

Example Candidate Responses

Cambridge IGCSE®

Business Studies **0450**

Paper 1



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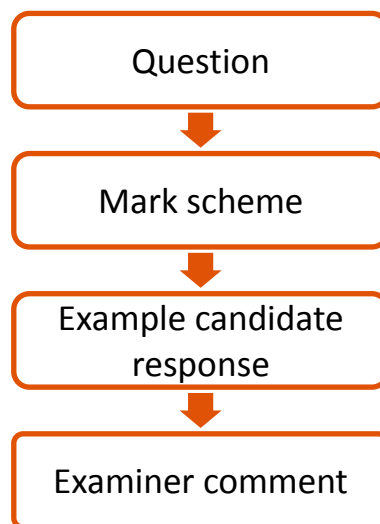
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Introduction

The main aim of this booklet is to exemplify standards for those teaching Cambridge IGCSE Business Studies (0450) Paper 1, and to show how different levels of candidates' performance relate to the subject's curriculum and assessment objectives. There is a separate booklet for Paper 2.

In this booklet candidate responses have been chosen to exemplify a range of answers. Each response is accompanied by a brief commentary explaining the strengths and weaknesses of the answers.

For ease of reference the following format for each component has been adopted:



Each question is followed by an extract of the mark scheme used by examiners. This, in turn, is followed by examples of marked candidate responses, each with an examiner comment on performance. Comments are given to indicate where and why marks were awarded, and how additional marks could have been obtained. In this way, it is possible to understand what candidates have done to gain their marks and what they still have to do to improve them.

This document illustrates the standard of candidate work for those parts of the assessment which help teachers assess what is required to achieve certain grades beyond what should be clear from the mark scheme. Some question types where the answer is clear from the mark scheme, such as short answers and multiple choice, have therefore been omitted.

Past papers, Examiner Reports and other teacher support materials are available on Teacher Support at <https://teachers.cie.org.uk>

Assessment at a glance

All candidates take two components, Paper 1 and Paper 2.

| All candidates take: | | and: | |
|---|-------------------|--|-------------------|
| Paper 1 | 1 hour 30 minutes | Paper 2 | 1 hour 30 minutes |
| Written paper | 50% | Written paper | 50% |
| 80 marks | | 80 marks | |
| Four questions requiring a mixture of short answers and structured data responses | | Four questions based on a case study, provided as an insert with the paper | |
| Candidates answer all questions | | Candidates answer all questions | |
| Externally assessed | | Externally assessed | |

Paper 1

Question 1

- 1 PJK makes a range of luxury sports watches. Each watch is handmade by skilled workers. Quality assurance is important. The Operations Director has been looking at costs and prices as he wants to do a break-even analysis. This data is shown in Table 1. He is planning to invest in new technology to automate parts of the production process. The Operations Director thinks this is the best way to improve profitability.

Table 1: Costs and revenue (\$)

| | |
|-------------------------|-----------|
| Price per watch | \$100 |
| Variable cost per watch | \$50 |
| Annual sales | 6000 |
| Annual fixed costs | \$200 000 |

- (a) What is meant by 'quality assurance'?

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.....

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..... [2]

- (b) Identify **two** ways in which break-even analysis might be helpful to PJK.

Way 1:

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Way 2:

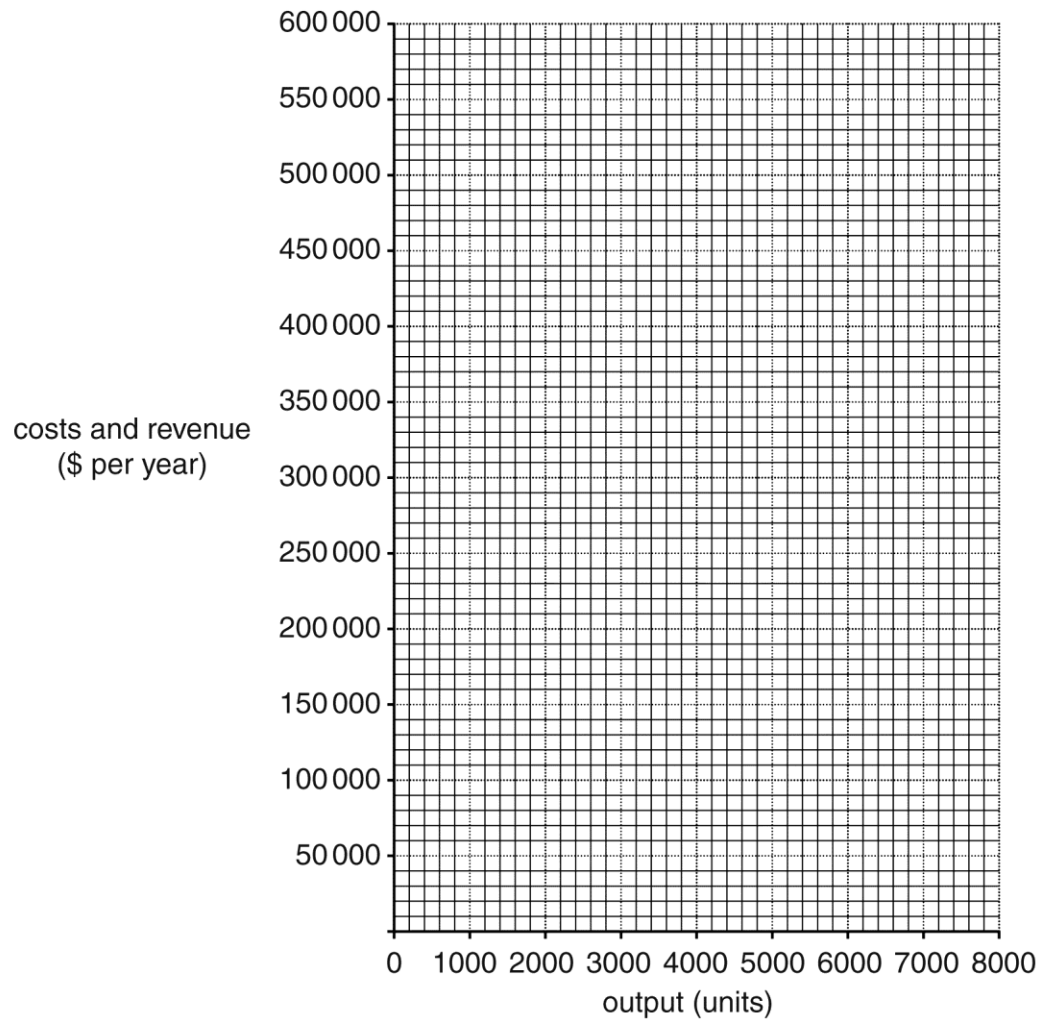
..... [2]

Question 1, continued

(c) Using the information in Table 1, draw a break-even chart for PJK on Figure 1.

[4]

Figure 1



Question 1, continued

- (d) Identify and explain **two** advantages to PJK of having skilled workers.

Advantage 1:

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Explanation:

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Advantage 2:

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Explanation:

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..... [6]

- (e) Do you think that investing in new technology is the best way to improve profitability at PJK? Justify your answer.

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..... [6]

Mark scheme

1 (a) What is meant by 'quality assurance'? [2]

Clear Understanding [2] – checking for quality standards [1] throughout the production process / every stage [1]

Some Understanding [1] – e.g. checking work done

Do not accept 'checking at end / checking end product' in this instance as this defines quality control

(b) Identify two ways in which break even analysis might be helpful to PJK. [2]

Application [2 × 1] – award 1 mark for each relevant way

Points could include:

- Planning / forecasting / decision making / help set prices
- Help work out level of profit **at different levels of output**
- Show margin of safety
- Shows how much needed to produce to cover costs / avoid loss / breakeven point
- Help apply for finance

Do not accept points such as shows costs / sales / profit on their own as too vague

(c) Using the information in Table 1, draw a break even chart for PJK. [4]

- Accurately plotted TR (revenue) line [1]: start at 0, at 4000 units should be at \$400 000
- Accurately plotted TC line [2] in total for start at \$200 000 [1] \$400 000 at 4000 units [1]
- Labelling: TR and TC [1] only if layout is correct. TR must start at zero and lines must cross

Notes:

- Accurately drawn **unlabelled** break-even chart [3]
- For 4 marks TR [revenue] and TC must be clearly labelled
- Max 1 mark for inaccurately plotted break-even chart with TR and TC correctly labelled

(d) Identify and explain two advantages to PJK of using skilled workers. [6]

Knowledge [2 × 1] – award 1 mark for identification of each relevant advantage [max 2]

Application [2 × 1] – award 1 mark if relevant reference made to this business

Analysis [2 × 1] – award 1 mark for each relevant explanation

Relevant points might include:

- Work quicker / more efficient / more productive [k] so lower average costs [an]
- More output [k] so able to meet any increase in customer demand [an] for watches [app]
- Higher quality / fewer mistakes [k] so less wasted materials [app] so can buy less inventory [an]
- Brand image / good reputation [k] as it's a luxury product [app] so people trust / buy [an]
- Less training needed [k] so saves cost [an]
- Less supervision needed [k] so managers have time to do other jobs [an]
- More flexible workforce [k] as able to switch between different stages of production [app]

Application marks may be awarded for appropriate use of the following: luxury product, watches, quality assurance, handmade, production process, materials / parts

Mark scheme, continued

- (e) Do you think that investing in new technology is the best way to improve profitability at PJK? Justify your answer** [6]

Knowledge [1] – award 1 mark for identification of relevant issue(s)

Positive or negative points allowed or alternative ways to improve profitability [max 1]

Application [1] – award 1 mark if relevant reference made to this business

Analysis [2] – award up to 2 marks for relevant development of point(s)

Evaluation [2] – justified decision made as to whether new technology is the best way to improve profitability. Candidate's final decision can be either for or against the statement
Relevant points might include:

- Reduce labour costs [k] so lower costs [an]
- Less wastages or errors [k] so have to order less parts [app]
- Additional costs e.g. redundancy or training costs [k] initially reduce profitability [an]
- Impact on employee morale [k]
- Better quality / accuracy [k] for this luxury product [app] so customers might pay higher price [an] leading to bigger gap between costs and revenue [an]
- High initial costs of equipment [k]
- Speed up production [k] so leading to lower average costs [an]
- Might take away their USP [k] of being handmade [app] so reduce demand [an]
- Or Introduce more efficient working practices e.g. redesign factory layout [k]
- Or use cheaper materials [k] so lower variable costs [an] but could mean lower quality of watches [app]
- Or sell more through increased advertising [k] but could be expensive / may not work [an]

Application marks may be awarded for appropriate use of the following: luxury product / watches, skilled workers, quality assurance, handmade, production process, materials / parts

Example candidate response – high

- 1 PJK makes a range of luxury sports watches. Each watch is handmade by skilled workers. Quality assurance is important. The Operations Director has been looking at costs and prices as he wants to do a break-even analysis. This data is shown in Table 1. He is planning to invest in new technology to automate parts of the production process. The Operations Director thinks this is the best way to improve profitability.

