

CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

MARK SCHEME FOR the October/November 2001 question papers

0450 Business Studies

0450/1	Paper 1, maximum raw mark 100
0450/2	Paper 2, maximum raw mark 80
0450/4	Paper 4, maximum raw mark 100

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All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

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October/November 2001

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK : 100

SYLLABUS/COMPONENT : 0450/01

BUSINESS STUDIES



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Mark Scheme

0450/1 Business Studies

Nov. 2001

This scheme will concentrate largely on the content element of the answers. A level of response approach will be applied where appropriate and the scheme will indicate the marks that correspond to a given level of response. The whole marking approach must be positive and candidates should be rewarded where possible.

1 (a). Range of possible factors could be identified to include – access to markets; access to supply chain; availability of labour; financial aid from government; physical features of site. 1 mark for each factor identified (max. of 2) plus further mark for explanation as to why the factor is of importance.

(b). The main reason is likely to be the adverse impact that such development would have on the immediate locality. Thus points like noise; pollution; congestion clearly relevant. Wider issues like desire to disperse industrial development in order to achieve better balance of employment and regional prosperity also appropriate. L3 Answer identifies a number of points and develops them so that government reasons become clear. 5 – 4 marks.

L2 Answer identifies few points / or explanation of their significance is limited 3 – 2 marks.

L1 One reason identified. 1 mark.

(c). A number of possible strategies exist. Most candidates will probably focus on the different elements of the marketing mix that could be changed. These will be regarded as different ways. Thus points might be – new product innovation; aggressive pricing strategies; major advertising and promotion campaigns; strengthen distribution network. Other different approaches such as mergers would also be acceptable. 1 mark for method identified plus further 2 marks for explanation as to how it might have an impact upon market share. (Twice over as two methods are required)

(d). The question requires the candidate to construct an argument. Thus we are looking for an ability to sustain a logical chain of thought. Answers could (and probably will) take the form of a two sided debate i.e. yes but not always. Clearly a positive yes or no is also possible. Issues that might be mentioned are – competition might lead to a fall in prices, increased quality of service and more choice. However it could lead to the destruction of the weak firms and hence result in market domination of those who remain. It might result in lots of small businesses who are unable to reap economies of scale. Impact of competition on consumers, businesses and the economy could all be considered. Thus might benefit one group but not the others.

L3 Number of points made that are structured in a way that allows a conclusion to be drawn 5 – 4 marks.

L2 Number of points made but not structured in a way that allows any conclusions to be drawn. In effect an uncritical identification of points.

L1 A relevant point is made.

2 (a). 1 mark for each acceptable method. visual; written; oral.

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(b). Candidates need to consider their method and state when they would use it (1 mark) and why (1 mark). Twice over.

(c). (i) Span of control refers to the number of subordinates who report directly to a superior. 2 marks for clear statement. 1 mark for limited idea.

(ii). If span is too large it means that proper control cannot be exercised. Thus it clearly is possible for this to happen.

L2 Answer shows awareness of what this means and how it can be recognised 3 – 2 marks

L1 Very simple statement showing limited awareness 1 mark

(d). (i). Passing down of authority for work to another employee further down the hierarchy.

L2 Clear understanding shown. 2 marks.

L1 Some understanding shown 1 mark.

(ii). 1 mark for identification of an appropriate task. Further 2 marks for justification. Thus task of restocking a shelf might be given – clearly low level task that would be within the capability of the employee to carry out.

(e). One mark per function identified. Possible points to include – decision making; objective setting; organising; controlling; motivating etc.

3. (a). (i). Direct cost might be stock. Indirect cost might be maintenance expenditure. 1 mark for each.

(ii). A direct cost is one that is linked specifically to the level of production of a business. An indirect cost is one that is incurred by the existence of the business but which is not effected by production as such.

L2 Clear focus on key factor that distinguishes the two. 4 - 3 marks

L1 Some awareness of the basis of the distinction. 2 - 1 marks.

(iii). Answer = 32.5% Labour costs = \$130000. Total costs = \$400000.
1 mark for Labour costs. Further mark for %.

(b). A diseconomy of scale is a financial disadvantage associated with increase the size of a business unit. Unit costs rise as output rises.

L2 Clear understanding of concept as shown by accuracy of answer 3 – 2 marks

L1 Some understanding of concept .1 mark

(c). Gross profit = sales revenue – cost of sales (2 marks)

Net profit = gross profit – overheads and indirect costs (2 marks).

(d). The other financial statement that students are likely to identify is a balance sheet.(1 mark).This shows the assets of the business and it's liabilities and capital. (further marks). Some consideration about what it shows gets further 2 marks. e.g. what the company is worth; how it's activities are financed.

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4. (a). Number of passengers carried has fallen; fares have risen; number of jobs has fallen; loss turned into a profit. 1 mark per change correctly identified.

(b). Privatisation likely to entail a more commercially driven approach. Thus desire to cut costs and increase revenue likely to be given a high priority. Service factors less likely to be significant. Thus good answer might say yes this is much in line with what I would expect. A privatised concern will look to save money by cutting costs and achieving efficiency gains. The data shows that the number of employees has been reduced by 42% but the number of passengers has only fallen by 10%. The higher fares means that the revenue rose by \$21m. Thus losses have been eliminated and profits created.

L3 Conclusion reached supported well by evidence 6 – 5 marks.

L2 Some conclusions reached but evidence thin and justifications limited 4 – 3 marks

L1 Limited attempt to link findings to expectations 2 – 1 marks.

(c). Market research is carried out largely to identify consumer requirements. It might also be used as a form of feedback on current performance. Thus it will help the management provide a service more in keeping with customer expectations.

L2 Identification of a number of reasons plus some indication of value 4 – 3 marks.

L1 Identification of one reason or limited indication of value. 2 – 1 mark

(d). Pricing strategies to make railways seem better value for money; or price discrimination methods to attract off peak customers; advertising promoting the attractions of rail travel (convenience, speed etc).

1 mark per method. Further 2 marks for explaining how they might boost number of passengers. To score 2 marks here the answer must be in context. (Twice over).

5.(a). 1 mark for each acceptable reason – low pay; poor conditions; no promotion prospects; dislike of boss etc.

(b). Basically increased costs – costs of recruitment and selection; training costs; loss of continuity and possible reduction in quality of service; low morale with staff who remain.

L3 Number of points identified and discussed 5 – 4 marks

L2 Some points identified / or discussion non-existent 3 – 2 marks

L1 One point identified 1 mark

(c) (i). Overtime is additional pay as a result of working more hours than are part of a standard working week (as in the job contract).

L2 marks for clear explanation.

L1 1 mark some understanding

(ii). Productivity bonus is additional pay as a result of an enhanced performance. Mark allocation as above.

(d). (i) Motivation refers to the approach that an employee adopts towards their work. It is linked to attitude and desire to achieve.

L2 Clear understanding 2 marks

L1 Some understanding 1 mark

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(ii). If motivation is high then the desire to achieve goals and targets is also high. Thus performance will increase . Consequently the concepts are linked.

L2 Answer links concepts together in an effective way 3 – 2 marks

L1 Knowledge shown but linkage ineffective 1 mark

(iii). 1 mark for identification of method plus further 2 marks for showing impact on motivation. Thus answer could focus on financial incentives or might consider wider methods like team building.