CAMBRIDGE
International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/23**

Paper 2 Case Study **October/November 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 October/November 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.

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).

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.

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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 standardisation 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.
APP	Indicates appropriate reference to the information in the stem.
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.
L1	Level 1 – Used in part (b) questions to indicate where a response includes limited knowledge and/or understanding.
L2	Level 2 – Used in part (b) questions to indicate where a response has a more detailed discussion and contains some evidence of justification.
L3	Level 3 – Used in part (b) questions to indicate where a response includes a well-justified recommendation.

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Question	Answer	Marks
1(a)	**Explain <u>two</u> reasons why customers might buy from ES rather than from one of its competitors.** Award 1 mark for **each** reason why customers may be more willing to buy from ES rather than one of its competitors (max 2). Award a maximum of 3 additional marks for **each** explanation of thereason - **one of which must be applied to this context.** Reasons might include: • ES has a brand name that is well-known so makes it easy to identify – its brand name makes the business stand out from competitors – customers more likely to choose the branded boats over less well-known ones • Customers are assured of the quality they expect to receive – so may attract more customers – as boat is less likely to have faults or errors in the manufacture • Customers may think the quality is higher than unbranded products – may be more willing to pay a higher price – feel confident that the boats have been manufactured by skilled employees • ES has a good reputation – giving customers confidence that ES is a reliable business to buy from – feel reassured that ES will meet their needs • ES's products may be cheaper than its competitors For example: ES has a brand name that is well-known so makes it easy for customers to identify it (1) as its brand name make the business stand out from competitors (1) so customers more likely to choose ES over a less well-known competitors (1) when they are buying a new boat (app). **Application** might include: boats; 20 years' experience; started own business 4 years ago; sailing; 12 skilled employees; may use social media to promote the business; 4 new employees; high quality; well-established brand; voted 3rd best in the country; promotion in sailing magazines; information from Appendix 2 or Appendix 3.	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>

Consider the advantages and disadvantages of the following <u>two</u> types of business organisation that Tim could use when his brothers join the business. Which would be the best type for Tim to choose? Justify your answer.

- **Partnership**
- **Private limited company**

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of both types of business organisation.

Well-justified recommendation.

Candidates discussing both types of business organisation, in context and with a well-justified recommendation, including why the alternative type of business organisation was rejected, should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of one type of business organisation.

Judgement with some justification / some evaluation of choice made.

Candidates discussing in detail one or more types of business organisation and applying it to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss the types of business organisation with little/no explanation.

Simple judgement with limited justification / limited evaluation of choice made.

Candidates outlining the two types of business organisation in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>Relevant points might include:
<table>
<tr><th></th><th>Advantages</th><th>Disadvantages</th></tr>
<tr><td>Partnership</td><td>• It is easy to set-up – as there are few legal requirements – reducing the costs of setting up, such as accountancy costs
• More capital can be invested – as three partners investing their own money into the business
• More owners to share responsibilities with and discuss business decisions – each partner can specialise in different aspects of the business, such as one brother has experience of financial management – more efficient as each partner uses their expertise
• More new ideas as there are three partners – so may make better decisions
• Complete privacy – they do not have to share any financial details with anyone else outside the business – as has been the case for the last 4 years - apart from the tax office, as they will still have to pay tax
• All three owners are motivated to work hard as it is their business and no one else benefits from their efforts</td><td>• Unlimited liability / no limited liability – which means all their personal possessions are at risk – not just the money they invested in the business
• No continuity as the business and the owners do not have a separate legal identity – if one of the partners leaves, because the partners are ‘the business’ it will end
• Partners may disagree on business decisions, and this may make decision-making slower
• If one of the partners doesn’t work hard or is dishonest then the other two partners will also have responsibility for their actions</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>
<table>
<tr><th></th><th>Advantages</th><th>Disadvantages</th></tr>
<tr><td>Private limited company</td><td>• The three brothers and the business have a separate legal identity – company can be sued instead of the owners
• The business can sell shares to family and friends to raise more capital for the boat business – larger amounts of capital may be raised than if a partnership
• Limited liability – will not lose personal possessions if business fails
• Cannot be taken over without the consent of the shareholders</td><td>• Accounts for the boat manufacturer are not private – competitors may access the accounts
• Not easy to transfer shares so may make it more difficult for the business to sell shares to family and friends
• Legal formalities to operate the company – needs to have accounts audited and registered with the government takes time and increases costs for ES
• Legal formalities setting up the company – have to complete paperwork to register the company which takes time and money - may take more time for ES than setting up as a partnership</td></tr>
<tr><td>Recommendation</td><td colspan="2">Justification might include:
• The business should be set up as a partnership because the brothers will have complete control of which boats to produce and will be able to keep all the profit from their hard work without having to share it if they had other shareholders. They should not become a private limited company as this would mean that competitors may be able to see some of their accounts and they could not keep the financial data private. They will also have to pay to have the accounts audited each year which will increase costs.
• The business should be set up as a private limited company because the three brothers will have the protection of limited liability which means if ES goes bankrupt, they will not lose their personal possessions only the money they invested in the business at the start.</td></tr>
</table>
</td><td></td></tr>
</table>

