

**MARK SCHEME for the October/November 2011 question paper  
for the guidance of teachers**

**0450 BUSINESS STUDIES**

**0450/11**

Paper 1 (Short Answer/Structured Response),  
maximum raw mark 100

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.

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**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

Cambridge International General Certificate of Secondary Education

## **MARK SCHEME for the October/November 2015 series**

### **0450 BUSINESS STUDIES**

**0450/21**

Paper 2 (Case Study), maximum raw mark 80

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- 1 (a) Identify and explain one advantage and one disadvantage to CC of being a public limited company. [8]

Knowledge (2 × 1) – award one mark for each advantage/disadvantage identified

Analysis (2 × 1) – award one mark for an explanation of each advantage/disadvantage

Application (2 × 2) – award two application marks for each advantage/disadvantage

Award one mark for each advantage/disadvantage (maximum of two), such as:

Advantages:

- Raise large amounts of capital through share issue
- No limit to the number of shares sold
- Shares can be sold to the public
- Shares can be sold on the stock exchange
- Limited liability
- Company has separate legal identify for shareholders
- Continuity of company if shareholder dies

Disadvantages:

- Accounts are published
- Risk of takeover
- Divorce between ownership and control
- Loss of control as increased number of shareholders

Award a maximum of three additional marks for **each** advantage/disadvantage – **2 of which must be applied to this context.**

Indicative response:

Shares can be sold on the stock exchange (k) and this means that CC can raise large amounts of capital to finance the building of new factories in other countries (ap). CC will not have to pay interest on this source of finance and so costs of producing camping equipment are lower (ap) as only dividends may be paid when profits are gained (an).

Possible application marks: recognition that the plc is large; business wants to expand; manufactures camping equipment; customers have tents or caravans; merging with a competitor; three factories; capital intensive method of production; camping cooker; prices just below competitors prices; CC share price; takeover; equipment listed from Appendix 1.

There may be other examples in context which have not been included here.

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- (b) CC needs to communicate a new health and safety regulation to its factory workers. Consider the advantages and disadvantages of each of the following three ways CC could use. Recommend the most effective way to use. Justify your answer. [12]

Relevant points might include:

	Advantages	Disadvantages
Posters on factory noticeboards	Easily seen by factory workers Cheap to produce Placed in relevant position Remains visible for long period of time	Not seen by other employees May not be noticed Easily removed/damaged Not know whether or not poster has been read
CC website	Seen by a large number of people – all employees Visual images enhances the message Cost to set up (can be argued as a disadvantage)	Only seen if employee accesses the website May not have access to Internet
Text (mobile phone) message to factory workers	Directly reaches worker Send it to multiple people at once	May not be noticed Phone switched off May not own a phone Can be expensive to send out text messages Too easily deleted Communication delays/network errors

Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	At least 2 × Level 2 + 9–10 marks for well justified recommendation as to the most effective method of communication to use. 7–8 marks for some limited judgement shown in recommendation as to the most effective method of communication to use.
Level 2	4–6 marks Detailed discussion of advantages and/or disadvantages of each communication method.
Level 1	1–3 marks Outline of advantages and/or disadvantages of each communication method.

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- Level 1      1 mark for each L1 statement (max of 3 marks) e.g. Posters seen by target workers as they will be in the factory and pass by the noticeboard.
- Level 2      one L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks) e.g. Posters seen by target workers as they will be in the factory and pass by the noticeboard. This is a cost effective method to use as the posters will be cheap to produce. However, it will only be seen by factory workers who pass by those particular noticeboards and there may be many workers who are not working near or walk past these noticeboards and will not see the poster. (4 marks for L2 answer).
- Level 3      for L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation which justifies the most effective method to use.

Award up to 2 additional marks for relevant application.

Possible application marks: in country X; manufactures camping equipment; three factories; 100 skilled workers in each factory; many machines in factory; not allowed trade union membership; public limited company; equipment listed from Appendix 1.  
There may be other examples in context which have not been included here.

