



## Cambridge IGCSE™

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**BUSINESS STUDIES**

**0450/13**

Paper 1 Short Answer/Structured Response

**May/June 2021**

MARK SCHEME

Maximum Mark: 80

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**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 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **24** 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 descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

**GENERIC MARKING PRINCIPLE 1:**

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

**GENERIC MARKING PRINCIPLE 2:**

Marks awarded are always **whole marks** (not half marks, or other fractions).

**GENERIC MARKING PRINCIPLE 3:**

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

**GENERIC MARKING PRINCIPLE 4:**

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

**GENERIC MARKING PRINCIPLE 5:**

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

**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.

**PUBLISHED****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.

Question	Answer	Marks	Notes
1(a)	<p><b>Define ‘partnership’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <p>Two [or more] people who agree to jointly own a business together [2]</p> <p>OR An unincorporated business that has more than one owner [2]</p> <p>Partial definition e.g. 2 or more people create / start a business [1]</p>	<b>2</b>	<p>For 2 marks need idea of two or more people and <b>ownership</b>.</p> <p>Do not accept features e.g. unlimited liability.</p>
1(b)	<p><b>Define ‘customer loyalty’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <p>Likelihood of previous <b>customers</b> returning to buy goods or services from a <b>business</b>. [2]</p> <p>OR Customers keep buying from a particular shop, business or buy one particular product, rather than use other shops or buy products made by other businesses [2]</p> <p>Partial definition e.g. keeps customers [1]</p> <p>OR Choose your business rather than competitors (even if cheaper) [1]</p>	<b>2</b>	<p>Do not credit answers such as ‘brand loyal’ on its own as it does not explain the term.</p> <p>Do not award answers which simply reorder the term e.g. having lots of customers who are loyal.</p>

Question	Answer	Marks	Notes
1(c)	<p><b>Outline <u>two</u> possible reasons why WYP could not get trade credit.</b></p> <p>Award 1 mark for each relevant reason.</p> <p>Award 1 mark for each relevant reference to this business.</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• No previous experience [k] of selling eye glasses [app]</li> <li>• Seen as higher risk / lenders don't trust them / lender unsure whether able to repay [k] especially as product is \$200 cheaper (than main competitor) [app]</li> <li>• Could offer no security [k] when started 7 years ago [app]</li> <li>• Unproven product/idea [k] of selling only through a website [app]</li> <li>• No business plan [k]</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>4</b>	<p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• (Eye) glasses/spectacles</li> <li>• \$95 or \$200</li> <li>• Started 7 years ago</li> <li>• Website</li> <li>• 3 friends</li> <li>• Customer loyalty</li> <li>• Partnership</li> </ul> <p>Other appropriate examples in context can still be credited.</p>

Question	Answer	Marks	Notes
1(d)	<p><b>Explain <u>two</u> possible problems for WYP of selling products at low prices.</b></p> <p>Award 1 mark for identification of each relevant problem (max 2).</p> <p>Award 1 mark for each relevant reference made to this business (max 2).</p> <p>Award 1 mark for each relevant explanation (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• <b>Seen as</b> cheap / <b>seen as</b> low quality [k] as \$200 less [app] could lead to fewer sales [an]</li> <li>• Cash flow problems [k] as does not generate as much revenue per unit [an] when selling eye glasses [app]</li> <li>• Low profit margin [k] so harder / need to sell more to break even [an]</li> <li>• Can be difficult / less scope to use promotional pricing to encourage sales [k]</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>6</b>	<p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• (Eye) glasses/spectacles</li> <li>• \$95 or \$200</li> <li>• Started 7 years ago</li> <li>• Website</li> <li>• 3 friends</li> <li>• Customer loyalty</li> <li>• Trade credit</li> <li>• Partnership</li> </ul> <p>Other appropriate examples in context can still be credited.</p> <p>Do not award \$295 as analysis as this does not show any explanation.</p>



