CAMBRIDGE
International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer/Data Response **May/June 2025**

MARK SCHEME

Maximum Mark: 80

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

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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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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point.
	Incorrect point.
BOD	Used when the benefit of the doubt is given in order to reward a response.
TV	Used when parts of the answer are considered to be too vague to be given credit.
REP	Indicates where content has been repeated.
NAQ	Used when the answer or parts of the answer do not answer the question asked.
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
APP	Indicates appropriate reference to the information in the stem.
AN	Indicates where the answer has demonstrated analysis.
EVAL	Indicates where the answer has demonstrated evaluation (part (e) questions only).

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Annotation	Meaning
OFR	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.

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Question	Answer	Marks	Guidance
1(a)	**Identify <u>two</u> roles of packaging.** Award 1 mark per role (max 2). Points might include: • Carry information about product / meet legal requirements • Protect the product • Promote <u>brand image</u> / name / (brand) reputation • Help advertise / <u>attract</u> customers • Add value • Ease of transport • Easy / convenient to open / use • Ease of storage / display • Suitable for product to fit in / contain the product Other appropriate responses should be credited.	**2**	Only award first two responses given.
1(b)	**Identify <u>two</u> stages (other than development) of the product life cycle.** Award 1 mark per stage (max 2). Two from: • Introduction • Growth • Maturity • Decline	**2**	Only award the first two responses given. Candidates must name and not simply describe the stage.

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Question	Answer	Marks	Guidance
1(c)	**Outline <u>two</u> factors MDZ's Marketing Director should consider when deciding the price of the new product.** Award 1 mark for each relevant factor (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Brand image [k] as wants to act in an ethical way [app] • Cost of production or examples i.e. cost of materials/labour [k] as have 30 employees [app] • Competition / price of competitors' products [k] for chocolate [app] • Whether product is unique / availability of substitutes [k] • Size of market / niche market / mass market / target market / who selling to / level of demand / price elasticity of demand [k] • Business objective [k] • Profit margin / added value [k] • Quality [k] • Government or legal controls / tax [k] Other appropriate responses should 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: • Chocolate (bars) • Ingredients or related words such as sugar, cocoa • Ethical • 300 employees • Stakeholder groups • <u>Sales</u> promotion • Packaging • (Suppliers from) local area Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
1(d)	**Explain <u>one</u> way MDZ could act in an ethical way with each of the following stakeholder groups:** **Employees** **Suppliers** Award 1 mark for identification of each relevant way (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: Employees: • Pay <u>fair</u> wages/pay [k] to its 300 employees [app] to maintain their standard of living [an] • Ensure <u>fair</u> working conditions [k] when making the new product [app] so they do not leave / become demotivated [an] • Avoid use of child labour / not produce products in sweat shops [k] Suppliers: • To be paid <u>on time</u> [k] for the ingredients [app] to help prevent cash flow problems for them [an] • Pay fair price [k] to protect the suppliers' profit margin [an] as products purchased in the local area [app] Other appropriate responses should 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: • Chocolate (bars) • Ingredients or related words such as sugar, cocoa • (Developing a) new product • Packaging • <u>Sales</u> promotion • Pricing method • Local area • 300 employees Other appropriate examples can be credited. Analysis should focus on the effect on the stakeholder, not on the business.

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Question	Answer	Marks	Guidance
1(e)	**Explain <u>two</u> possible methods of sales promotion a business could use for a new product. Which is likely to be the best method to use? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to which is the best method of sales promotion for a business to use for a new product. Points might include: • Free samples [k] encourage customers to try the product [an] but there is a cost of providing samples [an] • Point of sale displays / demonstrations [k] which raises awareness [an] • Buy One Get One Free (BOGOF) / special offers / discounts [k] which makes the product more affordable [an] • Loyalty schemes [k] so customers want to buy it more often [an] leading to repeat business [an] • (Free) gifts [k] customers will tend to buy more products to gain more gifts [an] • Competitions [k] people will buy more for a chance to win a prize [an] • After sales service [k] Other appropriate responses should be credited.		This is a general question so there are no marks for application. Some analysis can be awarded for different methods but only award once. Max 3 marks where candidate only discusses one method.