Table 1: Costs and revenue (\$)

| | |
|-------------------------|-----------|
| Price per watch | \$100. |
| Variable cost per watch | \$50. |
| Annual sales | 6000 |
| Annual fixed costs | \$200 000 |

- (a) What is meant by 'quality assurance'?

It ~~is~~ means specialist employees will check the quality of product in every level of production.

[2]

- (b) Identify two ways in which break-even analysis might be helpful to PJK.

Way 1: Managers of PJK can tell how many watches PJK has to sell in order to ~~start~~ ^{be able to} begin profiting.

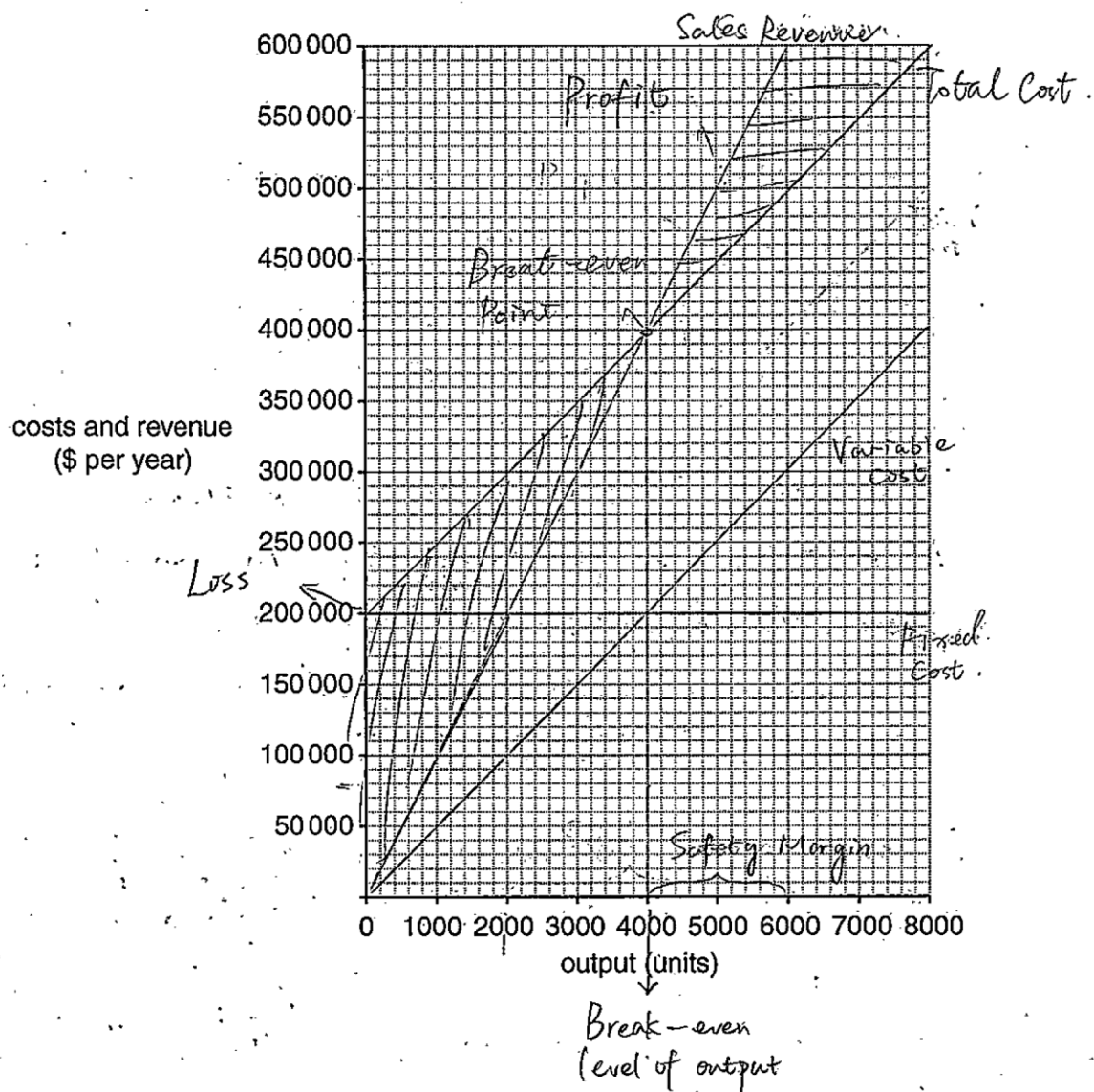
Way 2: Managers can predict the effect of decisions, such as introducing automation, on the profit PJK will make [2]

Example candidate response – high, continued

(c) Using the information in Table 1, draw a break-even chart for PJK on Figure 1.

[4]

Figure 1



Example candidate response – high, continued

- (d) Identify and explain two advantages to PJK of having skilled workers.

Advantage 1: Less mistakes will be made.

Explanation: Skilled ~~Experienced~~ workers are less likely to make mistakes. So less waste will be made because of mistakes. Since PJK produces luxury watches, it would save a lot of money ^{for materials} not having to repair those watches with flaws.

Advantage 2: Experienced workers are more productive and efficient.

Explanation: Since PJK's production is "handmade" so it's labour-intensive job production. The speed of production is entirely depending on how experienced workers are. So skilled workers speed up the production. [6]
More can be sold and more profit can be expected.

- (e) Do you think that investing in new technology is the best way to improve profitability at PJK? Justify your answer.

Introducing new technology can speed up the production since the production process is now automatic and 24-7 non-stopping. It would be a lot faster than "handmade" method. And since its only parts of the production, unemployment might not raise that much. However, using new technology might damage the brand image of PJK of providing luxury handmade watches. And some loyal workers might not continuously purchase watches from PJK. So PJK might even lose profit. I think PJK might need to maintain its reputation so new technology might not be the best idea. [6]

So average cost decreases and raises the profitability

Examiner comment – high

- (a) A correct definition of quality assurance was provided which recognised that this took place throughout the manufacturing process. Both marks were awarded. **2/2**
- (b) The candidate identified two ways in which in which break-even analysis might be helpful. Both marks were awarded. **2/2**
- (c) The candidate correctly plotted both the total cost and total revenue lines and labelled each line. All four marks were therefore awarded. **4/4**
- (d) The candidate correctly identified two advantages, namely 'less mistakes' and 'more efficient', and then went on to clearly explain how each point could help the business lower its costs and speed up production. The candidate used relevant examples from the business in terms of luxury watches and handmade to show the importance of skilled workers to this particular business. A mark of six was awarded. **6/6**
- (e) The candidate was required to discuss whether investing in new technology was the best way for this business to improve profitability. The candidate identified a number of relevant issues such as speed and developed the point to explain the possible benefit of this in terms of lower average costs. Unfortunately, the damage to brand image was not explained. The candidate then made a simple justified decision against the statement, which was valid based on the points made. The candidate needed to add further development to gain the second evaluation mark. Overall a total of four marks were awarded to this response. **4/6**

Total marks awarded: 18 out of 20

Example candidate response – middle

- 1 PJK makes a range of luxury sports watches. Each watch is handmade by skilled workers. Quality assurance is important. The Operations Director has been looking at costs and prices as he wants to do a break-even analysis. This data is shown in Table 1. He is planning to invest in new technology to automate parts of the production process. The Operations Director thinks this is the best way to improve profitability.

Table 1: Costs and revenue (\$)

| | | |
|-------------------------|-----------|-----------------------|
| Price per watch | \$100 | Revenue = \$600000 |
| Variable cost per watch | \$50 | Total VC = \$300000 |
| Annual sales | 6000 | Total cost = \$500000 |
| Annual fixed costs | \$200 000 | Fixed cost = \$200000 |

- (a) What is meant by 'quality assurance'?

Quality assurance is when a business pays extreme attention and detail, and checks on the resources used for making a product of quality. It assures the quality of the product is good by certain inspections and quality control. [2]

- (b) Identify two ways in which break-even analysis might be helpful to PJK.

Way 1: PJK will have an estimate of the number of watches to be produced.