Question	Answer	Marks	Notes
1(e)	<p><b>Do you think promotion is more important than product for a new business? Justify your answer.</b></p> <p>Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether promotion is more important than product for a new business.</p> <p>Points might include:</p> <p>Promotion</p> <ul style="list-style-type: none"> <li>• Helps raise <b>awareness / inform</b> people [k] leading to more sales [an] therefore increase revenue [an]</li> <li>• Can help <b>attract/persuade</b> potential customers [k]</li> <li>• Can help create/build brand image [k] increasing customer loyalty [an]</li> <li>• Way to communicate with customers [k]</li> <li>• Help compete with competitor's products [k]</li> </ul> <p>Product</p> <ul style="list-style-type: none"> <li>• This is what people buy / without a product there is nothing to promote / if dislike the product customers will not buy it [k]</li> <li>• A poor/bad quality product will not last long in the market [k] so time/money spent developing it would be wasted [an]</li> <li>• A good product will not necessarily sell itself [k]</li> </ul> <p>Other appropriate responses should also be credited.</p> <p>Justification might include: Promotion is important as it means that the more people are aware of your product, the more likely they are to buy, [k] leading to additional revenue [an]. It can also help build brand image [k] increasing customer loyalty [an]. However, the product is what people are buying so without a product there is nothing to promote. Overall, I think it does depend on the product – if product is unique, this is probably more important especially for a new business as there are no alternatives, so the business has a better chance of establishing itself in the market. [eval] [eval]</p>	6	<p>This is a general question so there are no marks for application.</p> <p>Some points could apply to either option or be awarded as [k] or [an] but do not award the same point twice e.g. increase sales can be [k] or [an].</p> <p>To access evaluation marks, candidates must discuss both elements of the marketing mix.</p> <p>For both evaluation marks response must be linked to a new business.</p> <p>Do not award vague statements such as both are important, or that higher sales lead to higher profits.</p>

Question	Answer	Marks	Notes
2(a)	<p><b>Define ‘business plan’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <p>A document containing the business aims/objectives and important details about the operations, finance and owners of a business [2]</p> <p>OR A detailed written document outlining the purpose and aim of a business which is often used to persuade lenders or investors to finance a business proposal [2]</p> <p>OR States aims and/or objectives and shows how business plans to achieve them [2]</p> <p>Partial definition e.g. A document stating the aims of the business [1]</p>	<b>2</b>	<p>For one mark must have idea of outlines business objectives/goals. The second mark can outline why it is used, information it contains or other relevant development.</p>
2(b)	<p><b>Identify <u>two</u> stages in the recruitment process.</b></p> <p>Award 1 mark per stage.</p> <p>Two from:</p> <ul style="list-style-type: none"> <li>● Job analysis / identify a vacancy</li> <li>● Job description</li> <li>● Person/job specification</li> <li>● Advertising (the vacancy)</li> <li>● Application forms sent out / received</li> <li>● Shortlisting/screening</li> <li>● Interview/testing</li> <li>● Selection / job offer</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>4</b>	<p>Only award the first two responses given.</p> <p>Note: Answer must be from the business viewpoint not the applicant.</p> <p>To award, candidates must identify, and not simply describe the stages.</p>

Question	Answer	Marks	Notes
2(c)	<p><b>Outline <u>one</u> advantage and <u>one</u> disadvantage to Nadia’s business of selling franchises to expand.</b></p> <p>Award 1 mark for each relevant advantage/disadvantage.</p> <p>Award 1 mark for each relevant reference to this business.</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• Receives a fee to use her brand name / franchisee has to buy a licence / franchisee has to pay start-up costs [k] of her hairdressing business [app]</li> <li>• Expansion is much faster [k] so will not take as long to open the next 5 shops [app]</li> <li>• Nadia will receive a share of franchisee’s profits/royalties [k] helping increase her \$100 000 profit [app]</li> <li>• Franchisees will have local knowledge [k] which is helpful as business only started 4 years ago [app]</li> <li>• Management of outlet is responsibility of franchisee [k]</li> <li>• All products sold must be obtained from franchisor [k]</li> </ul> <p>Disadvantages:</p> <ul style="list-style-type: none"> <li>• Poor management of one franchise could damage whole business reputation [k] as maintaining quality is important [app]</li> <li>• The franchisee keeps some/most of the profits from the outlet [k]</li> <li>• Has to offer franchisees help and advice / training [k] which may take time as when she started she had no experience [app]</li> </ul> <p>Other appropriate responses should also be credited.</p>	4	<p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• Hairdressing/shop</li> <li>• Maintain quality (is important)</li> <li>• \$100 000 (profit)</li> <li>• 5 (shops)</li> <li>• 20 (employees)</li> <li>• 4 years ago</li> <li>• (No experience of) business plans</li> <li>• Inflation</li> </ul> <p>Other appropriate examples in context can still be credited.</p> <p>Do not award answers which focus on whether she should expand or benefits of growth in general e.g. more well known, increase sales.</p>