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Question	Answer	Marks	Guidance
1(e)	Justification might include: It can offer free samples [k] to encourage customers to try the product [an]. Another method is Buy One Get One Free (BOGOF) [k] which makes the product more affordable [an]. BOGOF is the best method because it helps generate some revenue whereas with free samples there is no guarantee people will buy anything [eval] so the business may have to find another way to help cover the development costs of a new product [eval].		

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Question	Answer	Marks	Guidance
2(a)	**Identify <u>two</u> ways to measure the size of a business.** Award 1 mark per way (max 2). Points might include: • (Value of) capital employed • Value of output / sales OR revenue • Number of customers / sales / volume / amount of output • (Number of) employees Other appropriate responses should be credited.	**2**	Only award the first two answers given.
2(b)	**Calculate <u>X</u> and <u>Y</u>.** Award 1 mark for each correct calculation. **X**: $(15 000) or (15) or −15 [1] **Y**: $90 000 or 90 [1]	**2**	**X** must be shown as a negative number i.e. brackets / minus sign. $ sign and 000's not required as could write in table.

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Question	Answer	Marks	Guidance
2(c)	**Outline <u>two</u> reasons (other than finance) why Jonathon's business is likely to remain small.** Award 1 mark for each relevant reason (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Owner's objectives / not want the responsibility for managing a larger business / to keep control of the business [k] as a sole trader [app] • Low demand / (small) size of market [k] in the shop [app] • A few large businesses control the market / market domination [k] for office equipment [app] • Lacks knowledge / skills / experience (to expand) [k] such as how to manage cash flow [app] • Wants to maintain close relationship with its customers / provide a personal service [k] • To remain flexible / able to respond quickly to changes in consumer tastes [k] • Type of industry / market / product / service [k] Other appropriate responses should 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: • Sole trader • Shop • Office equipment or examples e.g. printers • Cash flow is important • Correct use of data from Table 2.1. Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
2(d)	**Explain <u>two</u> reasons why Jonathon's business might have a cash flow problem.** Award 1 mark for identification of each relevant reason (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: • Allow customers too long to pay / customers are slow to pay / customer does not pay on time / high level of credit sales [k] as customers have 4 weeks to pay [app] which delays cash inflows [an] • No trade credit / suppliers want payment straightaway / paying suppliers too quickly [k] for the office equipment [app] which increases cash outflows [an] • Poor (financial) planning / unexpected costs [k] as operates as a sole trader [app] which leads to additional cash outflows [an] • Holding too much inventory [k] • Growing too quickly / overtrading [k] • Seasonal / low(er) demand / sales [k] Other appropriate responses should 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: • Sole trader • Shop • Office equipment or examples including printers • Remain small • Correct use of data from Table 2.1 • 4 weeks (for customers to pay) Other appropriate examples can be credited.

Question	Answer	Marks	Guidance
2(e)	**Do you think the advantages of operating as a sole trader business are greater than the disadvantages? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to whether the advantages of operating as a sole trader business are greater than the disadvantages. Points might include: Advantages: • Keeps all the profit [k] so has an incentive to work hard [an] • Makes all the decisions / no need to consult with anyone / complete control / own boss [k] so can take decisions more quickly / so less/no chance of disagreements [an] • Freedom to choose own holidays / when work [k] so can choose time off when the business is less busy so does not miss out on sales [an] • Can keep (financial) information private / no need to produce annual accounts [k] so competitors cannot use this information [an] • Has close contact with customers / able to offer a more personal service [k] which can help encourage customer loyalty [an] • Few legal regulations [k]		This is a general question so there are no marks for application.

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Question	Answer	Marks	Guidance
2(e)	Disadvantages: • Unlimited liability [k] so may lose personal assets to repay business debts [an] • Limited sources of finance [k] which could create cash flow problems / difficult to fund expansion [an] • No one to cover if owner is ill [k] so business may lose sales [an] • Only has own skills [k] so less able to compete / may not be able to do all jobs properly [an] • Must work long hours / difficult to take holidays / high workload [k] which could lead to mistakes [an] • No one to share risks / losses with [k] • Has all the responsibility / no one to help with decision-making [k] • No separate legal identity [k] • No continuity [k] Other appropriate responses should be credited. Justification might include: One advantage is there is no need to consult with anyone [k] so decisions can be taken more quickly [an]. A disadvantage is unlimited liability [k] so personal assets are at risk if unable to repay business debts [an]. The advantages are greater because being able to act quickly could mean they can gain from opportunities which otherwise they might miss [eval] and this could generate sufficient revenue to repay its debts anyway [eval].		

