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Cambridge Assessment
International Education

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CANDIDATE NAME

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8215389579

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer and Data Response **February/March 2025**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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1 Amir and Carla are business partners. They own a luxury hotel which operates in a niche market. The business has a short hierarchical structure. Amir and Carla use Herzberg's theory of motivation to keep their 5 employees well motivated. Amir and Carla are considering opening another hotel in a different city. They will need to identify a suitable source of finance if they decide to expand. Secondary market research can be used to help a business decide whether it should expand.

(a) Identify **two** motivators from Herzberg's theory of motivation.

Motivator 1: .....

.....

Motivator 2: .....

..... [2]

(b) Identify **two** features of a short hierarchical structure.

Feature 1: .....

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Feature 2: .....

..... [2]

(c) Outline **two** advantages to Amir and Carla of operating in a niche market.

Advantage 1: .....

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Advantage 2: .....

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(d) Explain **two** sources of finance Amir and Carla could use if they decide to expand.

Source 1: .....

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Explanation: .....

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Source 2: .....

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Explanation: .....

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(e) Do you think secondary market research is the most appropriate type of market research for a business to use when deciding whether it should expand? Justify your answer.

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2 Rachel's business produces and sells chocolate bars. Quality is important. Rachel is a sole trader who received government support when she started up her business. The business operates in a competitive market. Rachel is considering ways to increase sales of her best-selling product. She is also planning to introduce a new chocolate bar. Rachel knows deciding which pricing method to use for a new product is important.

(a) Define 'sole trader'.

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..... [2]

(b) Identify **two** ways a government can support business start-ups.

Way 1: .....

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Way 2: .....

..... [2]

(c) Outline **two** ways Rachel could increase sales of her best-selling product.

Way 1: .....

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Way 2: .....

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(d) Explain **two** reasons why quality is important to Rachel's business.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(e) Do you think price skimming is the best pricing method for a business to use when introducing a new product? Justify your answer.

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3 TJK manufactures candles. Contributing to sustainable development is important to TJK. The business uses batch production in its factory in country X. The target market for TJK's products is females between 20 and 50 years of age. The Managing Director is reviewing TJK's financial data. An extract is shown in Table 3.1. He is also considering the benefits to a business of becoming a multinational company.

Table 3.1

Extract from TJK's financial data for 2024 $000	
Working capital	900
Profit	400
Revenue	1000

(a) Define 'working capital'.

.....

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..... [2]

(b) Calculate TJK's profit margin. Show your working.

Working: .....

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Final answer: ..... [2]

(c) Identify **four** benefits to a business of becoming a multinational company.

Benefit 1: .....

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Benefit 2: .....

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Benefit 3: .....

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Benefit 4: .....

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(d) Explain **two** ways TJK could contribute to sustainable development.

Way 1: .....

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Explanation: .....

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Way 2: .....

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Explanation: .....

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..... [6]

(e) Do you think batch production is the best method of production for a business to use? Justify your answer.

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4 SEP operates in the tertiary sector. As a social enterprise, SEP has many objectives. It collects old books from libraries and schools and sells them to customers at a low price. SEP provides training for its 10 part-time employees. SEP's manager wants to know how the introduction of a legal minimum wage might affect a business.

(a) Identify **two** services provided by businesses in the tertiary sector.

Service 1: .....

.....

Service 2: .....

..... [2]

(b) Identify **two** objectives a social enterprise might have.

Objective 1: .....

.....

Objective 2: .....

..... [2]

(c) Outline **two** benefits to SEP of having part-time employees.

Benefit 1: .....

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Benefit 2: .....

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(d) Explain **two** reasons why training is important to SEP.

Reason 1: .....

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Explanation: .....

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Reason 2: .....

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Explanation: .....

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(e) Do you think the introduction of a legal minimum wage will always have a negative effect on a business? Justify your answer.

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