Question	Answer	Marks	Notes
2(d)	<p><b>Explain <u>two</u> possible effects of an increase in the rate of inflation on Nadia's business.</b></p> <p>Award 1 mark for identification of each relevant effect (max 2).</p> <p>Award 1 mark for each relevant reference made to this business (max 2).</p> <p>Award 1 mark for each relevant explanation (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• Lower demand / fewer sales (as people have less money to spend) [k] for hairdressing [app] reducing revenue [an]</li> <li>• Workers may demand higher wages [k] in her 5 shops [app] increasing labour costs [an]</li> <li>• May want to delay plans to expand [k] such as selling franchises [app]</li> <li>• May need to increase prices [k] [an] leading to fewer customers [an]</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>6</b>	<p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• Hairdressing/shops</li> <li>• Maintain quality (is important)</li> <li>• \$100 000</li> <li>• 5 (shops)</li> <li>• 20 employees</li> <li>• 4 years ago</li> <li>• (No experience of) Business plans</li> <li>• Selling franchises / looking to expand</li> </ul> <p>Other appropriate examples in context can still be credited.</p> <p>Do not award points such as less disposable income as this does not identify the effect on the business.</p>

Question	Answer	Marks	Notes
2(e)	<p><b>Do you think making a profit is more important for a growing business than managing cash flow? Justify your answer.</b></p> <p>Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether making a profit is more important for a growing business than managing cash flow.</p> <p>Points might include:</p> <p>Profit:</p> <ul style="list-style-type: none"> <li>• Main objective is to make a profit [k] without it owners will question point of business [an]</li> <li>• A source of finance [k] which can allow for expansion [an]</li> <li>• A measure of success [k]</li> <li>• Reward for risk taking [k]</li> <li>• Important for long-term survival [k]</li> <li>• Can help attract investors [k]</li> </ul> <p>Cash flow:</p> <ul style="list-style-type: none"> <li>• Need cash to pay day-to-day costs [k] such as suppliers, otherwise might not have sufficient materials to continue production [an]</li> <li>• Helps avoid cash flow problems [k]</li> <li>• A negative cash flow means business is receiving less cash than it is spending [k]</li> <li>• If negative might mean business is insolvent / forced into liquidation [k] whether business makes a profit or not [an]</li> <li>• Sales may be on credit [k] so even if making a profit may not receive money until later [an] so need cash to pay other costs [an]</li> <li>• Less likely to need overdraft [k] which could add to cashoutflows / higher expenses [an]</li> </ul> <p>Other appropriate responses should also be credited.</p>	6	<p>This is a general question so there are no marks for application.</p> <p>For both evaluation marks response must be linked to a growing business.</p> <p>Do not award answers which state profit is used to pay day-to-day costs.</p> <p>Do not award definitions of profit or cashflow as this does not answer the question.</p>

Question	Answer	Marks	Notes
2(e)	Justification might include: <ul style="list-style-type: none"> <li>The main objective for most private sector businesses is making a profit [k] without it owners will question point of business [an]. However, a business needs to manage its cash flow to make sure it can pay day-to-day costs [k] such as suppliers otherwise it might not have sufficient materials to continue production [an]. I think cash flow is more important as a business can continue for a while without making a profit, but it will find it very difficult to survive without cash [eval] especially at a time when a business is growing as it will need to be in a position to purchase additional items. [eval]</li> </ul>		

