Cambridge Assessment International Education

Cambridge O Level

BUSINESS STUDIES **7115/14**

Paper 1 Short Answer/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 '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] OR Group of **workers** who negotiate/bargain for better pay/job security/ working conditions [2] Partial definition e.g. Group of **workers/employees** who join together [1] OR Group of people who act together to protect their rights/interest [1]	**2**	For 2 marks must have idea of who protect (workers) and why exist (protect rights/interests).
1(b)	**State whether the following are classified as a fixed cost or a variable cost.** Award 1 mark per correct answer. Raw materials – variable (cost) [1] Insurance – fixed (cost) [1]	**2**	Only award the first response given for each cost.

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Question	Answer	Marks	Notes
1(c)	**Outline <u>two</u> benefits to BSB of having a well-motivated workforce.** 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 / higher output per worker / more efficient [k] when making cookies/cakes [app] • Reduced/low absenteeism [k] among its 400 employees [app] • Lower/low labour turnover [k] in the factory [app] • Willing to accept changes / new methods of working [k] such as Kaizen [app] • Improved / good quality / fewer mistakes [k] which could help reduce the high level of waste [app] • Low levels of strike action / less likely to take part in strike action [k] organised by their trade union [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: • 400 (employees) • Cakes/cookies or other related words such as butter/sugar/ingredients • High level of waste • Factory • Kaizen/lean production • Trade union • Democratic leadership style Other appropriate examples can still be credited.

Question	Answer	Marks	Notes
1(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to BSB of its managers using a democratic leadership style.** Award 1 mark for identification of each advantage/disadvantage (max 1 for each). Award 1 mark for each relevant reference to this business (max 1 for each). Award 1 mark for each relevant explanation (max 1 for each). Points might include: Advantages: • Employees could be motivated [k] leading to increase in output/productivity [an] of cakes [app] • Helps maintain employee loyalty [k] leading to lower recruitment costs [an] for a business with 400 employees [app] • Workers can have better understanding/experience of business problems/issues [k] leading to better decisions [an] • Positive work environment / better relations between managers and workers [k] • Encourages feedback/better communication [k] Disadvantages: • Time-consuming [k] in the factory [app] leads to delays in production [an] • Employees may not have the experience to offer suitable suggestions [k] leading to wrong decisions/mistakes [an] such as how to reduce waste [app] • May lead to disagreements/conflict [k] which could demotivate employees [an] • May be difficult to make/introduce unpopular decisions [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: • 400 (employees) • Cakes/cookies or other related words such as butter/sugar/ingredients • High level of waste • Factory • Kaizen/lean production • Trade union • Well-motivated (employees) Other appropriate examples can still be credited.

Question	Answer	Marks	Notes
1(e)	**Do you think introducing Kaizen is the best way for a manufacturing business to achieve lean production? 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 introducing Kaizen is the best way for a manufacturing business to achieve lean production. Points might include: • Improved layout / reorganise factory / can reduce amount of space needed (for production) / [k] which will speed up movement of products / inventory (around the factory) [an] • Helps motivate employees (as involved in changes) [k] leading to less absenteeism / improves productivity [an] • Small improvements can be easier/cheaper to introduce [k] so no major investment required [an] • Only designed to produce small/no radical changes [k] so will not gain any significant increase in output [an] • It can become difficult to identify improvements over time [k] which can demotivate employees [an] • Workers may need training [k] which increases training costs [an] • Not all workers may want/able to implement Kaizen [k] Other ways could include: • Just-in-time [k] reduces the amount of inventory held [an] which can help lower storage costs [an] • Cell production / team working [k] which improves employee motivation [an] Other appropriate responses should also 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.

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Question	Answer	Marks	Notes
1(e)	Justification might include: Kaizen is a good way as it is based on small improvements which can be easier and cheaper to introduce [k] as no major investment required [an]. Another method is Just-in-time [k] however, one problem is that for this method to work the business needs a reliable supplier [an]. Therefore, I think Kaizen is the best way because even though the savings gained from each change might be small, the business is in control, so it has a better chance of being able to eliminate waste from its production process. [eval] [eval]		

Question	Answer	Marks	Notes
2(a)	**Identify <u>two</u> reasons why a business might need finance.** Award 1 mark per reason (max 2). Points might include: • Start-up / start a business • Avoid/overcome cash-flow problems • Pay creditors / pay suppliers / pay day-to-day costs / working capital • Offer credit to customers • (Fund) expansion/growth • Buy/replace machinery • Develop new products • For unexpected emergencies Other appropriate responses should also be credited.	**2**	Only award the first two responses given. Do not award: Run/operate business / produce goods and services [tv] Sustain business/survive [0]