Question	Answer	Marks
2(a)	**Explain <u>two</u> benefits of ES having a short chain of command.** Award 1 mark for each benefit (max 2). Award a maximum of 3 additional marks for **each** explanation of the benefit of having a short chain of command – **one of which must be in context**. Relevant benefits might include: • Communication is quick – as there are few levels for messages to be passed through – queries can be answered straight away • The owners are not remote from the employees – therefore they will be more in touch with the opinions of the employees if there is a problem – making it easier to solve the problem and maintain motivation • Span of control may be wider – leading to more delegation and less control of each worker – making them feel motivated as trusted to get on with the job • Decision-making may be faster • Messages are less likely to get distorted For example: Communication in the business is quick (1) as there are few levels of hierarchy for messages to pass through (1). Therefore, queries can be answered straight away (1) as they passed on from the one owner of ES (app). **Application** might include: boats; 20 years' experience; sole trader; sailing; 12 skilled employees; 4 new employees; high quality; well-established brand; voted 3rd best in the country; flat organisational structure; information from Appendix 2 or Appendix 3.	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)</td><td>

Using Appendix 2 and other information, consider the <u>two</u> new products ES could produce. Which product should Tim choose? Justify your answer using break-even calculations.

- **Product A**
- **Product B**

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of both products.

Well-justified recommendation.

Candidates discussing both products, in context and with a well-justified recommendation, including why the alternative product was rejected, should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of at least one product.

Judgement with some justification / some evaluation of choice made.

Candidates discussing both products in detail and applying them to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss the products with little/no explanation.

Simple judgement with limited justification / limited evaluation of choice made.

Candidates outlining the two products in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>

</td><td>**12**</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)</td><td>Relevant points might include:

<table>
<tr><td>Product A</td><td>• Has potential to export this product in the future – may lead to higher revenue if sales are high in other countries
• Price is $300 000 higher than for Product B at a price of $500 000 per boat
• Break even number of boats is 8 in the first year
• Margin of safety is 1 boat in the first year
• Contribution is $50 000 per boat
• Total revenue for 9 boats is $4 500 000
• Total cost for 9 boats is $4 450 000
• Profit for the first year from this product is $50 000
• Fixed costs are the same for both products at $400 000</td></tr>
<tr><td>Product B</td><td>• Sales are forecast to grow in country X and ES familiar with this market – may better meet the needs of this target market
• Price for Product B is price of $200 000 per boat which is lower than Product A
• Break even number of boats is 20 in the first year
• Margin of safety is 4 boats in the first year
• Contribution is $20 000 per boat
• Total revenue for 24 boats is $4 800 000
• Total cost for 24 boats is $4 720 000
• Profit for the first year from this product is $80 000
• Profit is higher by $30 000 in the first year</td></tr>
<tr><td>Recommendation</td><td>Justification might include:
• ES should choose to start producing Product A which is a larger boat with a higher price. The contribution per boat is higher than Product B by $30 000 so if in the future ES can successfully export more of these boats to customers in other countries and is forecast to break even with a fewer number of boats sold at 8 in the first year.
• ES should choose to start producing Product B which is a small boat and makes a higher profit by $30 000 in the first year and has a higher margin of safety by 3 boats than Product A.</td></tr>
</table>
</td><td></td></tr>
</table>