Question	Answer	Marks	Notes
3(a)	<p><b>Define ‘ethical business’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <p>An organisation that takes decisions based on a moral code [2]</p> <p>OR The moral judgements that a business makes about their behaviour, and the way they operate and interact with their stakeholders [2]</p> <p>Partial definition e.g. Doing the right thing [1]</p>	<b>2</b>	<p>Needs idea of what being ethical is about doing i.e. what is right / moral code [1]. For 2<sup>nd</sup> mark how they act / actions they take in relation to stakeholders.</p> <p>Do not award answers that simply refer to protecting the environment.</p>
3(b)	<p><b>Calculate the total variable cost for product X. Show your working.</b></p> <p>Award 2 marks for a correct answer.</p> <p>Correct answer: \$450 000[2]</p> <p>Partial calculation e.g. variable cost per unit x number of output [1]</p> <p>OR <math>18000 \times 25</math> [1]</p>	<b>2</b>	<p>Award 1 mark for correct method but incorrect answer.</p> <p>Award only 1 mark if \$450 000 is written as part of the answer but is not given as the final answer.</p> <p>\$ sign not required.</p>

Question	Answer	Marks	Notes
3(c)	<p><b>Outline <u>one</u> benefit and <u>one</u> limitation to CTF of using break-even analysis.</b></p> <p>Award 1 mark for each relevant benefit/limitation.</p> <p>Award 1 mark for each relevant reference to this business.</p> <p>Points might include:</p> <p>Benefits:</p> <ul style="list-style-type: none"> <li>• Shows the expected level of profit/loss at different levels of output [k] of toys [app]</li> <li>• Shows the margin of safety [k] of 4000 [app]</li> <li>• Helps planning / forecasting / decision-making [k] such as whether to import raw materials [app]</li> <li>• Can see what will happen if costs/prices change [k] such as lower price from \$40 [app]</li> <li>• Helps apply for finance [k]</li> <li>• Easy to construct/interpret [k]</li> <li>• Provides useful information about output that must be sold to cover costs [k]</li> </ul> <p>Limitations:</p> <ul style="list-style-type: none"> <li>• Assumes all output sold / sales not always the same as output [k] so may have sold less than 18000 [app]</li> <li>• Variable costs do not always stay the same / ignores effect of purchasing economies of scale / assume all costs can be represented by straight lines [k]</li> <li>• Not easy to separate costs into fixed and variable [k]</li> <li>• Hard to calculate when sell many products [k]</li> </ul> <p>Other appropriate responses should also be credited.</p>	4	<p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• Toys</li> <li>• Import raw materials</li> <li>• Ethical</li> <li>• Competitive market</li> <li>• \$40 (price)</li> <li>• 18000 (output)</li> <li>• \$25 (variable cost per unit)</li> <li>• \$210000 (fixed costs)</li> <li>• 14000 units (break-even)</li> <li>• 4000 (margin of safety)</li> </ul> <p>Other appropriate examples in context can still be credited.</p>



Question	Answer	Marks	Notes
3(d)	<p><b>Explain <u>two</u> ways that technology might have changed production at CTF.</b></p> <p>Award 1 mark for each relevant way. Award 1 mark for each relevant reference to this business. Award 1 mark for each relevant explanation (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• More variety / help design new products [k] of toys [app] increasing potential sales [an]</li> <li>• Improve productivity / improve efficiency / increased speed of production / increased output [k] so easily able to make 18 000 [app] allowing business to meet expected demand [an]</li> <li>• Less errors / wastage / better / maintain quality [k] improving its reputation [an] as this is an ethical business [app]</li> <li>• Fewer workers needed [k] reducing wage costs [an]</li> <li>• Improved inventory control [k] as easier to keep track of raw materials [app] so do not have to order excess inventory [an]</li> <li>• Different skill set for workers [k]</li> <li>• More complex work possible [k]</li> <li>• Continuous production (24/7) / no breaks [k]</li> </ul> <p>Other appropriate responses should also be credited.</p>	6	<p>Effects can be positive or negative.</p> <p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• Toys</li> <li>• Import raw materials</li> <li>• Ethical</li> <li>• Competitive market</li> <li>• \$40 (price)</li> <li>• 18 000 (output)</li> <li>• \$25 (variable cost per unit)</li> <li>• \$210 000 (fixed costs)</li> <li>• 14 000 units (break-even)</li> <li>• 4000 (margin of safety)</li> </ul> <p>Other appropriate examples in context can still be credited.</p>