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- 2 (a) CC's Marketing manager wants to carry out market research. Identify and explain two factors which could influence the accuracy of the market research data. [8]

Knowledge [2 × 1] – award one mark for each relevant factor

Analysis [2 × 1] – award one mark for a relevant explanation for each factor

Application [2 × 2] – award two application marks for each factor

Award one mark for each relevant factor (maximum of two), such as:

- Ensuring the information is up-to-date
- Ensuring a suitable size of sample is selected
- Ensuring a suitable sample method is used/aimed at target market
- Ensure the questions on a questionnaire are well phrased
- Check who carried out the research
- Check where the research was carried out
- Check if there was any bias/dishonesty
- Method of market research used

Award a maximum of three additional marks for **each** explanation – **2 of which must be applied to this context** – of how it can be ensured that the information is accurate.

Indicative response:

To ensure the information is up-to-date [k] because if the market research had been carried out a few years earlier then customer camping habits may have changed [an]. The Marketing manager needs to ensure that the information has been carried out recently so it reflects current camping habits (ap) and then CC will know whether the current customers are happy with its camping equipment (ap).

Possible application marks: in country X; manufactures camping equipment; customers have tents or caravans; country Z; camping shops; camping cooker; prices just below competitors prices; equipment listed from Appendix 1; Appendix 2 information such as price of cooker = \$40 or variable cost per cooker = £20.  
There may be other examples in context which have not been included here.

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- (b) CC's bestselling product is a good quality camping cooker which is similar to those produced by competitors. Explain how each of the following three elements of the marketing mix could be used to market CC's camping cooker. Justify why each element is important to the success of this product. [12]

Relevant points might include:

Price	Competitive pricing as they have several competitors Need to make sure costs are covered – cost plus pricing Psychological pricing – e.g. \$39.99 Penetration pricing – to enter new market
Promotion	Posters on campsite noticeboards Discount vouchers in specialist camping magazines Advertise on holiday company websites Examples of promotional offers e.g. buy camping cooker and get another item free
Place	CC equipment is sold through camping shops Could be sold direct to customers through the website Sell through other outlets as well as camping shops Open new stores near camping sites/activity centres

Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 2	4–10 marks  Detailed discussion of each of the elements of the marketing mix.  Developed reasoning for the course of action suggested  Justification of why the description of the element of the marketing mix will lead to successful sales of the camping cooker.
Level 1	1–3 marks Outline the elements of the marketing mix.

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- Level 1      1 mark for each L1 statement (max of 3 marks) e.g. Competitive pricing
- Level 2      one L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 10 marks) e.g. Competitive pricing needs to be used with the marketing of the camping cooker as there are many competitors and so CC cannot have very different prices to the other cookers. (4 marks for L2 answer).

Award up to 2 additional marks for relevant application.

**NB – do not reward Cooker as an application mark as it is mentioned in the question.**

Possible application marks: in country X; loyal customers, need to maintain our competitiveness; manufactures camping equipment; customers have tents or caravans; selling into country Z; camping shops; prices just below competitors prices; equipment listed from Appendix 1; Appendix 2 information such as price of cooker = \$40 or variable cost per cooker = £20.  
There may be other examples in context which have not been included here.

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**3 (a) Identify and explain two benefits to CC workers of joining a trade union. [8]**

Knowledge [2 × 1] – award one mark for each relevant benefit

Analysis [2 × 1] – award one mark for a relevant explanation for each benefit

Application [2 × 2] – award two application marks for each benefit

Award one mark for each relevant benefit (maximum of two), such as:

- Gives strength in numbers/collective bargaining so more likely to achieve demands
- Provides services such as insurance
- Improved pay
- Improved working conditions/health and safety
- Representation in grievances
- Represents the views of the workers
- Advice can be given if the worker has problems
- Legal support if the worker has problems
- Access to training/education
- Social activities/clubs
- Unions membership benefits e.g. discounts

Award a maximum of three additional marks for **each** explanation of the benefits – **2 of which must be applied to this context.**

Indicative response:

Being a member of a trade union gives strength in numbers so workers are more likely to achieve their demands [k] rather than if one worker tries to achieve the demands on their own (an). At the moment CC does not allow a worker to be a member of a trade union (ap). Production workers are only paid low wages and they may want to be members of a trade union in order to gain a pay rise (ap).