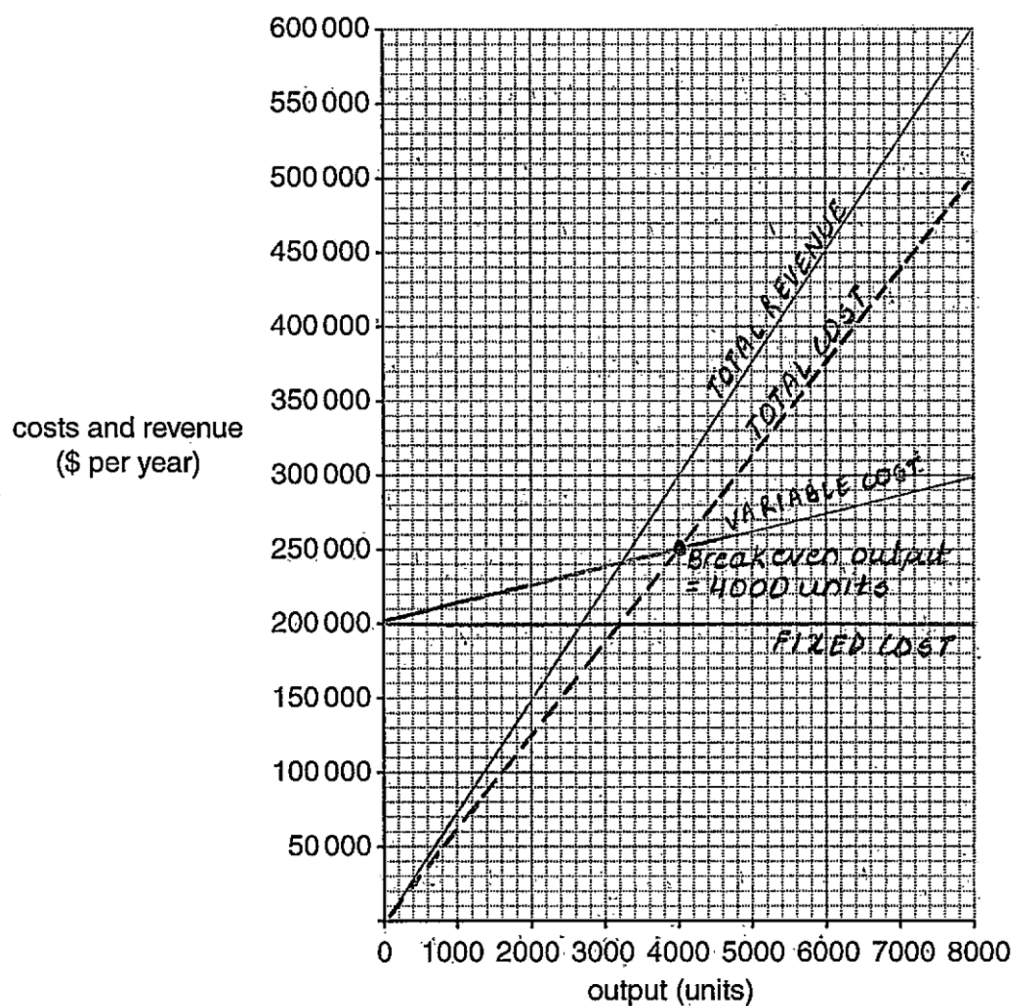
Way 2: Less wastage and efficient use of resources since PJK knows how many units to produce. [2]

Example candidate response – middle, continued

(c) Using the information in Table 1, draw a break-even chart for PJK on Figure 1.

[4]

Figure 1



Example candidate response – middle, continued

- (d) Identify and explain **two** advantages to PJK of having skilled workers.

Advantage 1: *Higher output of watches with assured quality.*

Explanation: *skilled workers work with precision at a fast pace, which results in a higher and faster output of watches with great quality.*

Advantage 2: *Efficient use of resources and factors of production.*

Explanation: *skilled workers tend to produce goods that are / do not waste resources or raw materials and save the costs of a business.*

[6]

- (e) Do you think that investing in new technology is the best way to improve profitability at PJK? Justify your answer.

No, introducing new technology is not the best way to improve profitability at PJK. This is because PJK is known for producing high quality 'hand made' watches; but with interference from technology, the motive will be disrupted. PJK already employs skilled workers to produce watches and investing in technology will solely lead to a rise in the cost of production. However, new technology will assist the workers in increasing the output at a faster rate with less chances of error.

[6]

Examiner comment – middle

- (a) The candidate gave an imprecise definition of quality assurance. They understood that it involved checking quality but there was no mention of when in the production process such checks occurred. A mark of one was awarded. **1/2**
- (b) Both answers were vague. The points, namely estimate the number of watches and less wastage, were general points about information which could be found in a number of financial documents. To be rewarded the candidate needed to say how this information would help the business, for example to make decisions.
- (c) No marks were awarded for this answer. **0/2**
- (d) The candidate correctly plotted the starting point for total costs. This showed some application of theory to the question. Unfortunately, the other values shown for total costs and the total revenue line were imprecisely plotted and incorrectly labelled. A mark of one was awarded. **1/4**
- (e) The candidate correctly identified two advantages, namely higher output and efficient use of resources. Both answers were clearly applied to the business in question. However, neither point was sufficiently developed to gain the analysis marks. For example, for advantage one the candidate did not explain how or why higher output would result in faster output or more quality. Four marks were awarded; two for identification of two advantages and two for applying these points to the business in question. **4/6**
- (f) For this part there is only one mark available for knowledge. The candidate identified a number of issues, namely being known for high quality, increasing output and 'less chances of error'; unfortunately none of these points were explained. The candidate needed to show how points such as fewer errors might help the business or why its reputation might be damaged by the introduction of new technology. The reference to 'handmade' watches showed some application to the question. There were two marks available for evaluation but unfortunately there was no clear attempt at evaluation made other than the statement at the start of the answer. Two marks were awarded; one mark for knowledge and one mark for application. **2/6**

Total marks awarded: 8 out of 20

Example candidate response – low

- 1 PJK makes a range of luxury sports watches. Each watch is handmade by skilled workers. Quality assurance is important. The Operations Director has been looking at costs and prices as he wants to do a break-even analysis. This data is shown in Table 1. He is planning to invest in new technology to automate parts of the production process. The Operations Director thinks this is the best way to improve profitability.

Table 1: Costs and revenue (\$)

| | |
|-------------------------|-----------|
| Price per watch | \$100 |
| Variable cost per watch | \$50 |
| Annual sales | 6000 |
| Annual fixed costs | \$200 000 |

- (a) What is meant by 'quality assurance'?

Quality assurance is to have a check
on the quality of the product.

[2]

- (b) Identify **two** ways in which break-even analysis might be helpful to PJK.

Way 1: It could show them how much
money leaves and enter the business.

Way 2: It can also show where the break
even point is.

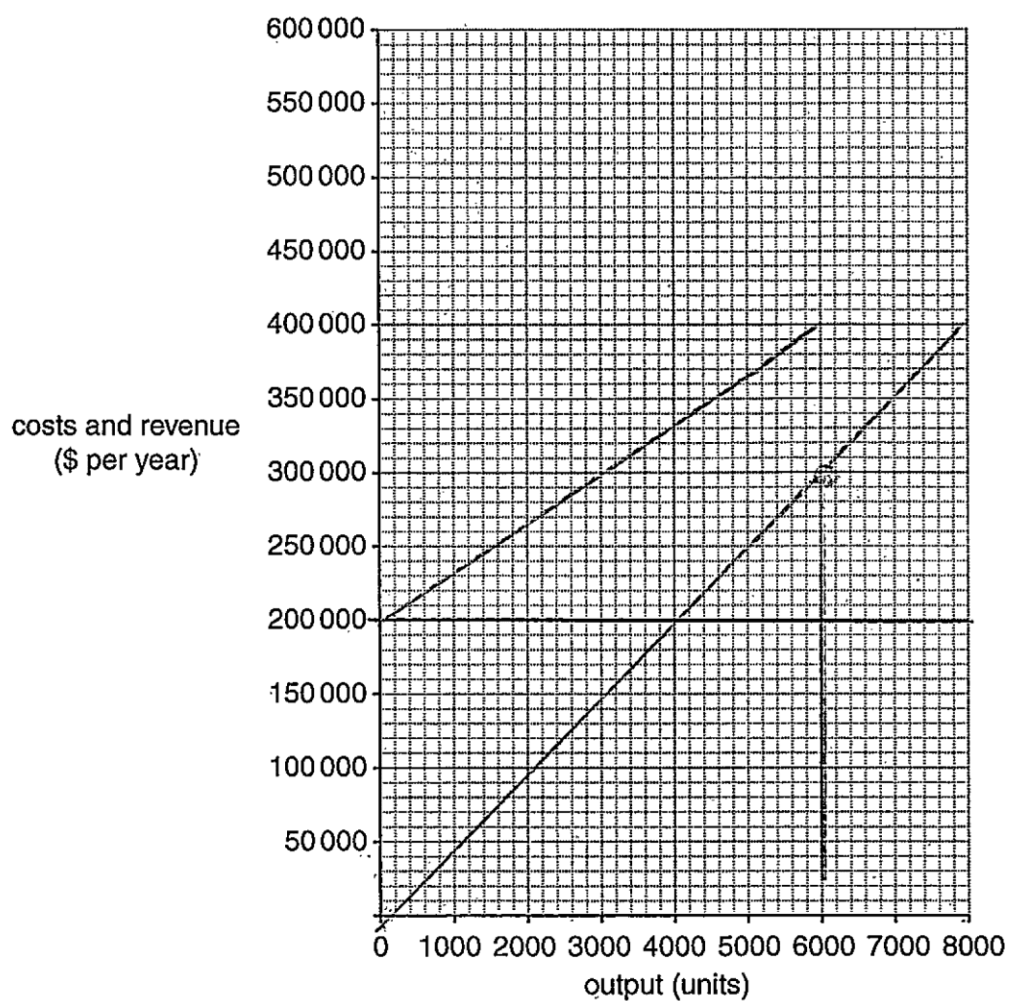
[2]

Example candidate response – low, continued

(c) Using the information in Table 1, draw a break-even chart for PJK on Figure 1.

[4]

Figure 1



Example candidate response – low, continued

- (d) Identify and explain two advantages to PJK of having skilled workers.

Advantage 1: faster

Explanation: Skilled workers are faster because they know what they're doing and they are use to do it, so it will be faster ~~and less time consuming~~

Advantage 2: less time consuming

Explanation: They have skills so it wont take them long to finish, they ~~was~~ could finish it in a short notice because they are used to it. [6]

- (e) Do you think that investing in new technology is the best way to improve profitability at PJK? Justify your answer.