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Question	Answer	Marks	Guidance
3(a)	**Define 'external benefits'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Gains to the rest of society other than the business as a result of business activity [2] Partial definition e.g. • Gains to the rest of society / third party [1]	**2**	References to business activity is [+1] only.
3(b)	**Identify <u>two</u> ways legal controls over location might affect a business.** Award 1 mark per way (max 2). Points might include: • Affect where they can/cannot locate • Affect how they produce or examples e.g. change production methods, change / restrict (raw) materials used • Affect when / hours can operate • Increased costs Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
3(c)	**Outline <u>two</u> advantages to GAE of introducing new technology.** Award 1 mark for each relevant advantage (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Motivate employees [k] as have 2400 workers [app] • Fewer employees needed [k] in the 4 countries [app] • Increases productivity / efficiency / quicker (rate of) production [k] in its factories [app] • Improved quality / consistent quality / less waste / fewer mistakes [k] when making steel [app] • Increase output [k] for this multinational company [app] • Can work 24/7 / no need to have breaks in production [k] • Help design / make new products [k] • Improved communication [k] Other appropriate responses should be credited.		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: • Steel • Multinational company • Factory/factories • 4 countries • 2400 employees • Inventory is important • External benefits Other appropriate examples can be credited. Allow 'lower cost' once, unless two clearly specific different costs.

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Question	Answer	Marks	Guidance
3(d)	**Explain <u>two</u> reasons why holding inventory might be important for GAE.** Award 1 mark for identification of each relevant reason (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: • To benefit from economies of scale / discounts for bulk buying / to benefit from special offers / *gain supplier discounts [k] reducing average / unit cost [an] for this multinational company [app] • To maintain / not delay production / provide backup materials in case of breakdowns [k] at the factories [app] so can meet orders / demand (on time) [an] • To protect against delays from suppliers / shortage of materials [k] which otherwise could delay production [an] in the 4 countries [app] • To meet / satisfy demand / customer orders [k] of steel [app] which can increase revenue [an] • To meet <u>sudden</u> order / <u>unexpected</u> changes in demand [k] helping maintain its reputation [an] • To meet seasonal changes in demand [k] Other appropriate responses should 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: • Steel • Multinational company • Factory/factories • 4 countries • 2400 employees • <u>New</u> technology • External benefits • Legal controls over location Other appropriate examples can be credited. Some points can be [k] or [an] but only award once. Some [an] can be used for different points but only award once.

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Question	Answer	Marks	Guidance
3(e)	**Explain <u>two</u> benefits to a business of being a multinational company. Which benefit is likely to be the most important? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to which benefit of being a multinational company is likely to be the most important. Points might include: • Spreading risk [k] so a fall in sales / revenue in one country can be offset by an increase in sales / revenue in another country [an] • Access new / wider markets / sales / customers [k] increasing revenue / (global) market share [an] • Improve brand image / reputation [k] to help increase / maintain customers AND/OR could allow them to set higher prices / provide competitive advantage [an] • Economies of scale [k] lowering average/unit costs [an] • Cheaper / access (better quality) raw materials [k] reducing transport costs [an] OR access better quality / wider range of raw materials [k] allowing the business to produce new products [an] • Access to cheap labour [k] which can lower costs / increase profit margin [an] OR Access to skilled labour [k] which could increase efficiency [an] • Avoid import quotas [k] so no/fewer limits on the number of products the business can import into a country [an]	**6**	This is a general question so there are no marks for application. Some points can be [k] or [an] but only award once. The following are [an] only: • Increase market share • Provide competitive advantage