Possible application marks: paid lower wages than wages paid to workers in similar businesses; part-time workers; use machinery in the factory; in country X; manufactures camping equipment; merging with a competitor; three factories; 100 skilled workers in each factory; capital intensive method of production; not allowed trade union membership; country Z; camping cooker; public limited company; takeover; equipment listed from Appendix 1.  
There may be other examples in context which have not been included here.

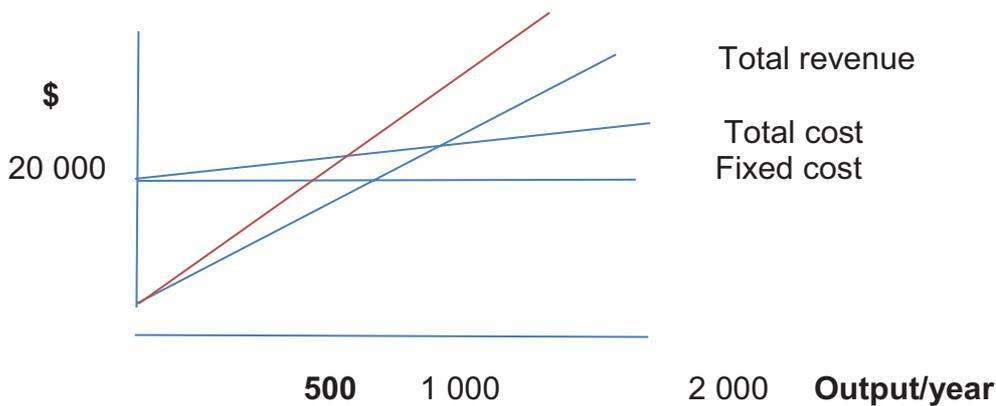
(b) Show what happens to the break-even point for each of the following options by drawing on each chart. Consider these two options for increasing the profitability of the camping cooker. Recommend which option the directors should choose. Justify your answer. [12]

**Option 1 – Increase the price of the camping cooker to \$60**

$$B/E = \$20\,000 / (\$60 - \$20) \text{ (L1)} = 500 \text{ (L2)}$$

Revenue increases to \$120 000 – difference of \$40 000 (L1)

B/E at a lower output – increase profit – But – will sales be maintained with higher price?

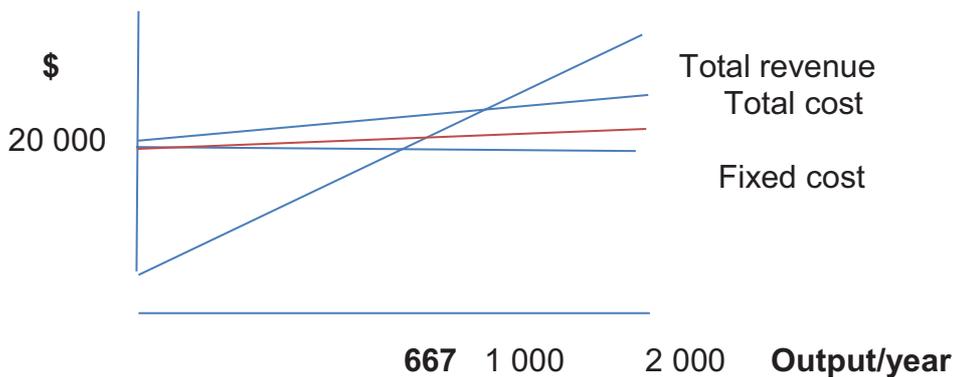


**Option 2 – Decrease the variable cost of the camping cooker to \$10**

$$B/E = \$20\,000 / (\$40 - \$10) \text{ (L1)} = 667 \text{ (accept 666) (L2)}$$

Variable cost decreases to \$20 000 – difference of \$20 000 (L1)

B/E at a lower output – takes longer to gain higher profit – But – cheaper materials may reduce quality



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Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	<b>Correct break-even calculations of output for both options +</b>  9–10 marks for well justified recommendation as to the best option to choose. 7–8 marks for some limited judgement shown in recommendation as to the best option to choose.
Level 2	4–6 marks Break-even level of output correctly calculated. Comments on what happens to the break-even output/profitability. Recommendation but no correct break-even output calculated.
Level 1	1–3 marks States about the options and what will happen to the break-even output/profitability.

