

Cambridge IGCSE™ (9–1)

BUSINESS STUDIES**0986/22**

Paper 2 Case Study

May/June 2024

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 May/June 2024 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **18** printed pages.

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.

**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.

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.

0450/7115/0086 Business Studies – Paper 2 Annotations

Annotation	Description	Use
Tick	Tick	Indicates a point which is relevant and rewardable (used in part (a) questions).
Cross	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.
APP	Application	Indicates appropriate reference to the information in the context.
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.
L1	Level 1	Used in part (b) questions to indicate where a response includes limited knowledge and 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.

Question	Answer	Marks
1(a)	<p>Explain <u>two</u> reasons why setting business objectives is important to JJ.</p> <p>Award 1 mark for each reason (max 2).</p> <p>Award a maximum of 3 additional marks for each explanation of the reason why setting business objectives is important – one of which must be applied to this context.</p> <p>Relevant reasons might include:</p> <ul style="list-style-type: none"> • A clear target/aim/purpose/goal to work towards – guides the business in the right direction – avoids loss of focus • Decision-making will be focused on the objectives – meaning better decisions are taken – the business may be more efficient • Helps motivate employees – objectives will help focus the employees and management to increase efficiency – making it more likely to be achieved • Comparison of performance – so business managers can compare how each department has performed against their objectives - to see whether or not it has been successful • Allows measurement of success – can judge performance or progress • Helps the business to produce a plan or strategy for the business to achieve these objectives <p>For example: To give a clear target for employees and managers to work towards (1) so they all know what is expected of them (1) when producing different items of jewellery (app). Therefore, this means the target is more likely to be achieved (1).</p> <p>Application could include: jewellery; set up 25 years ago; public limited company; objective to increase profit every year; to expand the business; sold directly to customers in other countries; 30% sold using ecommerce; 70% sold in jewellery shops; raw materials purchased locally; 60 full-time employees; 25 part-time employees; bracelets; rings; earrings.</p>	8

Question	Answer		Marks														
1(b)	<p>Using Appendix 1 and other information, consider the <u>two</u> new products JJ could produce. Which product should JJ choose? Justify your answer using break-even calculations.</p> <ul style="list-style-type: none"> • Product A • Product B 		12														
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Question	Answer	Marks
2(a)	<p>Explain <u>two</u> benefits and <u>two</u> limitations for JJ of employing part-time workers in its factory.</p> <p>Award 1 mark for each relevant benefit/limitation (max 4).</p> <p>Award a maximum of 1 additional mark for each explanation of the benefit/limitation in context.</p> <p>Relevant benefits might include:</p> <ul style="list-style-type: none"> • The employees are more flexible in the hours they work – than the 60 full-time workers • Ask/more likely for the part-time workers to increase their hours – during busy times to meet demand for bracelets • Can/more likely increase operating hours in the factory when demand increases – as the 25 part-time workers may be willing to work extra hours • Part-time employees often do not need to take time off for appointments, such as to visit the doctor – less likely to cause disruption to the manufacture of rings • May be able to attract skilled employees who want to work reduced hours • May reduce business costs if pay lower wages than wage rates for full-time workers • It may be easier to make part-time workers redundant <p>Relevant limitations might include:</p> <ul style="list-style-type: none"> • If the employee sees the job as temporary, then they may be less committed to the business - produce less jewellery • Takes longer to recruit two part-time employees than one full-time employee – so less time to focus on selling in other countries • There may be an increase in induction and training costs – which may make it difficult to increase profit each year • More difficult to communicate with part-time employees • If the job is temporary then less likely to provide training for them <p>For example: If the employee sees the job as temporary, then they may be less committed to the business (1) and produce fewer items of jewellery (app).</p> <p>Application could include: jewellery; set up 25 years ago; public limited company; objective to increase profit every year; to expand the business; sold directly to customers in other countries; 30% sold using ecommerce; 70% sold in jewellery shops; raw materials purchased locally; 60 full-time employees; 25 part-time employees; bracelets; rings; earrings.</p>	8

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2(b)	<p>Consider the advantages and disadvantages of the following <u>three ways</u> JJ could promote its new product in country X. Which way should JJ use? Justify your answer.</p> <ul style="list-style-type: none"> • Advertising in fashion magazines • Handing out leaflets in Main City • Point-of-sale displays in shops 		12														
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2(b)	Point-of-sale displays in shops	Advantages <ul style="list-style-type: none"> Seen by potential customers when they enter the jewellery shop – may attract more customers to buy JJ's jewellery Makes JJ's rings and bracelets stand out from competitors' products 	Disadvantages <ul style="list-style-type: none"> May not be noticed so may not be effective Cost of displays and incentives to retailers to put the point-of-sale displays of the new jewellery in their shops Difficult to make a jewellery item stand out to potential customers as the jewellery items are small and can easily be missed 	
	Recommendation	<p>Justification could include:</p> <ul style="list-style-type: none"> JJ should choose to advertise in fashion magazines because these are purchased by potential customers who are more likely to see the adverts and therefore be more likely to buy JJ's new jewellery product. Leaflets may not even be looked at and thrown away and point-of-sale displays are only seen if potential customers go into that retailer's shop in the first place, therefore limiting the number of potential customers seeing the display. JJ should choose to hand out leaflets in Main City because these will reach a wide range of people shopping in the city and will be more likely to attract people who have not previously been customers of JJ's products, making them more likely to purchase JJ's new jewellery. JJ should choose to provide point-of-sale displays in jewellery shops as they will be seen by customers entering the shop and these will be people who are already interested in buying jewellery so may be the most effective promotion to use so may generate the most sales. 		

