

Final Mark Scheme (Results)

Summer 2007

IGCSE

IGCE Business Studies (4330/03)

QUESTION 1

- (a) **In the table below, place one tick against each phrase to show if it is an economy of scale or a diseconomy of scale.**

(AO1 – Demonstrate = 5)

	Economy of scale	Diseconomy of scale
Too large bureaucracy		✓
Bulk buying	✓	
Difficulty with internal communication		✓
Availability of skilled workers	✓	
Lower interest rates	✓	

5

- (b) **For each bullet point, give one detail that would be correct in a job specification for a senior chef working in a large five-star hotel.**

(AO2 – Apply = 5)

eg (job details) – plan/prepare and cook meals/order supplies
 (qualifications) – professional exams/experience
 (skills) – manage staff/communicate/delegate/cook
 (physical fitness) – able to stand all day/work in hot conditions/work under pressure
 (personal characteristics) – responsible/lead a team/helpful/organised/people skills

5

- (c) **Using the data provided, analyse the success of this operation.**

(AO3 – Analyse and Select = 5)

eg turnover has more than doubled
 operating profit has quadrupled
 number of stores has trebled
 ROCE initially fell but has recovered and is now higher than at start/broadly stable throughout

4

Use of data/general comment

1

- (d) **Discuss one of the benefits below for the franchisor in a franchise operation.**

(AO4 – Evaluate = 5)

eg (expansion) – can take place without many of the associated costs of expansion – buildings, staff, facilities, training – these are partially taken by the franchisee – franchisee contributes towards other costs - advertising and marketing – increased market share – more brand exposure/loyalty

(commitment) – each franchisee has a vested interest in the success of the franchisor – its success is linked to their own success – survival and financial strength – franchisees likely to work harder – partly own business – partly to ensure continuation of the franchisor and thus their own survival

(finance) – income from sale of franchise licences – ongoing income from sale of consumables – income from royalties agreed in the franchise agreement – fast expansion available at reduced costs to franchisor – may not need to borrow as much money for expansion – thus costs related to borrowing are reduced

5

Total 20 marks

QUESTION 2

- (a) **Name the numbered labels in the break-even chart. The first one has been done for you.**
(AO1 - Demonstrate = 5)

1 mark for each correctly named label

- 2 Total revenue/total sales
- 3 Total costs
- 4 Fixed costs
- 5 Break-even point
- 6 Output/Units/Number of DVDs

Note: accept if incorrectly spelt

Do NOT award mark if correct term but on wrong line

5

- (b) **What would be the reasons for such a decision?**
(AO2 - Apply = 5)

eg cost/availability of labour – much less than in UK/workers may have more skills/more motivated
cost/availability of land – may be greater than in UK/more choice/near to ports
government/grants/incentives – country wants investment/offers employment/tax breaks
reduced shipping costs - world-wide markets/closer to some markets/benefits from long term shipping contracts that can be negotiated
reduction in UK costs – wages/transport of raw materials/income from sale of factory sites

5

- (c) **Show, for both these ratios, the financial information they provide for business managers.**
(AO3 - Analyse/Select = 5)

eg (current) – how much of current liabilities can be met from current assets – does the business have enough money to pay its debts?

(acid test) – cash readily to hand – stock takes longer to turn into cash

(general) – above 1 is good – may indicate too much cash doing nothing – could be invested
below 1 is bad – cash flow problems - survival

5

- (d) **Analyse why job production is used to produce a Savile Row suit.**
(AO4 - Evaluate = 5)

eg each suit is made for an individual client – it is unique
all clients are different – height, weight, materials required, style, cut
a personal service is offered – clients are treated as individuals as are their suits
labour intensive (handmade) - many skills required to make suit/skilled labour is expensive
high cost of suits – needs and expectations of demanding clients have to be met

5

Total 20 marks

Assessment Grid

Question	AO1	AO2	AO3	AO4	Total
1 (a)	5				
1 (b)		5			
1 (c)			5		
1 (d)				5	20
2 (a)	5				
2 (b)		5			
2 (c)			5		
2 (d)				5	20
	10	10	10	10	40

Content Grid

Content	May 05		Nov 05		May 06		Nov 06		May 07		Nov 07	
	Q	AO	Q	AO	Q	AO	Q	AO	Q	AO	Q	AO

Business Activity in the Changing Environment

1.1 Objectives			1 (a)	AO1			1 (b)	AO2				
1.2 Organisations	1 (d) 2 (c)	AO4 AO3	1 (b)	AO2					1 (d)	AO4		
1.3 Factors					2 (a)	AO1						
1.4 Sectors					2 (b)	AO2						
1.5 Location			1 (c)	AO3					2 (b)	AO2		
1.6 Government			2 (b)	AO2	2 (c)	AO3						
1.7 Influences	2 (d)	AO4					2 (d)	AO4				
1.8 Success	1 (c)	AO3							1 (c)	AO3		

Human Resources

2.1 Internal							2 (b)	AO2				
2.2 Communication	2 (b)	AO2					2 (a)	AO1				
2.3 Recruitment			1 (d) 2 (a)	AO4 AO1					1 (b)	AO2		
2.4 Training					1 (d)	AO4						
2.5 Motivation							1 (a)	AO1				

Accounting and Finance

3.1 Finance	1 (b)	AO2			2 (d)	AO4						
3.2 Budgets					1 (b)	AO2						
3.3 Break-even									2 (a)	AO1		
3.4 Accounts			2 (d)	AO4								
3.5 Ratios			2 (c)	AO3					2 (c)	AO3		

Marketing

4.1 Market					1 (c)	AO3						
4.2 Market Mix	2 (a)	AO1					1 (c)	AO3				
4.3 Research					1 (a)	AO1						

Production

5.1 Economies									1 (a)	AO1		
5.2 Methods	1(a) (i)	AO 1							2 (d)	AO4		
5.3 Productivity	(a) (ii)	AO 1					2 (c)	AO3				
5.4 Quality							1 (d)	AO4				