Question	Answer	Marks	Notes
2(b)	**Calculate X and Y.** Award 1 mark per correct calculation (max 1 for each). X: $ 3000 [1] OR –$3000 or (3000) [1] (as outflows are negative numbers) Y: $500 [1]	**2**	$ sign not needed.
2(c)	**Outline one advantage and one disadvantage to Ayesha of using crowd-funding as a source of finance.** Award 1 mark for each relevant advantage/disadvantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Advantages: • Allows public reaction to the business to be tested [k] which is helpful for this new business [app] • Helps advertise / promote business / raise awareness [k] of her jewellery shop [app] • No initial fee is payable [k] Disadvantages: • Proposal may be rejected by the crowd-funding platform [k] especially as only used secondary market research [app] • No guarantee can raise full amount [k] to buy the franchise [app] • Could allow competitors/other businesses the opportunity to steal ideas about the business before launch [k] such as details from her cash-flow forecast [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: • Jewellery or examples such as watches/rings • Start-up / new business • Secondary market research • Franchise • Cash-flow forecast • Shop Other appropriate examples can also be credited.

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Question	Answer	Marks	Notes
2(d)	**Explain <u>two</u> methods of secondary market research Ayesha could have used.** 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: • Government sources/statistics [k] find out about population / potential demand [an] to help her improve her cash-flow forecast [app] • Using internet/online sources [k] which is (often) free / low cost / immediately available [an] which can help this new business [app] • Information from trade associations / trade journals [k] about jewellery [app] as specifically about the industry / to find out about the level of competition / who its competitors are [an] • Market research agency reports [k] which can provide detailed information about the market [an] which can be used to support her application for crowd-funding [app] 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: • Jewellery/examples such as watches/rings • Start-up / new business • Franchise • Crowd-funding • Cash-flow forecast • Shop Other appropriate examples can still be credited.

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Question	Answer	Marks	Notes
2(e)	**Do you think buying a franchise is the best way to start up a business? 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 buying a franchise is the best way to start up a business. Points might include: • Support/training provided by franchisor [k] which can help improve decision-making [an] • Franchisor pays for advertising [k] can help reduce expenses [an] • Well-known brand / established products [k] attract customers / sales [an] increasing revenue [an] • Banks more willing to lend (to franchisee) [k] as seen as having less chance of failure [an] • All supplies are obtained from franchisor / established supply chain [k] which can lead to the business being more efficient [an] • Franchisee must pay initial fee [k] but may not be able to afford [an] • Less control/independence over what franchisee can do [k] so cannot make decisions (about pricing/promotion to suit local area) [an] • Franchisee must pay percentage of revenue / share profits / royalties (to franchisor) [k] • Actions of one franchisee could damage the whole brand / all franchisees [k] leading to less demand / fewer sales [an] Other options: • Set up own (independent) business/sole trader [k] as able to make all decisions/have total control [an] • Partnership [k] share risks [an] Other appropriate responses should also 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.

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Question	Answer	Marks	Notes
2(e)	Justification might include: One benefit of a franchise is the support offered by the franchisor [k] which can help reduce costs [an]. Also having access to an existing customer base [k] which can increase revenue [an]. I think buying a franchise is the best way because new businesses are at greater risk of failure, having the support of an established brand is much safer than starting your own business, where you have to carry all the risks with no guarantee of gaining any customers [eval] [eval].		

Question	Answer	Marks	Notes
3(a)	**Define 'profit'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. Total income of a business (revenue) less total cost [2] OR (Total) revenue minus total costs [2] OR The financial gain of a business once all the costs have been paid using revenue [2] Partial definition e.g. revenue minus costs [1]	**2**	

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Question	Answer	Marks	Notes
3(b)	**Identify <u>two</u> reasons why the owners of a business might want to expand their business.** Award 1 mark per reason (max 2). Points might include: • Increase sales/revenue • Increase profit/profitability • Spread risk • Increase reputation/brand image • Increase customer base/target new markets • Increase market share • To be able to compete with larger/other competitors • Economies of scale / lower **average/unit** costs Other appropriate responses should also be credited.	**2**	Only award the first two responses given.
3(c)	**Identify <u>four</u> possible drawbacks to a country if a multinational company locates there.** Award 1 mark per drawback. Points might include: • Reduced sales for local businesses / increased competition (for local businesses) • Send/repatriation of profits back to home country • Uses up scarce resources/contributes to environmental damage • May offer low wages / poor working conditions / exploitation of labour • Often only creates unskilled jobs • Often have a lot of (undue) influence / power on government decisions or local economy (due to large size) • Often use complex accounting rules to avoid/reduce amount of tax paid (in host country) Other appropriate responses should also be credited.	**4**	Only award the first four responses given.