Question	Answer	Marks	Notes
3(e)	<p><b>Do you think reliability of the supplier is the most important factor for a large manufacturing business to consider when deciding whether to import materials? Justify your answer.</b></p> <p>Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether reliability of supplier is the most important factor for a large manufacturing business to consider when deciding whether to import materials.</p> <p>Points might include:</p> <p>Reliability of supplier:</p> <ul style="list-style-type: none"> <li>• Need to ensure materials can be delivered on time [k] so there is no delay / stop production [an] otherwise not able to meet orders on time [an]</li> <li>• Supplier must be able to respond to changes in orders so business can adapt to changes in customer needs quickly [k] or customers may switch to competitors [an] leading to lower revenue [an]</li> </ul> <p>Other factors:</p> <ul style="list-style-type: none"> <li>• Import tariffs [k] would increase the price of imports [an]</li> <li>• Import quotas [k] could limit amount of goods able to bring into country [an] potentially restricting amount of output [an]</li> <li>• Different (legal/quality) standards in other country [k]</li> <li>• Exchange rates [k] as an increase/appreciation in own country could mean imports are cheaper [an] which would lower costs [an]</li> </ul> <p>Other appropriate responses should also be credited.</p>	6	<p>This is a general question so there are no marks for application.</p> <p>Candidates can discuss other factors, but evaluation must focus on whether reliability of supplier is the most important factor.</p> <p>For both evaluation marks response must be linked to a large manufacturing business.</p> <p>Do not award general factors such as demand / competition / cost of transport as these would be affected whether import or not.</p>

Question	Answer	Marks	Notes
3(e)	Justification might include: A business needs materials to be delivered on time [k] otherwise this could delay production [an] so not able to meet orders [an]. Other factors could include tariffs [k]. However, I think having a reliable supplier is the most important factor – especially as a large business will need high levels of inventory to make sure orders can be met – customers may be willing to pay more to guarantee orders – which protects reputation [eval] which may be more important than other factors such as tariffs – as customers may be willing to pay extra to obtain the goods they require. [eval]		

Question	Answer	Marks	Notes
4(a)	<p><b>Define ‘business objective’.</b></p> <p>Award 2 marks for a full definition. Award 1 mark for a partial definition.</p> <p>A statement of a specific target that a business works towards [2]</p> <p>OR A statement of a specific target to be achieved. (They should be SMART) [2]</p> <p>Partial definition e.g. target/goal [1]</p> <p>OR Something the business works towards [1]</p>	<b>2</b>	<p>Do not award examples as this does not explain the term.</p> <p>For 2 marks needs the idea of ‘target’ and that it is something to work towards.</p>
4(b)	<p><b>Identify <u>two</u> ways that business activity might affect the environment.</b></p> <p>Award 1 mark per way.</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• Pollution (or examples such as air pollution, noise pollution, water pollution)</li> <li>• (Traffic) congestion / transport of goods</li> <li>• Deplete / use of natural resources</li> <li>• Use up green space / land use / deforestation / loss of habitat</li> <li>• Energy use</li> <li>• Emission of greenhouse gases / global warming</li> <li>• Waste (or examples such as IT waste, packaging waste, commercial waste)</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>2</b>	<p>Only award the first two responses given.</p> <p>Max 1 for answers which identify different examples of pollution.</p>

Question	Answer	Marks	Notes
4(c)	<p><b>Identify <u>four</u> examples of communication barriers.</b></p> <p>Award 1 mark per example.</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>● Problem with receiver / examples given – e.g. not paying attention, does not check messages</li> <li>● Problems with medium / examples given – e.g. message gets lost, distorted, technology breaks down, wrong channel used</li> <li>● Problems with sender / examples given – e.g. (different) language used, technical language, speaks too quickly, sends wrong message, message too long</li> <li>● No opportunity for feedback</li> <li>● Different time zones</li> <li>● Long chain of command / wide span of control</li> <li>● Cultural differences</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>4</b>	Only award the first four responses given.