Improve profitability is to increase ^{the} ~~the~~ ~~plan~~ amount of money that enters the business. Investing in new technology could be a good use for the business because it ~~can~~ improve the products and the new technology could be faster on finishing things. Investing in new technology may cost a lot of money and employees could loose there jobs if they were replaced by machines or computers. I think he could investe in new technology if it will increase the money that enters the business and it could be helpful. [6]

Examiner comment – low

- (a) The candidate understood that quality assurance involved checking quality but there was no mention of when in the production process such checks occurred. A mark of one was awarded. **1/2**
- (b) The candidate correctly stated one way, namely it shows the break-even point. The other answer confused break-even analysis with a cash flow forecast so gained no credit. A total mark of one was awarded for this response. **1/2**
- (c) The candidate correctly plotted the starting point for total costs. This showed some application of theory to the question. Unfortunately, the other values shown for fixed costs and the total revenue line were imprecisely plotted. There was no attempt to label the chart. Only one mark was awarded. **1/2**
- (d) Limited understanding of this part of the question was shown in this response. The candidate was aware of one advantage, namely faster. The candidate identified another advantage but this was a repeat of the first point. There was no development as the explanation repeats the idea that using skilled workers will be faster rather than explain how this would benefit the business. There was no attempt to apply either answer to the scenario. The response was awarded one mark. **1/2**
- (e) After a generic introduction, the candidate correctly identified a number of issues. The knowledge was provided as a list of points, although none of which were developed. For example, the candidate states that new technology could improve the products but does not explain how or why this would benefit the business. There was no attempt at application. The candidate makes a weak attempt at evaluation, but this statement is not supported by their answer. A mark of one was therefore awarded. **1/6**

Total marks awarded: 5 out of 20

Question 2

- 2** Alkin is a multinational company. It manufactures breakfast food products including many leading brands of cereal. Alkin plans to start selling in country Z, which is a fast-growing market. Alkin plans to form a joint venture with a local business, based in country Z. 'Effective communication will be important to our success but I think there are many advantages in expanding this way' said Alkin's Managing Director. The Government of country Z is worried about the effect of multinational companies like Alkin on consumers.

(a) What is meant by a 'multinational company'?

.....

.....

.....

..... [2]

(b) What is meant by a 'brand'?

.....

.....

.....

..... [2]

(c) Identify and explain **two** reasons why effective communication might be important for Alkin.

Reason 1:

.....

Explanation:

.....

Reason 2:

.....

Explanation:

..... [4]

Question 2, continued

- (d) Identify and explain **two** advantages to Alkin of using a joint venture to expand into country Z.

Advantage 1:

.....

Explanation:

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.....

.....

Advantage 2

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Explanation:

.....

.....

..... [6]

- (e) Do you think that the Government in country Z is right to be worried about the effect of multinational companies such as Alkin on consumers? Justify your answer.

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..... [6]

Mark scheme

2 (a) What is meant by a ‘multinational company?’ [2]

Clear Understanding [2] – a business with factories, production or service operations in more than one country OR a business with production or service operation in another country outside its normal area of operation

Some Understanding [1] – e.g. has businesses everywhere / works or operates in more than one country

Do not accept ‘sells in more than one country’ as could equally apply to exporter

Do not accept examples

(b) What is meant by a ‘brand’? [2]

Clear Understanding [2]: (unique) name, feature or design / logo or image of a product or business [1] that distinguishes it from other products or businesses [1]

Some Understanding [1]: e.g. something which makes a product ‘stand out’ [1]

Do not accept examples

Mark scheme, continued

- (c) Identify and explain two reasons why effective communication might be important for Alkin. [4]

Knowledge [2 × 1] – award 1 mark for each relevant reason

Application [2 × 1] – award 1 mark for each relevant explanation in context of this business

Relevant points might include:

- Avoid diseconomies of scale [k] as communication can be difficult in a multinational [app]
- Everyone understands objectives [k] so no conflict in joint venture [app]
- avoid language issues / misunderstandings [k] particularly when start selling in country Z [app]
- Different cultures / management styles [k] so able to work with the local business [app]
- Better / faster decision making [k] so able to quickly react to changing tastes / flavours [app]
- Able to exchange ideas [k]
- Better relations with suppliers [k]
- Inform customers about its products [k] so that customers are interested in their food [app]

Note: Points can relate to either existing business or planned joint venture

Do not accept 'improves motivation' unless explains the impact on this business

Application marks may be awarded for appropriate use of the following: joint venture, country Z or countries, multinational company, breakfast cereals or food, expansion

- (d) Identify and explain two advantages to Alkin of using a joint venture to expand into country Z. [6]

Knowledge [2 × 1] – identification of relevant advantage [max 2]

Application [2 × 1] – award 1 mark for each relevant reference made to this business

Analysis [2 × 1] – award 1 mark for each relevant explanation

Relevant points might include:

- Access to new markets [k] increasing brand awareness [an] of its range of cereals [app]
- Access to local expertise / ideas [k] e.g. cultural knowledge as tastes differ [app] so better able to meet customer requirements / ensure sales [an]
- Wider range of contacts / better access to resources [k] so might be able to obtain cheaper ingredients [app]
- Increased capital / share costs [k] so less risk [an]
- Increased capacity [k] so can meet expected growth in demand [app] without affecting supply for other markets [an]
- Way to avoid government restrictions [k] so able to maximise potential sales [an]
- Less competition [k] as working with local business [app] so one less rival [an]
- Economies of scale [k]
- Build reputation [k]

Application marks may be awarded for appropriate use of the following: multinational company, breakfast cereals or food, fast-growing market, local business

Mark scheme, continued

- (e) Do you think that the Government in country Z is right to be worried about the effect of multinational companies such as Alkin on consumers? Justify your answer [6]

Knowledge [1] award 1 mark for identification of relevant issue(s)

Must relate to consumers

Application [1] – award 1 mark if relevant reference made to this business

Analysis [2] – award up to 2 marks for relevant development of point(s)

Evaluation [2] – justified decision made as to whether the Government in country Z is right to be concerned about the effect of multinational companies such as Alkin **on consumers**

Candidate's final decision can be either for or against the statement

Relevant points might include:

- Access to international brands [k] so more consumer choice [an] so better able to find cereal that suits their individual needs [app]
- Increased competition [k] as local businesses have to respond [an] so lower prices [an]
- Fewer choices [k] so smaller producers forced out of business [an] so prices may increase [an]
- Minimum standard [k] as goods same all over the world [an]
- help meet customers demand [k] in fast growing market [app] as able to supply more [an]

Application marks may be awarded for appropriate use of the following: food, cereals, brands, fast growing market

Example candidate response – high

- 2 Alkin is a multinational company. It manufactures breakfast food products including many leading brands of cereal. Alkin plans to start selling in country Z, which is a fast-growing market. Alkin plans to form a joint venture with a local business, based in country Z. 'Effective communication will be important to our success but I think there are many advantages in expanding this way' said Alkin's Managing Director. The Government of country Z is worried about the effect of multinational companies like Alkin on consumers.

(a) What is meant by a 'multinational company'?

Multinational company is a company which has many of its branches in different countries and operates globally.

[2]

(b) What is meant by a 'brand'?

Brand is a name to attract and identify the customers to a series of products and a tool to distinguish their products with others.

[2]

(c) Identify and explain two reasons why effective communication might be important for Alkin.

Reason 1: ~~Miscommunication~~ Miscommunication might be expensive.

Explanation: Alkin is a multinational, so miscommunication between branches in different countries can cause a huge damage such as ordering different amount from the factory oversea.

Reason 2: Alkin is a big company, therefore to work efficiently effective communication is important.

Explanation: There are wide span of control and long chain of command in Alkin. To reduce the management diseconomies of

[4]

scale and work efficiently, effective communication is needed.

Example candidate response – high, continued

- (d) Identify and explain two advantages to Alkin of using a joint venture to expand into country Z.

Advantage 1: new skills and expertise will be brought in.

Explanation: Joint venture will allow Alkin to share skills with the other company which means Alkin can cooperate with skilled and talented employees and use their local experiences on the market to reduce the risk of the project and increase sales.

Advantage 2: The risk is shared.

Explanation: Even though the operation and the result of a project is not successful, Alkin does not have to be responsible for the whole loss, they can be in charge of half the amount which significantly decreases the cost. [6]

- (e) Do you think that the Government in country Z is right to be worried about the effect of multinational companies such as Alkin on consumers? Justify your answer.

Yes, the government in country Z should be worried. By multinational companies coming to country Z, they can earn many benefits such as investment in the local premises, creation of new jobs and incomes, and the taxes that Alkin will pay to the government. Nevertheless, multinational companies like Alkins ~~will~~ ^{produce and sell bad} might ~~force local businesses in~~ ^{take away} quality products and ~~consumers~~ ^{money} using its market ~~country Z out of the competition and the market~~ ^{share, forcing local businesses out from the market so that} ~~power of big market share and capitals, which can lead~~ ^{they have limited choice in products.} ~~to destruction of local economy.~~ Moreover, they might exploit natural resources and damage environment. They might also exploit local workforce in country Z by giving them low wages and providing bad working environment. Therefore the government has every right to be worried. [6]

Examiner comment – high

- (a) The candidate offers some understanding by stating that a multinational company operated in a number of countries. To gain both marks the candidate would need to add further detail to clarify the type of operations undertaken by the business in each country. One mark was awarded. **1/2**
- (b) A correction definition of a brand was provided which made clear that the name given to a product helped to distinguish this product from others. Two marks were awarded for this response. **2/2**
- (c) The candidate correctly identifies two reasons, namely miscommunication might be expensive and diseconomies of scale. For the first reason the candidate is able to apply their answer by recognising that Alkin operated in a number of different countries so effective communication is needed between the different branches. The explanation of the diseconomies of scale is not applied. The reference to big was seen as too vague to be credited. To gain credit the candidate needed to be precise and state that this business was a multinational company. This response gained three marks. **3/4**
- (d) The candidate has correctly identified two advantages, expertise and risk is shared, and then went on to clearly explain each point. Neither of these points was linked to the scenario. To gain the application marks, the candidate could have made reference to relevant points such as type of products made or stated that the joint venture was with a local business. The candidate was awarded four marks. **4/6**
- (e) This part of the question required candidates to discuss whether customers would be affected by multinational companies. The answer starts by stating advantages to the country and ends with disadvantages to workers, which did not answer the question. The response does contain one relevant disadvantage, limited choice, and explains how this might occur but the point is not applied in context. The attempt at evaluation cannot be rewarded as the response is not focused on customers, which the question required. Two marks were awarded; one for identification of one knowledge point and one for analysis. **2/6**

Total marks awarded: 12 out of 20

Example candidate response – middle

- 2 Alkin is a multinational company. It manufactures breakfast food products including many leading brands of cereal. Alkin plans to start selling in country Z, which is a fast-growing market. Alkin plans to form a joint venture with a local business, based in country Z. 'Effective communication will be important to our success but I think there are many advantages in expanding this way' said Alkin's Managing Director. The Government of country Z is worried about the effect of multinational companies like Alkin on consumers.

