margin [k] • Cheaper materials may lower quality [k] damaging reputation [an] Other ways might include: Increasing prices [k] • May increase revenue [an] • May improve brand image [an] • Lead to lower customers / could make them less competitive [an] Increase number of sales / quantities sold [k] • May increase costs of advertising [an] • Competitors may respond with own promotion [an] Lowering fixed costs (or examples such as lower rent) [k] • Reduces break-even output [an] • Unlikely to be able to change fixed costs quickly [an] • Other appropriate responses should also be credited. Justification might include: It could buy cheaper materials to lower variable costs [k] but this could mean poorer quality goods [an]. It could increase the quantity sold [k] but this might increase its promotion costs [an]. Increasing the quantity sold is a better method because the reputation of the business is protected so existing customers should remain loyal [eval] and the additional revenue should hopefully cover the extra cost [eval].	**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. Some points could be awarded for different options, but do not award the same point twice.

© UCLES 2023

Question	Answer	Marks	Notes
3(a)	**Define 'brand image'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Identity / logo / unique name of a product that distinguishes it from other brands [2] OR The general impression / perception / reputation of a product held **by consumers** [2] Partial definition e.g. identity given to a product [1] OR something that distinguishes a product from its competitors [1] OR how the product is seen / perceived by others / public [1] Other appropriate responses should be credited.	**2**	

© UCLES 2023

Question	Answer	Marks	Notes
3(b)	**Identify <u>one</u> benefit and <u>one</u> limitation for a business of developing new products.** Award 1 mark per benefit/limitation (max 1 for each). Points might include: Benefits: • Increase sales / revenue / customers • Spread risk / diversification • Enter new markets • Help expand into existing markets / increase market share • Improve competitive advantage / Unique selling point (USP) • Improve brand image / better reputation • Maintain customer loyalty Limitations: • Cost of market research • Cost of research and development (R&D) • Cost of producing / testing trial products • Cost of new machinery • May need to recruit / cost of additional employees / specialists • Cost of launching / promoting / advertising new product in market Other appropriate responses should be credited.	**2**	Only award the first response given for benefit/limitation.

Question	Answer	Marks	Notes
3(c)	**Outline <u>two</u> possible reasons why BKS might respond to environmental pressures.** Award 1 mark for each relevant reason (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Avoid pressure group action / boycotts [k] which may damage brand image [app] • Protect reputation / brand image [k] of its food [app] • Respond to changing customer demands [k] by developing new products [app] • Attract / maintain sales [k] to (large) retailers [app] • Differentiate from competitors [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: • Brand image • Food • Developing new products • (Sell to) retailers • Product life cycle Other appropriate examples can be credited.

Question	Answer	Marks	Notes
3(d)	**Explain how BKS's marketing decisions about promotion might be affected if a product is in the following stages of the product life cycle.** Award 1 mark for identification of each relevant effect (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: Introduction stage: • High level of promotion (spending) [k] to attract / inform customers [an] about the new foods [app] • (Advertise) to persuade / attract / inform customers [k] about its new products [app] to gain sales [an] Maturity stage: • Low / less promotion (spending) [k] as product is well-known / want to spend budget on other things [an] such as responding to environmental pressures [app] • May be used to remind customers [k] so keep buying its products / remain loyal / have constant sales [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: • Brand image • Food • (Developing) new products • (Sell to large) retailers • Environmental pressures Other appropriate examples can be credited. Do not award: Examples of advertising / promotion

© UCLES 2023

Question	Answer	Marks	Notes
3(e)	**Do you think selling direct to retailers is the best channel of distribution for a manufacturer to use? Justify your answer.** Award up to 2 marks for identification of relevant issues. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether selling direct to retailers is the best channel of distribution for a manufacturer to use. Points might include: • Can sell in large quantities / wide distribution / access to more customers [k] leading to higher potential revenue [an] • Retailers can help promote / advertise products [k] which raises awareness / increase sales [an] • Can hold less inventory [k] lowering storage costs [an] • No direct contact with customers [k] so may lack up-to-date information about current trends / difficult to build customer relationships [an] • Retailers takes some of the profit [k] lowers profit margin [an] Wholesalers [k] • Bulk buy / buy in large amounts [an] • Save storage space [an] lowering storage costs [an] • Price may be higher [k] as wholesaler adds mark-up [an] / fewer sales [an] Sell direct to customers [k] • Can sell at lower price [an] leading to more sales [an] • Higher profit / no need to pay middleman [an] • May have to employ extra employees to manage high number of orders [k] which increases costs [an] Agent [k] • Has local market knowledge [an] Other appropriate responses should 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. Some points could be awarded for different options, but do not award the same point twice. Do not award: Benefits to customers