Question	Answer	Marks	Notes
4(d)	<p><b>Explain <u>two</u> possible advantages to DCN of setting up a joint venture with the other business.</b></p> <p>Award 1 mark for identification of each relevant advantage (max 2).</p> <p>Award 1 mark for each relevant reference made to this business (max 2).</p> <p>Award 1 mark for each relevant explanation (max 2).</p> <p>Points might include:</p> <ul style="list-style-type: none"> <li>• Increase capital / share costs [k] when making the packaging [app] which can help reduce borrowing [an]</li> <li>• Access to new knowledge / expertise [k] as may learn things from their different leadership styles [app] which could lead to greater productivity / efficiency / higher output [an]</li> <li>• Access new markets [k] as no longer just selling chemicals [app] leading to higher revenue [an]</li> <li>• Share risk [k]</li> <li>• Share resources / share distribution networks / wider range of contact [k]</li> <li>• Avoid/reduce competition [k] increasing market share [an]</li> <li>• May be a legal requirement (in some countries) / avoid government restrictions [k]</li> <li>• Increase production capacity [k] so able to meet potential demand [an]</li> </ul> <p>Other appropriate responses should also be credited.</p>	<b>6</b>	<p>Note: To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made.</p> <p>The following words are likely to be appropriate for this question:</p> <ul style="list-style-type: none"> <li>• Chemical</li> <li>• Glass making</li> <li>• Packaging</li> <li>• Different leadership styles</li> <li>• 8000 employees</li> </ul> <p>Other appropriate examples in context can still be credited.</p>

Question	Answer	Marks	Notes
4(e)	<p><b>Do you think autocratic leadership is the most effective style for managers to use when an organisation has a large number of employees? Justify your answer.</b></p> <p>Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award 2 marks for justified decision as to whether autocratic leadership is the most effective style for managers to use when an organisation has a large number of employees.</p> <p>Points might include:</p> <p>Autocratic:</p> <ul style="list-style-type: none"> <li>• Quick decision-making possible [k] so may be able to respond to opportunities as soon as they become available [an]</li> <li>• Demotivating workers (as have no say) [k] leading to higher absenteeism / workers leaving / less employee loyalty / less output / lower productivity[an]</li> <li>• No new ideas [k]</li> </ul> <p>Democratic [k]</p> <ul style="list-style-type: none"> <li>• (Workers have a say) which can motivate employees [an]</li> <li>• As it can help lead to more / better ideas / better decisions [an]</li> <li>• Takes time / time consuming / disagreements might arise [an]</li> <li>• Creates time for managers to do other work [an]</li> <li>• Can help maintain employee loyalty [an] reducing recruitment costs [an]</li> <li>• Mistakes can be made if workers not skilled / lack experience [an] could damage reputation [an]</li> <li>• Some workers might not want to be consulted [an] slowing down decision-making [an]</li> <li>• Unpopular decisions difficult to make using this method [an]</li> </ul>	6	<p>This is a general question so there are no marks for application.</p> <p>Advantages of one style can be disadvantages of another, but do not award the same point twice as mirror arguments are not accepted e.g. democratic motivate / autocratic demotivate.</p> <p>Candidates can discuss other leadership styles, but evaluation should focus on whether autocratic leadership is the best style to use when an organisation has a large number of employees.</p> <p><i>Do not award definitions.</i></p>

Question	Answer	Marks	Notes
4(e)	<p>Laissez-faire [k]</p> <ul style="list-style-type: none"> <li>• Can be highly motivating [an]</li> <li>• Encourages employees to show creativity / responsibility / take decisions [an]</li> <li>• Task/work may not be suitable to delegate power (especially if low skilled workers) [an]</li> <li>• Does not allow for consistent approach [an] which can damage reputation [an]</li> </ul> <p>Other appropriate responses should also be credited.</p> <p>Justification might include: The problem with an autocratic leadership style is that there is no opportunity for employees to be involved in key decisions which can demotivate workers [k] leading to lower quality work [an]. Democratic [k] takes time to ask people especially as there are a lot of employees [an]. Therefore, I think autocratic is the best method in this situation as when quick decisions need to be taken it may not be possible to use democratic leadership [eval] especially as there are a large number of employees, and the business may miss an opportunity if it waits to hear everyone's views. [eval]</p>		