(a) What is meant by a 'multinational company'?

Multinational company is the company which have joined foreign market. They sell same products ⁱⁿ ~~in~~ different countries. They also have industries which produce and sell products and shops in different countries. e.g. NIKE, Adidas.

(b) What is meant by a 'brand'?

Brand is the name, logo or image of a company which can represent the company. Brand is simpler and easier to be remembered e.g. NIKE (✓), ZARA.

[2]

(c) Identify and explain two reasons why effective communication might be important for Alkin.

Reason 1: ~~Def~~ To know different market conditions in different countries for better development.

Explanation: Based on different cultures in different countries.

Businesses should communicate with different people (managements) to know the conditions there. It is easier for company to keep fit in different market.

Reason 2: To exchange good ideas between different in the company.

Explanation: Communication is a good method to exchange ideas in the company and if the [4]

one of the shops meet some problems, we need to communicate with other managers or workers to discuss how to solve the problems and give ideas to each other to have a better development.

Example candidate response – middle, continued

- (d) Identify and explain two advantages to Alkin of using a joint venture to expand into country Z.

Advantage 1: Spread risks with large quantity of people and have more investment (money, capital)

Explanation: Joint venture will have two or more people join together to help the business growth and they can share risks to them. And each person has risk, so that helps them more focused on the business and improve the business.

Advantage 2: Know more information about the local market (situation)

Explanation: Forming a joint venture with a local business can make Alkin more fit in the Country Z and make products which are more match to the tastes of local people. Know more information of the particular food market in the Country Z to help make more profit and improve the company.

- (e) Do you think that the Government in country Z is right to be worried about the effect of multinational companies such as Alkin on consumers? Justify your answer.

Yes. Because Alkin is a foreign company, it will sell imports to Country Z. People will be curious about the foreign food from Alkin. And people may buy try and buy more of food from Alkin. That can make the less goods sold of the local business. And local business will be reduced sales revenue and less profit. That makes Country Z more profitable. Government of country Z will worry about the profits to our local businesses. Less profit to local businesses will make local businesses more worse condition of economy. Government will have less tax from them and may be higher unemployment to the society.

Examiner comment – middle

- (a) The candidate provided a correct definition of a multinational company as they recognised that this type of business produced products in different countries. Two marks were awarded. **2/2**
- (b) The candidate showed some understanding as they knew a brand was the name, logo or image of a company. The term was not clearly explained as there was no mention of how it is this name which helps the business stand out and be distinct from its competitors. The response was awarded one mark. **1/2**
- (c) The candidate correctly identified two reasons, namely the need to communicate with different people and to exchange ideas. For the first point there was some attempt to link this to the scenario. The attempt was not successful because the candidate did not make it clear that this business operated in different countries. There was no attempt at application in the second reason. To gain credit the candidate needed to show how exchanging ideas might help develop new types of food or change how it made the cereal. Two marks were awarded. **2/4**
- (d) The candidate correctly stated two advantages but neither point is successfully explained. For example, for advantage one it is not clear why or how spreading risks helps a business be more focused. In the second advantage the candidate needed to say how more information would help lead to more sales or better meet customer needs. This response did show application in both the first and fourth lines to link the answer to the scenario. Overall, a total of three marks were awarded: two for knowledge and one for application. **3/6**
- (e) The response was confused and the candidate seemed to be answering a different question to the one set. The candidate had the wrong focus as buy more food and increased sales revenue were benefits to the business, rather than identifying how consumers might be affected. The answer then discussed the implications of increased sales for other businesses and the Government of these businesses having less profit. As such none of the points identified could be rewarded. **0/6**

Total marks awarded: 8 out of 20

Example candidate response – low

- 2 Alkin is a multinational company. It manufactures breakfast food products including many leading brands of cereal. Alkin plans to start selling in country Z, which is a fast-growing market. Alkin plans to form a joint venture with a local business, based in country Z. 'Effective communication will be important to our success but I think there are many advantages in expanding this way' said Alkin's Managing Director. The Government of country Z is worried about the effect of multinational companies like Alkin on consumers.

(a) What is meant by a 'multinational company'?

Company who runs the business in ~~at~~ two or more
country / overseas

[2]

(b) What is meant by a 'brand'?

~~Brand~~ market name given for a certain
product

[2]

(c) Identify and explain **two** reasons why effective communication might be important for Alkin.

Reason 1: there ^{will be} ~~is~~ no miscommunication.

Explanation: It is important for Alkin because there will be no
misunderstanding between Alkin and country Z

Reason 2:

Explanation:

[4]

Example candidate response – low, continued

- (d) Identify and explain **two** advantages to Alkin of using a joint venture to expand into country Z.

Advantage 1: Right market target

Explanation: The local business in country Z will help Alkin to target the consumers.

With assumption the local business already know the consumers in country Z seek for.

Advantage 2: Balanced profit for both ~~parties~~ parties.

Explanation: Alkin and the local business has the same right on owning the business.

[6]

- (e) Do you think that the Government in country Z is right to be worried about the effect of multinational companies such as Alkin on consumers? Justify your answer.

NO. Because the company such Alkin will help the economic growth in country Z, ~~business~~ ~~own~~

[6]

Examiner comment – low

- (a) The candidate gave an imprecise definition. The candidate understood the business was in two or more countries but there was no mention of the type of operations found in each country. One mark was awarded for this response. **1/2**
- (b) Some understanding was shown as the candidate knew that a brand was the name given for a certain product. The term was not clearly explained so the response was awarded one mark. **1/2**
- (c) The candidate correctly identified one reason why effective communication might be important and then went on to apply their answer to the scenario. The candidate did not offer a second reason. Two marks were awarded. **2/4**
- (d) The candidate correctly identified one advantage: helping target the consumers. There was some attempt to apply their answer to Alkin's situation but there was no development to show how or why this would create an advantage to a business. To gain credit the candidate needed to clarify that already knowing the consumers might lead to better products being produced or more sales being made. The second disadvantage listed was too vague as it was not clear how or why balanced profit was a benefit. Two marks were awarded for this response. **2/6**
- (e) The candidate did not seem to understand what was required in this question. The question required candidates to focus on the effect on consumers. The example provided was not a valid response as economic growth was an issue for the country so this did not answer the question set. No marks were awarded for this response. **0/6**

Total marks awarded = 6 out of 20

Question 3

- 3** Mabel wants to set up her own hairdressing business. She will need to build good customer relationships. She has done some secondary market research to find out possible demand and what methods of promotion to use. She has decided to buy her inventory (stock) from a wholesaler. Mabel is now looking for the right location for her business. She thinks that location will be more important than price charged to the success of her business.

(a) Identify **two** ways that a business could build good customer relationships.

Way 1:

.....

Way 2:

..... [2]

(b) What is meant by 'secondary market research'?

.....

.....

.....

..... [2]

(c) Identify and explain **two** methods of promotion (other than promotional pricing) that Mabel might use.

Method 1:

Explanation:

.....

.....

Method 2:

Explanation:

.....

..... [4]

Question 3, continued

- (d) Identify and explain **two** possible disadvantages to Mabel of buying her inventory from a wholesaler.

Disadvantage 1:

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Explanation:

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Disadvantage 2:

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Explanation:

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..... [6]

- (e) Do you think that the right location is more important than the prices she charges to the success of Mabel's business? Justify your answer.