Level 1      1 mark for each L1 statement – increased price may lead to increased profit. (max of 3 marks)

Level 2      one L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation. (max 6 marks) Break-even output of option 1 is 500. (L2)

Level 3      For L3 to be awarded there needs to be both break-even outputs correctly calculated and then a recommendation which justifies which is the best option to choose.

**Award up to 2 marks for application – one mark for each correct line on the graphs (label not required)**

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- 4 (a) Identify and explain one advantage and one disadvantage to CC of employing skilled workers in the factories. [8]

Knowledge [2 × 1] – award one mark for each relevant advantage/disadvantage

Analysis [2 × 1] – award one mark for a relevant explanation for each advantage/disadvantage

Application [2 × 2] – award two application marks for each advantage/disadvantage

Award one mark for each relevant advantage/disadvantage (maximum of two), such as:

Advantage	Increased productivity/More efficient Less training required/Reduced training costs Reduces supervision Can train other workers High quality products Fewer errors/Less waste
Disadvantage	Higher wages paid Increased wage costs May be more difficult to recruit Skilled workers may be specialised in just one area/less flexible

Award a maximum of three additional marks for **each** advantage/disadvantage – **2 of which must be applied to this context.**

Indicative response:

Employing skilled workers will increase labour productivity (k) and this means there will be a greater number of camping cookers produced (ap) and at a lower unit cost (an). This may lead to higher profits and higher dividends paid to shareholders (ap).

Possible application marks: loyal customers, need to maintain competitiveness; other businesses may pay higher wages to attract these workers; business wants to expand; many machines used in factory; part-time workers; in country X; manufactures camping equipment; three factories; 100 skilled workers in each factory; capital-intensive method of production; not allowed trade union membership; country Z; prices just below competitors prices; public limited company; takeover; equipment listed from Appendix 1. There may be other examples in context which have not been included here.

- (b) CC wants to expand into country Z and has the choice of merging with a competitor in country Z or setting up its own factory in country Z. Consider these two options and recommend which one CC should choose. Justify your answer. [12]

Relevant points might include:

	Advantages	Disadvantages
Merging with a competitor in country Z	<ul style="list-style-type: none"> <li>Already established in the market</li> <li>Know target market well</li> <li>Existing workforce of competitor has necessary skills</li> <li>No need to build own factory</li> <li>May be cheaper</li> </ul>	<ul style="list-style-type: none"> <li>Less control over other company</li> <li>May be disagreements between staff in the two firms</li> <li>May incur redundancy costs</li> </ul>
Setting up its own factory in country Z	<ul style="list-style-type: none"> <li>Choose location etc.</li> <li>New equipment will be up to date</li> <li>Choose own staff</li> <li>Government support</li> </ul>	<ul style="list-style-type: none"> <li>Little knowledge of new market</li> <li>May be different culture</li> <li>Costs of setting up may be more expensive</li> <li>Need to recruit new staff</li> </ul>

Knowledge/Analysis/Evaluation – award up to 10 marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	<p>At least 2 × Level 2 + 9–10 marks for well justified recommendation as to the best way to increase sales compared to the other way.</p> <p>7–8 marks for some limited judgement shown in recommendation as to the best way to increase sales.</p>
Level 2	<p>4–6 marks Detailed discussion of advantages and/or disadvantages of each option.</p>
Level 1	<p>1–3 marks Outline of advantages and/or disadvantages of each option.</p>

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- Level 1      1 mark for each L1 statement (max of 3 marks) e.g. The company is already established in the market.
- Level 2      one L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks) e.g. The company is already established in the market therefore it will be familiar with the culture and trends in the camping market in country Z. This will save CC time and money in carrying out market research as it will not need to do this. (4 marks for L2 answer + 1 application mark for mentioning trends in the camping market in country Z).
- Level 3      For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation which justifies which option CC should choose.