Question	Answer	Marks
3(a)	**Explain <u>four</u> benefits to a business of using social media as its method of promotion.** Award 1 mark for each benefit (max 4). Award a maximum of 1 additional mark for **each** explanation of the benefit of using social media for promotion. There are no application marks available for this question. Benefits could include: • Can target specific demographic groups who can then share the information on social media with friends – at no cost to the business • Can target customers who will see the advert when they log on to social media – reaches existing customers to encourage repeat sales • Information can be updated quickly – so can change quickly in response to market changes • Low or no cost to advertise on social media – if not paying to have the advert on specific sites • It can be used to reach groups that are difficult to reach in any other way – particularly if they live in other countries • It can be interactive which can be attractive – possibly leading to higher sales • Can provide more information in adverts than some other forms of advertising • Links can be attached to adverts to take customers to other products the customer may be interest in • May link to a website where the product can be easily ordered For example: Can target specific demographic groups who may be interested in your products (1). They can then share the information on social media with friends at no cost to the business (1).	**8**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>
Consider the advantages and disadvantages of ES using on-the-job or off-the-job training for its new employees. Which method should Tim use? Justify your answer.

On-the-job training
Off-the-job training

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of both training methods.

Well-justified recommendation.

Candidates discussing both training methods in detail, in context and a with well-justified recommendation, including why the alternative training method was rejected, should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of at least one training method.

Judgement with some justification / some evaluation of choices made.

Candidates discussing one or more training method in detail and applying it to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss the training methods with little/no explanation.

Simple judgement with limited justification / limited evaluation of choices made.

Candidates outlining both training methods in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>
</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>Relevant points might include:
<table>
<tr><th></th><th>Advantages</th><th>Disadvantages</th></tr>
<tr><td>On-the-job training</td><td>• Individual tuition is given – tailored to the specific needs of the tasks of manufacturing boats in the exact way ES wants the tasks to be carried out
• Ensures some production takes place – helps to supply more high-quality boats when ordered
• It is relatively cheap compared to off-the-job training – as no need to pay expenses - such as course fees for the two days a week of training</td><td>• Trainer may pass on bad habits – leading to more errors when carrying out the tasks required to manufacture boats – damaging its well-known brand image
• Trainer will not be as productive whilst training – slows down output of tasks toward making the boats from the experienced worker doing the training
• Employees might not learn the most up-to-date methods – hence may be less efficient – making ES less competitive against large boat companies
• Employees may make mistakes whilst learning – creating faulty products – increases costs from part-finished boats as component parts are being thrown away
• If mistakes are made, then its reputation is likely to be damaged</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>
<table>
<tr><th></th><th>Advantages</th><th>Disadvantages</th></tr>
<tr><td>Off-the-job training</td><td>• A broad range of skills can be taught for boat production
• Often uses expert trainers – gives better training to the 4 new employees – may be more efficient at carrying out tasks for boat manufacturing
• Most up-to-date techniques are learnt – makes ES more competitive than other large boat manufacturers</td><td>• May be no output of boats whilst training - so wages may be paid but no work done whilst training
• May make it easier for employee to find alternative employment as may have a recognised qualification – employee leaves and increases cost to recruit and train a new employee
• Costs are usually higher than on-the-job training</td></tr>
<tr><td>Recommendation</td><td colspan="2">Justification may include:
• On-the-job training may be better to choose as it will allow workers to keep working at the same time as being trained and therefore will still be producing some output of boats. This will save ES training costs as it uses some of its existing 12 skilled workers to carry out the training. It may not be able to afford to send all 4 workers on training courses as it is likely to be expensive and may not be specific to ES's needs.
• Off-the-job training may be better to choose as it may lead to higher quality training being given to the 4 new employees. These are skilled jobs, and the employees need to maintain the brand image of high-quality workmanship of ES.</td></tr>
</table>
</td><td></td></tr>
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Question	Answer	Marks
4(a)	**Explain <u>one</u> way each of the following ES stakeholder groups might find the financial information in Appendix 3 useful.** • **Owners** • **Employees** • **Suppliers** • **Bank** Award 1 mark for each way the financial information may be useful to the stakeholder group (max 4). Award a maximum of 1 additional mark for **each** explanation of the way the stakeholder group might find the information useful **which must be in context**. Relevant ways might include: Owners • To be reassured that they would be likely to receive a share of the profit – as ES made a $100 000 profit last year • To measure the success of the business against previous years • To see the liquidity of the business and if they need to make any changes Employees • To see if they can ask for a wage increase - from last years' 50% increase in revenue • To see how secure their job is Suppliers • They will want to see if ES will have enough liquidity to pay for the materials – has a safe current ratio of 2 • To decide whether to allow trade credit for ES Bank • To see if the business would be able to pay back a loan - if ES has enough liquidity with an acid test ratio of 0.5 to reassure the bank • To see whether it should offer an overdraft facility if ES needs one For example: To see how much profit is likely to be paid to them (1) out of the $100000 profit from last year (app). **Application** might include: boats; 20 years' experience; started own business 4 years ago; sole trader; sailing; 12 skilled employees; 2 brothers; 4 new employees; high quality; well-established brand; voted 3rd best in the country; expand by selling in other countries; promotion in sailing magazines; information from Appendix 2 or Appendix 3.	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>Consider the opportunities and threats of globalisation for ES. Are the threats likely to be greater than the opportunities for ES? Justify your answer.
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of both opportunities and threats.