Question	Answer	Marks	Notes
3(e)	Justification might include: Retailers offer a wide distribution [k] which can help increase potential sales [an]. Selling direct to customers [k] would mean the business could keep all the profit [an]. I think selling to retailers is better as the high sales will increase the total revenue [eval] which will offset the lower profit margin. [eval]		

Question	Answer	Marks	Notes
4(a)	**Define 'import quota'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Physical **limit** on the number / amount of goods that can be imported / allowed into a country [2] OR **Restriction** on the quantity of a product than can be imported [2] Partial definition e.g. limit on number of goods [1] OR limit on imports [1]	**2**	Do not award answers which confuse the term with a tariff.
4(b)	**Identify <u>two</u> advantages to a country of having lower levels of unemployment.** Award 1 mark per advantage (max 2). Points might include: • Increase in incomes / high(er) standard of living • Low(er) payments for benefits / less government spending • Increased tax receipts • Economic growth / higher GDP / increased demand / sales Other appropriate responses should be credited.	**2**	Only award the first two responses given.

Question	Answer	Marks	Notes
4(c)	**Identify <u>four</u> possible drawbacks for a country of having a multinational company located there.** Award 1 mark per drawback (max 4). Points might include: • (Increased) competition • May offer low wages / poor working conditions / may only create unskilled jobs / exploitation of labour • Use up scarce resources • Environmental issues / damage / pollution • Repatriation / send profits back to home country • Often try to avoid / reduce amount of tax paid • Power to influence government decisions / local economy Other appropriate responses should be credited.	**4**	Only award the first four responses given.

© UCLES 2023

Question	Answer	Marks	Notes
4(d)	**Explain <u>two</u> factors FXN should consider when deciding on a suitable location for the new factory.** Award 1 mark for identification of each relevant factor (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: • Rent [k] increasing fixed costs [an] when making phones [app] • Available / amount of space [k] as likely to need a large area [an] • Availability / access to employees [k] as 1200 jobs [app] to make sure quality / efficiency is maintained [an] • Availability of / distance to raw materials / suppliers [k] to avoid import quotas [app] which could increase transport costs [an] • Access to water / power / utilities [k] so production does not stop [an] • Government influence / legal controls / access to grants [k] which would reduce costs [an] for this multinational company [app] • Environmental impact [k] which could damage brand image [an] • Transport / communication links [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: • Multinational company • 1200 jobs • (Mobile) phones • Lower level of unemployment • Recruitment process • Import quotas Other appropriate examples can still be credited. Some points can be [k] or [an] but only award once. **Do not award** factory as application as stated in question.

© UCLES 2023

Question	Answer	Marks	Notes
4(e)	**Do you think a recruitment website, which advertises jobs, is the best method for a business to use when recruiting a large number of employees? Justify your answer.** Award up to 2 marks for identification of relevant issues. Award up to 2 marks for relevant development of points. Award 2 marks for a justified decision as to whether a recruitment website, which advertises jobs, is the best method for a business to use when recruiting a large number of employees. Points might include: Recruitment website: • As many / most people use the internet to look for jobs [k] so able to attract a wider pool of candidates [an] • Some people do not have access to the internet [k] • Advert could easily be missed (as many different websites) [k] Other methods might include: Newspapers [k] • Seen by many people / wide exposure [an] • Most people do not read newspapers [an] so possible candidates might not see the advert [an] • Only shown for a limited amount of time [an] • Must pay to advertise [an] which increases expenses [an] Recruitment agency [k] • Have expert knowledge / only send suitable people / do work for business [an] saving time on interviewing [an] • Charge a high fee [an] which increases expenses [an] Other appropriate responses should 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. Some points could be awarded for different options, but do not award the same point twice.

© UCLES 2023

Question	Answer	Marks	Notes
4(e)	Justification might include: A recruitment website is good as many people will look online for jobs [k] helping to attract a wider pool of candidates [an]. A recruitment agency [k] is good as it has expert knowledge [an]. A recruitment agency is better when recruiting a large number of employees because it can use its knowledge to only send suitable candidates [eval] so the business does not waste time interviewing a large number of unsuitable people [eval].		

© UCLES 2023