**Award up to 2 additional marks for relevant application.**

Possible application marks: existing business is already large; set up 20 years ago; in country X; manufactures camping equipment; three factories; 100 skilled workers in each factory; capital intensive method of production; not allowed trade union membership; public limited company; equipment listed from Appendix 1; Government grants available; similar range of camping equipment.  
There may be other examples in context which have not been included here.

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*This mark scheme includes a summary of appropriate content for answering each question. It should be emphasised, however, that this material is for illustrative purposes and is not intended to provide a definitive guide to acceptable answers. It is quite possible that among the scripts there will be some candidate answers that are not covered directly by the content of this mark scheme.*

*In such cases, professional judgement should be exercised in assessing the merits of the answer.*

*Examples of possible answers may also be included in this mark scheme. Again, it should be emphasised that this is for illustrative purposes and the examples chosen represent only some of the many possible responses that would merit reward.*

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**1 (a) What is meant by 'made redundant'?** [2]

Means that his job position has gone and hence he is no longer required [2].  
 Simple idea like loses job [1] or job has gone [1].  
 Both idea of loss of employment and the loss of the job position needed for [2].  
 A development of an idea such as losing his job but giving financial compensation can also gain full marks.

**(b) Identify two examples of overhead costs that Carlos might incur.** [2]

The costs might include:

- insurance
- storage costs of boat
- any cost unrelated to actual use of the boat, e.g. repairs to boat
- rent
- rates
- interest charges
- licence to use the boat.

**Do NOT** accept cost of the boat or fuel costs or wages or taxes.

**(c) Using the information given in Table 1, draw a break-even chart for Carlos' business.** [4]

Answer: 25 trips generates a total revenue of \$2000. Total costs are \$1250.

Break-even is at 10 trips.

The 4 marks are awarded as follows:

Accurate plot of TR [1].

Accurate plot of TC [2]. This is allocated by starting at \$500 [1], gradient determined by variable cost [1].

Correct labelling of TR and TC lines (both) [1]. This mark CAN be awarded even if plots are not accurate to scale.

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**(d) Identify and explain three methods that Carlos could use to promote his business. [6]**

Identification of methods [3 x 1].

Methods of promotion must be in context. Promotions can take various forms:

- leaflets
- advertisements
- hotel posters
- sponsorship
- direct mail
- promotional pricing (short-term discounts)
- special offers
- branding
- competitions.

Three methods of advertising, if clearly **in context**, are accepted as separate points, such as advertising in tourist offices/advertising in tourist magazines.

If answer says advertising on television/advertising on radio/advertising in newspapers, this can **ONLY** be rewarded **ONCE**.

Showing how the methods work and so help promote the business [3]: 'They work by increasing awareness and the attractiveness of the business and so encourage sales.'

**(e) Carlos wanted his business to give him job security and a return on capital of at least 20%. Do you think that his business will help him achieve these objectives? Justify your answer. [6]**

Understanding of objectives and link to new business [2]:

Some understanding of the notions of job security and return on capital will gain [2]. This could be demonstrated by defining these terms or through implicit understanding of each notion.

Analysis of what he hopes to achieve [2]:

For example, this could be done by showing how job security might be increased by being his own boss and by the fact that he expects to make a profit, which will generate a return on capital of 20%. E.g. 'Using the given profits figure, the expected rate of return is 25% (\$37 500/\$150 000) thus in excess of target [2].

Note: any attempt to use the data should be regarded as analysis.

Evaluation [2]:

This implies forming a judgement on the likelihood of achieving and maintaining objectives [2].

If only one objective has been considered, maximum mark = 4 (1k + 2an + 1ev).

**2 (a) What is meant by the term 'secondary market research'? [2]**

Information about the market, customer needs and competition already available and collected by other agencies [2].