Well-justified conclusion.

Candidates discussing both opportunities and threats in detail, in context and with a well-justified conclusion, including why the alternative was rejected, should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of either opportunities or threats.

Judgement with some justification / some evaluation of choice made.

Candidates discussing opportunities and/or threats in detail and applying it to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss the opportunities and threats with little/no explanation.

Simple judgement with limited justification / limited evaluation of choice made.

Candidates outlining both the opportunities and threats in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table></td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>Relevant points might include:

<table>
<tr><td>Opportunities</td><td>• Can increase the number of markets ES operates in as Tim wants to start selling to customers in other countries - as now easier to communicate with buyers in other countries using social media - increases sales and revenue
• Easier to export to other countries where tariffs and quotas have been removed – making ES boats more competitive with boat manufacturers in other countries
• Easier to import products, such as component parts for boats, into country X – as likely to be no trade restrictions between countries - and may lead to lower unit costs – ES may become more competitive in country X and in other countries
• May become cheaper to produce boats in another country in the future – where costs, such as labour, are lower than country X
• Spreads risk
• Economies of scale
• Access to resources that it might not have otherwise
• Access to new technologies</td></tr>
<tr><td>Threats</td><td>• Increasing imports of competitors' boats into the home market from multinational companies – increases competition– sales from businesses based in other countries may reduce market share in country X
• Lack of knowledge of new markets, competition and local tastes – may make it more difficult to successfully export into global markets
• Increased investment from multinational companies in country X's market - setting up factories making boats for the domestic market – may also lead to increased competition in country X
• Employees may leave to go and work for the multinational companies setting up in the home market – increased wages and more opportunities may be attractive – higher labour turnover for ES - increased costs of recruitment and training for ES
• Supply chain problems e.g. transport problems
• Exchange rate fluctuations
• Differences in legal controls e.g. labour laws, consumer laws</td></tr>
</table></td><td></td></tr>
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Question	Answer		Marks
4(b)	Conclusion	Justification might include: • As ES will be new to selling to other countries, then it may find it difficult to compete with multinational businesses. Hence the threats from multinational businesses may be greater than the opportunities to sell boats in other countries for ES to increase revenue. This could lead to lower market share for ES overall and it may no longer be **voted number 3 for being the best boat builder** in country X. • There are more opportunities for ES from globalisation as it may benefit from lower unit costs for its **boats** if it uses cheaper imported components as there are now no tariffs, making it more competitive than many other businesses both in the home country and in markets in other countries as prices can be reduced. Therefore, the opportunities to expand and increase revenue are greater than the threats of increased competition.	

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