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Question	Answer	Marks	Guidance
3(e)	• Avoid import tariffs [k] so does not make products more expensive [an] • Reduced tax liability / benefit from favourable / lower tax rates [k] • Access government support/grants [k] Other appropriate responses should also be credited. Justification might include: One benefit is spreading risk [k] so a fall in sales in one country can be offset by sales in another country [an]. It also allows for easier access to raw materials [k] reducing transport costs [an]. Access to raw materials is likely to be the most important benefit because this could reduce production costs leading to lower prices helping the business remain competitive [eval] and ensuring the extra sales are achievable [eval].	**6**	

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Question	Answer	Marks	Guidance
4(a)	**Identify <u>two</u> objectives (other than growth) a business might have.** Award 1 mark per objective (max 2). Points might include: • Survival/break-even • Make a profit • Increase/gain market share • Increase / maintain number of sales / customers • Increase / gain revenue / value of sales • Improve/create business image • Increase return to shareholders / return on capital employed • Be socially / ethically / environmentally responsible Other appropriate responses should be credited.	**2**	Only award the first two responses given. Accept increase sales where no specific examples given (i.e. value and volume).
4(b)	**Identify <u>two</u> advantages to a business of using external sources of finance.** Award 1 mark per advantage (max 2). Points might include: • Able to raise funds quicker / quickly • May be able to raise full / large(r) amount of finance • Can use internal sources / profit <u>for other purposes</u> • Provider may offer advice/support Other appropriate responses should be credited.	**4**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
4(c)	**Using Herzberg's theory, state whether each of the following would be classed as a hygiene factor or as a motivator:** Award 1 mark per correct answer (max 4). Working conditions: hygiene Wages: hygiene Opportunities for promotion: motivator Relationship with supervisor: hygiene	**6**	Only award the first response given for each answer.

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Question	Answer	Marks	Guidance
4(d)	**Explain <u>two</u> methods of internal communication HYT might use with its employees.** 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: • Meetings/team briefings [k] about its growth objective [app] as can get (instant) feedback / ask / answer questions [an] • Email [k] which can be sent to multiple people (at the same time) [an] to its 4000 employees [app] • Phone/mobile calls [k] to one of its 460 shops [app] as allows for discussion / explanation / immediate feedback [an] • Letter [k] as a written record [an] • Text / SMS / WhatsApp / WeChat [k] as can be sent quickly [an] • Posters / noticeboards / notices [k] as they can be placed in various locations (for employees to read) [an] • Video conference / Zoom / Teams / Google Meet / FaceTime [k] • Social media or examples e.g. Facebook, TikTok [k] • <u>Internal</u> newspapers / newsletter / magazine [k] Other appropriate responses should 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: • Travel business • Sells holidays • (460) shops/stores • 4000 (employees) • Full-time (employees) • Takeover • Objective is growth • External sources of finance Other appropriate examples can be credited. Some analysis can be used for different methods but only award the same point once.

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Question	Answer	Marks	Guidance
4(e)	**Do you think the benefits to a business of having full-time employees are greater than the limitations? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to whether the benefits of having full-time employees for a business are greater than the limitations. Points might include: Benefits: • More familiar with business / consistent service / quality [k] which helps build / maintain customer relationships / better reputation / more productive [an] • Workers likely to be loyal / committed / less likely to leave [k] reducing (recruitment) costs [an] • Easy to communicate / update [k] leading to fewer errors [an] • Fewer employees to train / recruit [k] saving time / cost [an] Limitations: • May not be willing / want to increase hours / not want to work overtime [k] so may be difficult to meet demand [an] • Must pay whether (sufficient) work for them to do or not [k] increasing labour costs [an] • May miss out on potential employees who cannot work full-time [k]		This is a general question so there are no marks for application. Points must relate to the business and not the employees. Expensive/high cost can be [k] or [an]. The following are [an] only: • More output • Lower training/recruitment cost • More/less productive Accept points about cost once, unless clearly explained.

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Question	Answer	Marks	Guidance
4(e)	Other appropriate responses should be credited. Justification might include: Full-time employees can provide a consistent service [k] which helps maintain customer relationships [an]. However, they may not be willing to increase hours [k] so it may be difficult to meet demand [an]. The benefits are greater because maintaining customer relationships is more likely to lead to additional sales even if they must wait slightly longer to receive the goods [eval] [eval].		

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