Question	Answer	Marks
3(a)	<p>Explain <u>four</u> reasons why profit is important to a business.</p> <p>Award 1 mark for each relevant reason (max 4).</p> <p>Award a maximum of 1 additional mark for each explanation.</p> <p>There are no application marks available for this question.</p> <p>Relevant reasons might include:</p> <ul style="list-style-type: none"> • It is the reward to the entrepreneur/owners/shareholders – and is the reward for them using their skills and qualities in the business • It is a source of finance – to purchase non-current assets/for investment in long-term assets/development of new products • May attract investors – if the business is expanding and raising capital by selling additional shares • It is an indicator or measure of success - the higher the profit the more successful the business is likely to be • Can indicate if a product should be withdrawn if it is not making a profit • To measure the performance of managers <p>For example: If the business makes a good profit, then it may attract investors (1) to help it raise capital by selling additional shares (1).</p>	8

Question	Answer		Marks														
3(b)	<p>Consider the opportunities and threats of ecommerce for JJ. Which is likely to have the most effect on JJ? Justify your answer.</p>		12														
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	<p>Threats</p> <ul style="list-style-type: none"> • High levels of competition from many other jewellery manufacturers which may also have websites – makes it harder to be the business that people choose to buy from • Website maintenance costs and costs of updating the site - will increase expenses and total costs • Cannot try on the jewellery, such as rings – to check if it fits and if it meets customers' expectations – may be less likely to make a purchase if cannot see the products • Delivery and return costs may be high • The risk of hacking and losing customer data/increased security costs to keep the website safe from data being corrupted 			
	<p>Conclusion</p> <p>Justification might include:</p> <ul style="list-style-type: none"> • Ecommerce will provide more opportunities than threats as 30% of JJ's target customers are from countries outside of country X and having a website is a low-cost way to promote and sell their jewellery. There are many competitors but as long as JJ can keep attracting customers using the internet then this will mean the threats from increased competition may not be a concern. • Ecommerce will provide more threats than opportunities as many competitors will also have websites and sell their jewellery online. There is no guarantee that people searching for items of jewellery such as bracelets will find JJ's website and consumers could easily find a competitor's website instead and not be aware of JJ at all. 			

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4(a)	<p>Using Appendix 2 and other information, explain <u>two ways</u> JJ may be affected by the forecast increase in unemployment in country X.</p> <p>Award 1 mark for each way (max 2).</p> <p>Award a maximum of 3 additional marks for each explanation of the way JJ may be affected by the forecast increase in unemployment – one of which must be applied to this context.</p> <p>Relevant ways might include:</p> <ul style="list-style-type: none"> • Makes it easier for JJ to recruit new employees – larger pool of unemployed people to choose from – may be more skilled people available for work • May make it easier to resist demand for higher wages from employees – rising level of unemployment means more competition amongst workers for jobs - so willing to accept lower wages • May lead to lower demand for JJ's products – consumer spending is lower – as many people have lost their jobs so incomes are lower • Lower priced products produced by JJ may see an increase in demand – as consumers have less income available to spend on luxury high priced items • JJ may be less willing to invest – as future sales may not increase for some time – making it more difficult to gain a return on investment • Lower sales in country X so JJ may try harder to export its products - spreads risk <p>For example: May make it easier for JJ to recruit new employees (1) as there is a larger pool of unemployed people to choose from (1) and many of these workers may be skilled people available for work (1) with experience of how to manufacture jewellery (app).</p> <p>Application could include: jewellery; set up 25 years ago; public limited company; objective to increase profit every year; to expand the business; sold directly to customers in other countries; 30% sold using ecommerce; 70% sold in jewellery shops; raw materials purchased locally; 60 full-time employees; 25 part-time employees; bracelets; rings; earrings; increase from 3% to 6%.</p>	8

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4(b)	<p>Using Appendix 3 and other information, consider the following <u>two</u> environmental issues when JJ manufactures its products. Which issue should JJ choose to solve first? Justify your answer.</p> <ul style="list-style-type: none"> • Using coal for fuel in its factory • Buying from suppliers that damage the environment 		12														
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	<p>Buying from suppliers that damage the environment</p> <ul style="list-style-type: none"> • JJ may be negatively affected by its association if consumers become aware of where JJ buys its raw materials - JJ's suppliers are causing environmental damage to the areas around their mines • Some consumers are only interested in the price of JJ's products and may not care about the suppliers – so may have no effect on JJ's sales/revenue • Pressure groups may try to make JJ change its suppliers – may lead to increased raw material costs as located further away – raising prices/reducing profit margins • JJ could encourage its suppliers to change their mining operations to more environmentally friendly methods helps JJ's reputation – but may lead to increased costs 			
	<p>Conclusion</p> <p>Justification might include:</p> <ul style="list-style-type: none"> • The issue of using coal should be the first to solve because coal prices are increasing so costs will continue to rise if JJ does not change to solar power. The 25% grant from the government will help. The initial investment can be repaid over a long time period and costs reduced throughout this time. Customers may not be aware of the environmental damage caused by the suppliers JJ uses and so there may be no effect on sales or revenue and there is no rush to reduce this problem. • The issue of buying from local suppliers that damage the environment should be solved first as the damage to JJ's reputation may be difficult to recover from and the business may lose many loyal customers of its jewellery, leading to lower revenue/profit. 			