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Question	Answer	Marks	Notes
3(d)	**Explain <u>two</u> possible problems for BHA caused by the growth of its business.** 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: • (Larger business leads to) poor communication [k] as operate in 5 countries [app] leading to mistakes/errors [an] • Lower levels of employee motivation/morale [k] of its 2100 employees [app] leading to higher levels of absenteeism / decrease in efficiency [an] • (Larger business is) difficult to control [k] which could slow down decision-making [an] at the multinational company [app] • (Larger business can be more) difficult to co-ordinate [k] leading to mistakes/errors [an] when selling clothes [app] 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: • Clothing/retailer • Multinational company • 5 countries • 2100 employees • $90 million Other appropriate examples can still be credited.

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Question	Answer	Marks	Notes
3(e)	**Do you think changing suppliers is the best way for a business to respond to the ethical issue of child labour? 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 changing suppliers is the best way for a business to respond to the ethical issue of child labour. Points might include: Change supplier: • May take time to find a suitable supplier [k] leading to delay / stop production / may lose sales [an] • Ethical/new suppliers may set higher prices / raw materials may be more expensive [k] increasing costs / lower profit margin [an] • Improve/protect brand image/reputation [k] leading to more sales/customers [an] • May not be able/difficult to find alternative supplier [k] Other options include: • Continue to use current supplier [k] but this could damage its reputation [an] • Work with supplier to change its practices [k] but this could lead to higher costs [an] Other appropriate responses should also be credited. Justification might include: The problem with changing suppliers is it can take time [k] which could lead to delays [an]. A better solution is to work with a supplier to change its practices [k]. Although this may lead to higher costs [an] it will lead to more ethical businesses in the market [eval] and may improve its reputation more than simply changing suppliers [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.

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Question	Answer	Marks	Notes
4(a)	**Define 'private sector'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. The part of the economy that is controlled/owned by individuals and companies (for profit) [2] OR When business activities are owned by individuals/groups of individuals [2] Partial definition e.g. not government controlled/run [1] OR run by individuals [1]	**2**	
4(b)	**Identify <u>two</u> stages (other than maturity) of the product life cycle.** Award 1 mark per stage (max 2). Two from: • Development • Introduction/launch • Growth • Decline	**2**	Only award the first two responses given.

Question	Answer	Marks	Notes
4(c)	**Outline <u>two</u> ways legal controls related to marketing might affect YCG.** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Increase costs/time spent on marketing [k] for the private sector business [app] • Cannot include misleading/false information in advertisements / adverts may have to be changed [k] about it being a best-selling product [app] • May have to change what is <u>written</u> on packaging / ensure product <u>description</u> is accurate/not mislead by what is <u>written</u> on packaging [k] for its toothpaste [app] • Cannot sell underweight goods [k] • Cannot charge less than **minimum** price set / cannot charge more than **maximum** price set [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: • Toothpaste /toothbrushes • Private sector business • Best-selling Other appropriate examples can still be credited.

Question	Answer	Marks	Notes
4(d)	**Explain <u>one</u> advantage and <u>one</u> disadvantage to YCG of using quality control.** Award 1 mark for identification of each relevant advantage/disadvantage (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: Advantages: • **Tries** to **/ might** eliminate faults <u>before</u> reaching the customer [k] which can help maintain/improve reputation [an] of its best-selling product [app] • Not **all** workers need training [k] so they can continue production [an] for this private sector business [app] • Not disrupt/slow production [k] Disadvantages: • Need to **recruit** inspectors to do the checks [k] on the toothpaste [app] which could increase labour costs [an] • High level of rework/wastage [k] increasing costs [an] • Does not show where/how error happened / only spots errors at end of production [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: • Toothpaste/toothbrushes • Private sector business • Best-selling product • Legal controls (related to marketing) Other appropriate examples can still be credited.

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Question	Answer	Marks	Notes
4(e)	**Do you think introducing new features to a product is the best extension strategy for a business 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 a justified decision as to whether introducing new features to a product is the best extension strategy for a business to use. Points might include: • Makes the product seems more interesting/appealing [k] so attract more customers / make business more competitive [an] • Helps target new segment/customers [k] increasing revenue [an] • Need to carry out research/development [k] increasing costs [an] • Existing customers might not like changes [k] which could reduce brand loyalty [an] Other options include: • Find new market / export product to another country [k] to widen its customer base [an] • Sell through additional/new retail outlets [k] so able to increase the size of its market [an] • Use a new advertising campaign [k] to remind customers [an] • Change (colour/design of) packaging [k] which can help improve its appeal [an] Other appropriate responses should also be credited. Justification might include: A new feature can help target a new market segment [k] leading to additional revenue [an]. However, this will increase development costs [k] which a business may not be able to afford [an]. Therefore, I disagree because if customers do not like the existing product, then a new feature is not likely to make much difference [eval] and could risk upsetting existing customers so the business may end up with fewer customers overall [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.

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