Simple idea such as information already collected [1]. If focus is purely on market research of any kind, e.g. information about the market or finding out what people want, [1].

Example: called desk research [0].

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**(b) What is meant by the term 'product life cycle'? [2]**

The term 'product life cycle' means changes in the level or pattern of sales of a product over time [2].

Two marks can be gained by two different routes:

- reference to time and level of sales [2]
- simple answer like sales change supported by correct statement of the product stages [2]. E.g.: Shows how sales rise and eventually fall. It covers the period from launch through to decline [2].

Changes in level of sales [1]. A list of the stages alone [1]. Sales [0].

**(c) Identify and explain two methods that Early Tots could use to gather primary market research data. [4]**

Methods that could be used are:

- samples
- questionnaires/survey
- consumer panel
- interviews
- observation
- focus group.

Quota sampling and random sampling are rewardable only once. They are two different methods of sampling, NOT two methods of primary data collection.

Knowledge of methods [2].

Explaining how they operate and hence gather data [2].

The explanation marks can be given for either showing how the method actually collects data or describing the features of the methods.

**(d) Identify and explain three extension strategies that Early Tots could use. [6]**

Extension strategies fall into four basic types:

- creating new uses
- introducing new features
- seeking new target markets
- rebranding by creating a different image and so appealing to new market segments.

Practical answers might include:

- make (build) and play rather than just play
- new improved version with more features
- entering new markets such as exporting.

Do NOT accept adverts UNLESS specifically linked to the extension strategies listed above. So an answer that said more advertising or lower prices does NOT gain credit.

Knowledge [3], analysis/application [3].

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- (e) Consider the advantages and disadvantages of two channels of distribution that Early Tots could use for a new range of wooden toys. Recommend which channel Early Tots should use. Justify your answer. [6]

A channel of distribution refers to the means by which a product is passed from its place of production to the final customer.

Knowledge of options [2]:

- traditional channel using wholesaler and retailer
- bypass routes missing one or other out
- direct sales to customers.

Analysis of consequences of options [2]. The consequences of using different channels can probably be analysed against the following:

- level of exposure
- cost
- middleman margins
- final selling price
- practical issues such as stockholding.

Evaluation of options leading to a recommendation [2].

If only one channel has been looked at then max [3].

- 3 (a) What is meant by 'production method is automated'? [2]

Implies a system of production where machinery and technology carry out the work and few if any people are directly employed [2].

Answer like 'doesn't use much labour' [1].

- (b) Identify two features of a private limited company. [2]

Features might include:

- legal identity in own right
- owners have limited liability
- restriction placed on sale of shares
- owned by individuals.

- (c) Identify and explain two possible reasons why workers at Crompton Springs are low paid. [4]

Many reasons could explain this. They include:

- low skill and hence contribution of little value
- excess supply of unskilled workers drives down wage rate
- local employment market conditions
- company unable to pay high wages
- no minimum wage legislation exists in the country.

Knowledge [2], analysis/application [2].

The analysis point shows why the factor explains the existence of the low wage. E.g. 'So if there is an excess supply of unskilled labour then people are easily replaced and so there is no need to pay high wages.'

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**(d) Identify and explain three problems that inefficiency can cause a business. [6]**

Inefficiency implies poor use of resources. The consequences of this are likely to be:

- higher unit costs
- waste of time and resources
- unable to supply on time
- quality defects.

Identification of problem [3]. Analysis of points means showing why they create problems [3].  
E.g. 'Higher unit costs lead to a loss of competitiveness and hence lower sales.'

**(e) Do you think that the employees at Crompton Springs will be happy with the managers' decision to invest in new machinery? Justify your answer. [6]**

Identification of points [2]. New machines may result in the following:

- loss of jobs
- training required
- perhaps higher pay
- long-term job security
- change in working conditions.

Analysis of implications [2]. This involves showing why the consequences may happen.

Conclusions showing evaluation [2]. This entails showing the likely reaction of workers.

Clearly some may be happy while others may be insecure.

The answer can be one-sided OR balanced.