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..... [6]

Mark scheme

3 (a) Identify two ways that a business could ‘build good customer relationships’. [2]

Knowledge [2 × 1] award 1 mark per way

Points might include:

- Offer good / personal service e.g. be friendly with customers
- Find out what customers want / offer the right product
- Ask for feedback
- Extra services e.g. delivery, credit terms, after sales, longer opening hours
- Resolve complaints quickly / refunds
- Communicate with customers regularly e.g. newsletters or mailshots
- Reward customer loyalty e.g. loyalty cards, special offers, discounts, vouchers, BOGOF, events

Accept any reasonable answer

(b) What is meant by ‘secondary market research’? [2]

Clear Understanding [2] –

e.g. Information about the market / customer needs or competition [1]

that is already available / collected by other agencies [1]

Some Understanding [1] – e.g. Simple idea such as information already collected [1] / or

what market research is e.g. information about the market or finding out what

people want [1]

Do not accept examples

Desk research [0]

Mark scheme, continued

- (c) Identify and explain two methods of promotion (other than promotional pricing) that Mabel might use. [4]

Knowledge [2 × 1] – identification of suitable method [max 2]

Application [2 × 1] – award 1 mark for each relevant explanation in context of this business (e.g. show how or why it might be used)

Points might include:

- Free gifts / samples [k] give customers small bottles of shampoo to try [app]
- Demonstrations [k] let people watch whilst she shows possible styles on people's hair [app]
- Loyalty cards [k] e.g. customers get a free haircut if they visit a set number of times [app]
- Advertising (allow only once) [k] e.g. local paper / radio / television / leaflets to let potential customers know about her new business [app]
- Sponsorship / public relations [k]
- Competitions [k] customers will book appointments to have a chance of winning prizes [app]

Application marks may be awarded for appropriate use of the following: appointments, shampoo, haircuts, new business

- (d) Identify and explain two possible disadvantages to Mabel of buying her inventory from a wholesaler. [6]

Knowledge [2 × 1] – identification of relevant disadvantage

Application [2 × 1] – award 1 mark for each way if relevant reference made to this business

Analysis [2 × 1] – award 1 mark for each relevant explanation (i.e. why it is an disadvantage to a business)

Relevant points might include:

- May not stock all / latest products [k] so can't get all the hair products wanted [app] so wastes time looking elsewhere [an]
- More expensive [k] which could push up her costs [an]
- Take longer to receive stock [k] as many stages in distribution process [an] so large rival businesses might offer latest hair products first [app]
- Has to buy more than she wants / can't just buy one [k] could be more than she can afford [an] so less money to spend promotion / her new business [app]
- No direct contact with manufacturer [k] so cannot tell them what needed [an] so cannot build customer relations with her customers [app]

Do not accept high storage costs as not relevant to this business

Do not accept 'has to buy in bulk / large amounts' as the role of the wholesaler is to break bulk

Application marks may be awarded for appropriate use of the following: appointments, shampoo, haircuts, new business, (trying to build) customer relations

Mark scheme, continued

- (e) Do you think that the right location is more important than the prices she charges to the success of Mabel's' business? Justify your answer. [6]**

Knowledge [1] – award 1 mark for identification of relevant issue(s)

Positive or negative points allowed [max 1]

Application [1] – award 1 mark if relevant reference made to this business

Analysis [2] – award up to 2 marks for relevant development of point(s)

Evaluation [2] – justified decision made as to whether location or price is more important than the prices she charges to the success of Mabel's business.

Note: Must consider both price and location to access evaluation marks

Relevant points might include:

- Near target market [k] e.g. women / men would help ensure sales [an]
- If customer service is key feature [app] then price might not be important [k] as consumers might pay more for a better service [an]
- High price could discourage customers [k] who would go to competitors [an]
- Low prices could suggest low quality [k]
- Right location could affect the level of competition [k]
- Location / prices could influence image [k]
- Cost of rent might be too high [k] leading to increased costs / higher prices [an] so fewer customers can afford to go there to get haircut [app]

Application marks may be awarded for appropriate use of the following: good customer service, hairdressing, salon, new business, secondary market research

Example candidate response – high

- 3 Mabel wants to set up her own hairdressing business. She will need to build good customer relationships. She has done some secondary market research to find out possible demand and what methods of promotion to use. She has decided to buy her inventory (stock) from a wholesaler. Mabel is now looking for the right location for her business. She thinks that location will be more important than price charged to the success of her business.

- (a) Identify **two** ways that a business could build good customer relationships.

Way 1: Provide good after sales services such as fix ~~the~~ dissatisfaction of the hair style.

Way 2: Give some promotion such as ~~BOGOF~~ BOGOF customers get so ~~they~~ with a free hairdress once they have one. [2]

- (b) What is meant by 'secondary market research'?

It's the analysis of existing data ~~info~~ or information from It's usually called desk ~~rease~~ research.

[2]

- (c) Identify and explain **two** methods of promotion (other than promotional pricing) that Mabel might use.

Method 1: Give ~~give~~ ~~to~~ gifts.

Explanation: For example she can give a free bottle of dyer to the customer who comes the first time. So they want to come to mabel's shop.

Method 2: Buy one gets one free.

Explanation: For a period of time if ~~they~~ ^{customers} buy a product or do a hairdressing they get a free one. So customers would be attracted to Mabel's business. [4]

Example candidate response – high, continued

- d) Identify and explain **two** possible disadvantages to Mabel of buying her inventory from a wholesaler.

Disadvantage 1: Mabel cannot buy all range of products.

Explanation: The wholesaler decides what to buy from the producer. So Mabel cannot buy ~~any~~ ^{all kinds} of products that are available because the wholesaler doesn't have it.

Customers might not be happy when they cannot find certain products in Mabel's shop.

Disadvantage 2: Prices of goods will be higher.

Explanation: The wholesaler has to make a profit. So the price of goods will be higher than that of goods from manufacturers. So the cost of buying these products is higher. Less profit can be made by Mabel. [6]

- e) Do you think that the right location is more important than the prices she charges to the success of Mabel's business? Justify your answer.

Right location is important because it decides how many customers might visit Mabel's shop. So ^{number of} potential customers ~~is~~ ^{is} decided by the location. So sales therefore is determined by it. However, the right pricing strategy is important as well. If Mabel wants to have a good customer relationship, price is ^{important} ~~also~~. Also, price decides the competitiveness comparing to Mabel's competitors. Being able to gain market share is very ^{crucial} ~~crucial~~ to start up a business. So since Mabel is not setting up a manufacturing business, location ^{plays a} ~~plays a~~ less important role also in transportation and materials. [6]

~~Price~~ Right price might be more prior of Mabel's concern.

Examiner comment – high

- (a) The candidate correctly states two ways: after sales service and an appropriate example of a sales promotion. Two marks were awarded. **2/2**
- (b) The candidate gave an imprecise definition of secondary market research. Existing data was identified but there was no mention of the type of information it gives. One mark was awarded. **1/2**
- (c) The candidate correctly identified one method, gifts, and then went on to give an appropriate example in the context of a hairdressing business. The candidate identified one further method that was considered too vague to be credited, which was buy one get one free. This answer repeats the idea of free products for a period of time. To be credited as a separate method the candidate needed to show that this was a loyalty scheme. In total two marks were awarded for this response. **2/4**
- (d) The candidate correctly identified two disadvantages: cannot buy a range of products and higher prices. The candidate then went on to explain how each point might create problems for a business in the form of customers might not be happy and higher prices might lead to less profit. Neither of these points was applied to this business. Four marks were awarded for identification of two possible disadvantages and two explanations. **4/6**
- (e) Good understanding of relevant issues was shown in this response. A maximum of one mark was available for knowledge. The candidate used information given to help apply their answer to the situation. For example, wanting to have a good customer relationship as well as being aware that price can help decide the competitiveness of a business and this might be crucial to a new business. The candidate also identified that this was not a manufacturing business and used this information to help make a simple decision. Unfortunately, the point about the number of potential customers was not fully explained. A total mark of four was awarded for this response. **4/6**

Total marks awarded: 13 out of 20

Example candidate response – middle

- 3 Mabel wants to set up her own hairdressing business. She will need to build good customer relationships. She has done some secondary market research to find out possible demand and what methods of promotion to use. She has decided to buy her inventory (stock) from a wholesaler. Mabel is now looking for the right location for her business. She thinks that location will be more important than price charged to the success of her business.

- (a) Identify **two** ways that a business could build good customer relationships.

Way 1: *By ~~doing~~ having personal contact with their customers*

Way 2: *by listening to their feedback, complaints and improving on it.* [2]

- (b) What is meant by 'secondary market research'?

It is the research which has already been carried out in the past and is available for to use. It is not done first hand. [2]

- (c) Identify and explain **two** methods of promotion (other than promotional pricing) that Mabel might use.

Method 1: *Advertising*

Explanation: *Advertising in the local newspapers would be a great method of promotion as it creates will create awareness about the service being offered, will help in attracting new customers*

Method 2: *Discounts & gifts*

Explanation: *By giving discount on hairdressing, would be a great option. More and more customers people would want to get their hair dressed from Mabel, because she charges low prices.* [4]

Example candidate response – middle, continued

- (d) Identify and explain two possible disadvantages to Mabel of buying her inventory from a wholesaler.

Disadvantage 1: High transportation costs.

Explanation: The warehouse of the wholesaler is usually located on the outskirts of the city. Transporting the goods from the outskirts to inside the city is time consuming and very expensive. Whereas, buying from retailers is ^{easier} cheaper because they have their shops nearby.

Disadvantage 2:

Will need to buy in bulk.

Explanation: Wholesalers only sell in bulk, so the business will need to buy extra goods. This will result in inventory costs, warehouse and warehouse costs.

[6]

- (e) Do you think that the right location is more important than the prices she charges to the success of Mabel's business? Justify your answer.

No, I don't think that the location of the business is more important, than the price it charges for its products. No matter how good the location is, if the prices are very high, no one would want to purchase the product. They will prefer buying a substitute. For example: A business is situated in the center of the city, where there is a large crowd, its suppliers are situated nearby. The rent for land is low, but it charges very high prices. Good location will help the business in keeping the cost of production low, but what is the point when the goods aren't getting sold and the business does not make profit. This will force the business to shut down. In conclusion, I would like to say that location plays a crucial role in keeping the cost of production low and in having high number of customers. But, there is no point of all this if the goods aren't selling. Thus, price is more important.

[6]

Examiner comment - middle

- (a) The candidate correctly stated two ways: personal contact and listening to their complaints. Two marks were awarded. **2/2**
- (b) The candidate showed some understanding of the term as they recognised it was research which has already been carried out. The candidate then repeated the idea that the research was not done first hand rather than explain what type of information was gathered. One mark was awarded. **1/2**
- (c) The candidate correctly identified one method, advertising, but they provided a generic explanation which could apply to any business rather than the hairdressing business in question. A further example of discounts was offered but as this was seen as a type of promotional pricing it could not be credited. In total one mark was awarded for this response. **1/4**
- (d) The candidate correctly provided one disadvantage, cost, but the example offered as an explanation that it was therefore easier to buy from retailers was unclear and did not add to the knowledge shown. The second answer was incorrect as one of the roles of a wholesaler is to break bulk. A mark of one was therefore awarded. **1/6**
- (e) The candidate identified a range of issues, including the impact of high prices on the number of purchases and the cost of rent, and then went on to explain why both these factors needed to be considered. Analysis of the impact was shown through explanations of how high prices mean customers will prefer buying a substitute and how, if costs are too high and the business does not make profit, this will force the business to shut down. Based on this information a simple decision was made. There was no attempt to use the case study material to link their answer to the business in question. A mark of four was awarded. **4/6**

Total marks awarded: 9 out of 20

Example candidate response – low

- 3 Mabel wants to set up her own hairdressing business. She will need to build good customer relationships. She has done some secondary market research to find out possible demand and what methods of promotion to use. She has decided to buy her inventory (stock) from a wholesaler. Mabel is now looking for the right location for her business. She thinks that location will be more important than price charged to the success of her business.