**4 (a) Identify two ways of measuring the size of a business. [2]**

Any two ways:

- sales turnover
- capital employed
- number of employees
- market share.

**Do NOT** accept answers like number of goods produced or number of shops.

**Do NOT** accept profit.

**(b) Identify two suitable places to advertise the position of a new shop manager. [2]**

Suitable places include:

- in-house publications
- recruitment agencies
- trade publications
- in shop window
- newspaper
- Internet.

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- (c) Identify and explain two advantages to XYZ of producing a job description for the position of shop manager. [4]

The advantages to XYZ of a job description are:

- clarifies nature of job
- makes it easier to match applicants to vacancy
- saves the business time
- allows them to evaluate the job.

Explanation shows why these advantages occur.

**Do NOT** accept advantages to the applicant. This is NOT answering the question.

- (d) Identify and explain three different payment methods that XYZ could use to reward their employees. [6]

Knowledge [3]. The methods of paying employees are usually considered as follows:

- time rates
- performance-based
- bonus for exceeding targets (incentive payments)
- commission based on results
- rewards based on the demands of the job, e.g. salary or wages
- profit-sharing
- share ownership.

Answer must be contextualised so do not accept piece rates since XYZ is a shop.

Do not accept fringe benefits.

Analysis/application [3]. The analysis shows how the system operates. No consideration needed as to its implications etc.

- (e) Do you think that the appointment of a suitable shop manager will mean that the new shop is certain to be successful? Justify your answer. [6]

Identification of issues [2]. A manager plays a crucial role in determining success. They:

- set standards
- control activities
- manage staff
- set targets.

However, success will not occur if:

- the shop is in the 'wrong' place
- its products are not required by customers
- competition is very high.

Analysis of impact of suitable manager on success [2].

Evaluative judgement showing awareness of other relevant factors [2].

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5 (a) What is meant by the term 'mixed economy'? [2]

Businesses that are owned and run by both the state and individuals [2].

OR an economy that has both a private and public sector [2].

OR an economy where resources are allocated by both individuals (or the market) and the government [2].

A simple answer like 'not all businesses are owned by the state' [1] or 'not all are owned by individuals' [1], i.e. NOT specified who the other owners are.

(b) Identify two objectives often set by businesses in the public sector. [2]

The objectives are likely to be:

- access for all
- freely available or affordable
- provision of minimum standard
- ensure the provision of essential services
- do NOT accept to reduce unemployment or to charge lower prices.

(c) Identify and explain two reasons why the size of the public sector might increase over time. [4]

Knowledge [2]. Reasons include:

- political views regarding desirability
- state of economy might demand action
- expectations of society change.

Analysis [2]. The analysis shows why the factor identified may explain changes in the size of the public sector.

(d) Identify and explain three ways in which consumers might benefit from consumer protection laws. [6]

Knowledge [3]. Consumers benefit in a number of ways. They are protected against:

- substandard products
- misleading selling methods
- excessive prices
- lack of legal redress.

Analysis showing why these benefits occur or how consumers are protected [3].

For example, a consumer sold a good by misleading selling has something which they might not want and would not have bought if they had been properly informed. They can gain compensation for this, which clearly represents a benefit to them.

**Do NOT** credit knowledge of specific laws or acts **as such**. So an answer that said 'trades description act' would not gain a mark. However, the answer might go on to say that this act prevents goods from being wrongly described [1k], which stops the consumer from being misled [1an].

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- (e) The management of many businesses in the private sector think that employment legislation is making them less competitive. Do you agree? Justify your answer. [6]**

Identification of issues [2].

Points might include:

- having to pay higher wages
- difficult to cut costs by laying off staff
- provision of good conditions at work increases costs
- employees might feel more secure.

Analysis of issues [2]. This involves showing how the points identified affect the competitiveness of the business. For example, the business's costs may increase and this would make them less competitive. However, if the staff feel well looked after then their performance might be better and productivity would increase. So competitiveness might be improved.

Evaluation of issues [2]. A judgement based upon the analysis resulting in a conclusion. A one-sided answer is acceptable for full marks.