- (a) Identify **two** ways that a business could build good customer relationships.

Way 1: By providing personalised or customised services to the consumers

Way 2: By personally conversing with the customers [2]

- (b) What is meant by 'secondary market research'?

Secondary market research refers to the obtaining of information through previously and already existing sources, such as the Internet or Government statistics. [2]

- (c) Identify and explain **two** methods of promotion (other than promotional pricing) that Mabel might use.

Method 1: DISCOUNT COUPONS

Explanation: Offering reductions in the price of the services at the salon will increase the number of people visiting

Method 2: VARIOUS OFFERS and SCHEMES

Explanation: By providing offers and schemes to the customers, the salon will attract new customers and increase the loyalty of the existing ones [4]

Example candidate response – low, continued

- (d) Identify and explain **two** possible disadvantages to Mabel of buying her inventory from a wholesaler.

Disadvantage 1: *Products may get wasted.*

Explanation: *When buying inventory from a wholesaler, goods need to be bought in bulk which might not necessarily be used. This will lead to wastage and rise in cost of Mabel's firm.*

Disadvantage 2: *Quality of goods is not assured.*

Explanation: *Buying goods from a wholesaler may lead to a compromise in the quality of goods/services provided to Mabel's customers.* [6]

- (e) Do you think that the right location is more important than the prices she charges to the success of Mabel's business? Justify your answer.

Yes, the right location choice is more essential. This is because the right location of Mabel's business will decide the number of customers and people her business is attracting. The sales revenue will be dependant on the location of Mabel's business, not only the price she charges. Also, the location of her business will justify the price charged for the services. She cannot charge and earn as much revenue as she she would in the middle of a city than in the outskirts and countryside. [6]

Examiner comment – low

- (a) The candidate correctly identified two ways: customised service and conversing with the customers. The response was awarded two marks. **2/2**
- (b) The candidate showed some understanding of secondary market research, as they knew that it was information from already existing sources. The candidate then went on to provide examples of the sources used rather than explain the type of information gathered. One mark was awarded. **1/2**
- (c) The two methods identified were not accepted as both were examples of promotional pricing which the question did not allow, therefore no marks were awarded. **0/4**
- (d) Limited understanding of this part of the question was shown in this response. The candidate was required to identify and explain possible disadvantages to a business of using a wholesaler. The two answers given, products may get wasted and quality is not assured, were too vague. The candidate did not explain how or why products might get wasted. Although the second point might be seen as a disadvantage the candidate did not clearly say why this was a particular problem of using a wholesaler rather than a general issue for any channel of distribution. This response gained no marks. **0/6**
- (e) The candidate identified one issue, the number of customers, and then went on to explain how the location chosen would have an impact on the price charged and therefore the amount of revenue a business could gain. A simple decision based on this was made. The candidate made no attempt at application. In total three marks were given to this response. **3/6**

Total marks awarded: 6 out of 20

Question 4

- 4** A2Z is a small but successful airline company in country B, providing flights for business people. The management of A2Z wants the business to expand. It will have to buy more aeroplanes and recruit more airline pilots. The Human Resources manager has produced a job description for the pilots. She is now ready to advertise for the new pilots. She believes the best way for A2Z to motivate its pilots is to use financial rewards.

- (a)** Identify **two** possible reasons why A2Z might want to expand.

Reason 1:

.....

Reason 2:

..... [2]

- (b)** Identify **two** factors that A2Z should consider when choosing a source of finance to buy more aeroplanes.

Factor 1:

.....

Factor 2:

..... [2]

- (c)** Identify and explain **two** advantages to A2Z of producing a job description.

Advantage 1:

.....

Explanation:

.....

Advantage 2:

.....

Explanation:

..... [4]

Question 4, continued

(d) Identify and explain **two** suitable ways A2Z could use to advertise the new jobs.

Way 1:

.....

Explanation:

.....

.....

.....

Way 2:

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Explanation:

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..... [6]

(e) Do you think that using financial rewards is the best way for A2Z to motivate its pilots? Justify your answer.

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..... [6]

Mark scheme

4 (a) Identify two possible reasons why A2Z might want to expand. [2]

Knowledge / Application [2 × 1] – award 1 mark for each relevant reason

Points could include:

- Increase sales OR revenue OR market share or dominate market or target new markets
- Increase profit
- Spread risk / attract more investment
- Improve reputation / status / brand image
- Gain economies of scale

(b) Identify two factors that A2Z needs to consider when choosing a source of finance to buy more planes. [2]

Application [2 × 1] – award 1 mark for each relevant factor

Points could include:

- Amount needed
- Current level of debt / gearing
- Amount of retained profits / cash
- Time (how long need finance for)
- interest rates
- Whether can offer security for loans
- Ability to repay / able to afford

Do not accept purpose as this is stated in the question

Mark scheme, continued

(c) Identify and explain two advantages to A2Z of producing a job description. [4]

Knowledge [2 × 1] – award 1 mark for each advantage [max 2]

Application [2 × 1] – award 1 mark for each relevant explanation in context of this business

Relevant points might include:

- Provides a clear idea of what job involves [k] so they can select the best pilots [app]
- Saves time / money / makes selection easier [k] as won't get applications from people who cannot fly planes [app]
- As a basis for drawing up a contract [k] so sure that all duties will be carried out on-board [app]
- Helps decide basis for pay [k]
- Help create person specification [k]
- Helps create appropriate job advert [k]
- Helps resolve disputes [k] between managers and pilots [app]

Do not accept advantages to employees. Candidates must not refer to person specification

Application marks may be awarded for appropriate use of the following: flights, on-board, planes or aircraft, airline, pilots

(d) Identify and explain two suitable ways that A2Z could use to advertise the new jobs. [6]

Knowledge [2 × 1] – award 1 mark for identification of each relevant way [max 2]

Application [2 × 1] – award 1 mark for each way if relevant reference made to this business

Analysis [2 × 1] – award 1 mark for each relevant explanation

Relevant points might include:

- Specialist magazines [k] as looking for qualified people [app] so likely to read magazines targeted at them [an]
- Internet **job** sites / **own** website [k] as most people use internet to look for jobs these days [an]
- National TV / newspaper / radio advertisements [k] as might not be many pilots locally [app] so can attract suitable people [an]
- Job centre / Recruitment agencies [k] can help produce a shortlist of possible candidates [an]
- **Specialist training** / flight schools [k] where people have learnt to fly [app]

Application marks may be awarded for appropriate use of the following: fly, pilots, airlines, highly qualified / highly skilled, passengers

Do not accept answers such internet, website, schools or posters on own as too vague

Mark scheme, continued

- (e) Do you think that using financial rewards is the best way for A2Z to motivate its pilots? Justify your answer. [6]

Knowledge [1] – award 1 mark for identification of relevant issue(s). Positive or negative points allowed or alternative methods (points can be for business or employee) [max 1]

Application [1] – award 1 mark if relevant reference made to this business

Analysis [2] – award up to 2 marks for relevant development of point(s)

Evaluation [2] – justified decision made as to whether financial rewards are the best way for **A2Z** to motivate its pilots. Candidate's final decision can be either for or against the statement.

Note: evaluation must be from the **viewpoint of the business** not the employee

Relevant points might include:

- High wages help retain workers [k]
- Can the business afford to pay high wages [k]
- High skilled jobs [k] so will expect high levels of financial rewards [an] otherwise they will look for a job at rival airline [app]
- Money does not motivate everyone / already highly paid [k]
- Training might be offered [k] as high risk job [app] so safety might be more important
- profit sharing [k] as small airline [app] so might work as pilots may feel they have a direct impact on performance [an]
- Opportunities for promotion [k] could have limited value [an] as it is a small airline [app]
- Job security [k]
- Travel discounts for pilot and/ or family [k] so able to obtain cheap tickets [app]

Application marks may be awarded for appropriate use of the following: small, expansion, successful, references to risk involved in flying, tickets, **highly** qualified / **highly** skilled, **highly** paid, irregular work hours, passengers

Do not accept pilots as application as it is stated in the question

Example candidate response – high

- 4 A2Z is a small but successful airline company in country B, providing flights for business people. The management of A2Z wants the business to expand. It will have to buy more aeroplanes and recruit more airline pilots. The Human Resources manager has produced a job description for the pilots. She is now ready to advertise for the new pilots. She believes the best way for A2Z to motivate its pilots is to use financial rewards.

(a) Identify **two** possible reasons why A2Z might want to expand.

Reason 1: A2Z wants to ~~take~~ occupy more market share so it makes more profit.

Reason 2: A2Z wants to benefit from economies of scales. So cost reduces and profit increases. [2]

(b) Identify **two** factors that A2Z should consider when choosing a source of finance to buy more aeroplanes.

Factor 1: How long a period of time A2Z wants the finance to be? Because profits might not be made soon.

Factor 2: Does the finance have to be repaid or is there interest to be paid? [2]

(c) Identify and explain **two** advantages to A2Z of producing a job description.

Advantage 1: The job description helps find job applicants with interest in that job.

Explanation: The job description shows the responsibility of the job. So people with interests in it will apply.

Advantage 2: ~~Such as driving a plane~~ It helps the company to place the job applicants in right vacancy.

Explanation: The job ~~applicant~~ ^{description} shows clearly the tasks needed to be done. So new pilots can be introduced to the company more easily. [4]

Example candidate response – high, continued

- (d) Identify and explain two suitable ways A2Z could use to advertise the new jobs.

Way 1: Advertise it in specialist magazines.

Explanation: Pilot is a job which needs specialist skills. A specialist magazine helps reach people with that specific skill. And magazines are usually colorful so attractive to job applicants.

Way 2: Advertise it in national newspaper.

Explanation: A national newspaper is issued to the whole country. ~~Pilot~~ Pilots are not common vocation. So reaching a lot of people is important. Also, newspaper is published frequently, usually daily. So many people can see it. [6]

- (e) Do you think that using financial rewards is the best way for A2Z to motivate its pilots? Justify your answer.

Financial rewards are good ways to motivate pilots. Based on Taylor's motivation theory, ^{workers} people are motivated by ~~personal~~ ^{personal} gaining. If the pilot is well paid, he can afford things he wants and improve living standards, so he will be motivated to work hard. However, according to Maslow's theory, people need more to be motivated. For example, the pilot might want to ~~feel~~ ^{feel} a ~~sense~~ ^{sense} of esteem, that is being respected by ^{passengers} other pilots or ~~passag~~, so that he would work hard. And ~~some time~~ ^{sometimes}, a pilot will work hard only if he knows his job is secure. Financial rewards is a good way but it's not always the best way. [6]

Examiner comment – high

- (a) The candidate correctly identified two reasons: increased profit and economies of scale. Two marks were awarded. **2/2**
- (b) The candidate correctly identified two factors: period of time and is interest to be paid. Two marks were awarded. **2/2**
- (c) The candidate correctly identified one advantage: shows the responsibility of the job. The reference to driving a plane means the answer is applied to the airline company. The second advantage was too vague to be credited. It was not clear how the job description helps the company place the job applicants. The explanation simply repeats the idea that it clearly shows the tasks needed to be done which has already been credited in advantage one. In total this response was awarded two marks. **2/4**
- (d) The candidate correctly stated two ways, specialist magazines and national newspaper. Both points were then developed to show why each was a suitable way to advertise the new jobs. The first way is applied to the case study as the candidate recognised that pilots need specialist skills so a specialist magazine would help reach these people with that specific skill. For the second way, the candidate developed their answer by explaining that newspapers were published frequently which means it would be able to reach a lot of people. The response stated that a pilot is not a common vocation but this was considered too vague to be credited as a separate application point as it appeared to be repeating the idea of specialist skills. In total, five marks were awarded; two for knowledge, two for analysis and one for application. **5/6**
- (e) This response shows good knowledge as the candidate identified features from two different motivation theories, Taylor and Maslow. The explanations focused on how financial rewards could act as a motivator as personal gain could be a way to afford the things a pilot might want which could improve living standards. The response also offers an example of how having a sense of esteem could be achieved in the context of this business. There was a weak attempt at evaluation but there was no clear evidence to support the statement. The candidate needed to show how using Maslow's approach the business would benefit rather than the employees. A mark of four was awarded to this response. **4/6**

Total marks awarded: 15 out of 20

Example candidate response – middle

- 4 A2Z is a small but successful airline company in country B, providing flights for business people. The management of A2Z wants the business to expand. It will have to buy more aeroplanes and recruit more airline pilots. The Human Resources manager has produced a job description for the pilots. She is now ready to advertise for the new pilots. She believes the best way for A2Z to motivate its pilots is to use financial rewards.

(a) Identify **two** possible reasons why A2Z might want to expand.

Reason 1: More profit will be made. A2Z is a small company, so expanding company can increase the profits.

Reason 2: Expanding the airline company can increase market share in the airline market. [2]

(b) Identify **two** factors that A2Z should consider when choosing a source of finance to buy more aeroplanes.

Factor 1: Whether the company has more capital to buy planes to expand the company, but not cause a financial problem.

Factor 2: Whether the finance of the business meet some problems and whether the business will have a bank loan to buy the planes and to repay loan and make more profits. [2]

(c) Identify and explain **two** advantages to A2Z of producing a job description.

Advantage 1: To have more fitful pilots and recruit right people.

Explanation: Outline the responsibilities and duties will make the company meet more fitful pilots and recruit right people.

Advantage 2: To make a clearer information for people which want to enter the company.

Explanation: Outlines the responsibilities and duties of the particular job will make clearer to people what kind of people they want and what should they do. Information is more accurate to the public. [4]

Example candidate response – middle, continued

(d) Identify and explain two suitable ways A2Z could use to advertise the new jobs.

Way 1: Advertising on the related Internet.....

Explanation: Internet is a good to spread notices and information. It is free and do not have pay much money. And Internet can spread much wider, so that most of people can see it.

Way 2: ~~Also~~ Advertising on TV e.g. some recruiting programmes.....

Explanation: There are lots of programmes for different companies to introduce new jobs on the TV. More people will see and ~~you~~ they may give you telephone number and more accurate information. Some people can ask questions directly.

(e) Do you think that using financial rewards is the best way for A2Z to motivate its pilots? Justify your answer.

No. Although the financial rewards ~~are~~ ^{is} is very practical and people ~~can~~ ^{may} be happier to get financial rewards. Because since they can get more money other than normal salaries. It is more important for pilots to get more time (holidays) to take rests. Because flying is a very tiring job. And every second you have to be concentrated on the job. So it ~~is~~ ^{very} makes you feel tired and bored and of course you are under a high pressure. So relax is ^{more important} ~~is~~ ~~is~~ ~~is~~ for pilots. And also company should give them health check and safety insurance regularly. [6]
To make sure they are healthy

Examiner comment – middle

- (a) The candidate correctly identified two reasons: increased profit and increased market share. Two marks were awarded. **2/2**
- (b) The candidate correctly identified one factor, whether the company has free capital. The second answer was too vague as it was not clear why having a loan might be an issue. One mark was awarded. **1/2**
- (c) The candidate correctly identified one advantage, that it outlines the responsibilities and duties of the job. There was some basic application in the last line. The second advantage repeats the same point which will only be credited once. Two marks were awarded. **2/4**
- (d) The candidate correctly identified one way, advertising on television, and then went on to explain that it could be a suitable method because more people would see it. There was no attempt at application in this response. The candidate offered another way, Internet, but the answer was too vague. Although this may be considered a method, the candidate did not clearly state where on the internet the advertisement would occur. To gain credit the candidate needed to say it was a job website, the company's own website or one targeted at pilots. In total, two marks were awarded. **2/6**
- (e) After an unclear start the response contained a relevant method of motivation, that of more holidays, and some attempt to link this method to the scenario. The attempt at analysis was not successful as it was not made clear why 'relax is more important for pilots'. An attempt was made at evaluation but there was no evidence to support the initial statement. In total two marks were given; one mark was awarded for knowledge and one for application. **2/6**

Total marks awarded: 9 out of 20

Example candidate response – low

- 4 A2Z is a small but successful airline company in country B, providing flights for business people. The management of A2Z wants the business to expand. It will have to buy more aeroplanes and recruit more airline pilots. The Human Resources manager has produced a job description for the pilots. She is now ready to advertise for the new pilots. She believes the best way for A2Z to motivate its pilots is to use financial rewards.

(a) Identify **two** possible reasons why A2Z might want to expand.

Reason 1: to provide flights to new countries

Reason 2: to recruit if they expand to other countries [2]

(b) Identify **two** factors that A2Z should consider when choosing a source of finance to buy more aeroplanes.

Factor 1: the profit made from the customers buying the tickets. ~~to fly~~

Factor 2: the company's profit after a limited period of time. [2]

(c) Identify and explain **two** advantages to A2Z of producing a job description.

Advantage 1: job description will allow recruits to read and know what they are getting into.

Explanation: it will allow the recruits to know ~~to what~~ what they have to do on the job and find out their source of income.

Advantage 2: easier to understand

Explanation: it will be easier to know ~~to what~~ what to do on the job [4]

Example candidate response – low, continued

- (d) Identify and explain two suitable ways A2Z could use to advertise the new jobs.

Way 1: Advertising ~~on~~ in newspapers & on internet

Explanation: In the newspapers there will be ads of pilot ~~new~~ recruitments and also can be advertised on the web like in the blogs and other websites.

Way 2:

Explanation:

[6]

- (e) Do you think that using financial rewards is the best way for A2Z to motivate its pilots? Justify your answer.

it depends because most people need money to make a living to help themselves settle down for the future and for now and they also need a steady income. But for other people, they would want job satisfaction and also ~~would~~ need the ~~new~~ income for the job. so yes it is effective to use ~~for~~ financial rewards for ~~recruiting~~ motivating its pilot's.

[6]

Examiner comment – low

- (a) The candidate correctly identified providing flights to new countries as one reason. The other response did not answer the question so could not be credited. One mark was awarded. **1/2**
- (b) The candidate seemed to be answering a different question to the one set. The candidate identified possible sources of finance rather than the factors to consider when choosing a source of finance. Therefore it gained no marks. **0/2**
- (c) In this answer the candidate was required to state two advantages to a business of producing a job description. The candidate offered some advantages but neither is a valid response. The candidate discussed how the new employee might use the job description but did not explain how the business would use the document, which was the question set. The other advantage stated was too vague as it was not clear how or what was easier to understand. No marks were awarded for this response. **0/4**
- (d) The candidate correctly identified one way but there was no attempt to explain why advertising in newspapers might be a suitable method. There was a basic attempt to link the answer to the context. The candidate identified a further way that was considered too vague to be credited, namely the internet. In total, two marks were awarded. **2/6**
- (e) The candidate struggled to develop the answer. Knowledge was shown as the candidate recognised that people need money to make a living and people want job satisfaction. Unfortunately there was no application or analysis shown. A mark of one was awarded to this response. **1/6**

Total marks awarded: 4 out of 20

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