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CAMBRIDGE
International Education

Cambridge IGCSE™

BUSINESS STUDIES **0450/13**

Paper 1 Short Answer/Data Response **October/November 2025**

MARK SCHEME

Maximum Mark: 80

Published

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

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

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

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

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Generic Marking Principles

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

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

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

GENERIC MARKING PRINCIPLE 2:

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

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

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

GENERIC MARKING PRINCIPLE 4:

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

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations guidance for centres

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

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

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

Annotations

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

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

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Question	Answer	Marks	Guidance
1(a)	**Identify <u>two</u> reasons why a business might import raw materials.** Award 1 mark per reason (max 2). Points might include: • Not available/limited supply in own country • Lower cost • Better quality • Wider range of materials Other appropriate responses should be credited.	**2**	Only award the first two responses given.
1(b)	**Calculate KPX's expenses in 2024. Show your working.** Award 2 marks for a correct answer. Award 1 mark for correct method but incorrect answer. Correct answer [2] i.e. $300 million Correct method but incorrect answer e.g. • Gross profit – profit [1] • $390m – $90m [1] If correct answer given with no working shown, award 2 marks.	**2**	Award only 1 mark if $300 million is written as part of the answer but is not given as the final answer. For 2 marks answer must be in millions. $ sign not required. Max 1 for 300 on own.

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Question	Answer	Marks	Guidance
1(c)	**Outline <u>two</u> ways KPX's Finance Director could use the financial data in Table 1.1.** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Show whether made a profit [k] which is $90m [app] • Calculate profit margin [k] for the factory [app] • Calculate gross profit margin [k] when importing raw materials [app] • <u>Help make decisions about whether</u> to continue/stop production [k] of computers [app] • To track performance against objectives/time [k] • To compare performance against other businesses [k] • Support a loan application [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Computers • Factory • <u>Imports</u> raw materials / 60% of raw materials • Lean production • $750m (revenue) • $360m (cost of sales) • $390m (gross profit) • $90m (profit) • 52% (gross profit margin) • 12% (profit margin) • $300 m (expenses) *OFR applies* Other appropriate examples can be credited. Award 'Use ratio analysis' where no specific examples given.

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Question	Answer	Marks	Guidance
1(d)	**Explain <u>two</u> methods of lean production KPX could use.** Award 1 mark for identification of each relevant method (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Just-in-time (inventory control) / JIT [k] when importing raw materials [app] reducing amount of space / inventory held / lower storage costs [an] • Kaizen [k] to help eliminate mistakes/errors [an] when making computers [app] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Computers • Factory • <u>Imports</u> raw materials / 60% of raw materials • $750m (revenue) • $360m (cost of sales) • $390m (gross profit) • $90m (profit) • 52% (gross profit margin) • 12% (profit margin) • $300 m (expenses) *OFR applies* Other appropriate examples can be credited. Analysis can focus on explaining how the method works or an advantage of using the method. Some points can used as [an] of different methods, but only award once e.g. lower cost, fewer mistakes.

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Question	Answer	Marks	Guidance
1(e)	**Explain <u>two</u> reasons why profit is important for a business. Which reason is likely to be the most important? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision about which reason is likely to be the most important. Points might include: • Provides a source of funds [k] as no interest to pay [an] • Reward for risk-taking [k] as owners invest their money in hope of making a return on investment / motivate them to continue [an] • Represents a return on shareholder/owner's investment/enterprise [k] as otherwise they could invest elsewhere [an] • Help attract investors/finance [k] which could help the business to expand [an] • Measure of success [k] as low profit could suggest the business is not worth continuing/starting up [an] • Need for <u>long-term</u> survival [k] Other appropriate responses should be credited. Justification might include: It can provide a source of funds [k] for which there is no interest to pay [an]. It is also a reward for risk-taking [k] as owners invest their money in the hope of making a return on their investment [an]. Providing a source of funds is most important because if successful, this could provide the owners with more profit in the future [eval] which may even lead to greater returns for owners [eval].	**6**	This is a general question so there are no marks for application. To access evaluation must discuss two reasons. For evaluation to be awarded justification will usually follow on from relevant analysis of points. Some [an] can be used for more than one reason but only award once.

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Question	Answer	Marks	Guidance
2(a)	**Define 'entrepreneur'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • An individual who takes the financial risk of starting (and managing) a new business [2] • A person who takes the risk for a new business venture [2] Partial definition e.g. • A person who starts/sets up a business [1]	**2**	For 1st mark need idea of start a business. Take a risk is [+1] only.
2(b)	**Identify <u>two</u> reasons why a governments support start-up businesses.** Award 1 mark per reason (max 2). Points might include: • Create jobs / reduce unemployment • Increase competition • Increase output / improve gross domestic product / increase GDP • Generate taxation/taxes • Motivate/encourage entrepreneurs • (Business) can grow (into larger businesses in the future) • Reduce imports / increase exports • Provide a wider variety of goods/services Other appropriate responses should be credited.	**2**	Only award the first two responses given. Do not award: • Examples of government support.

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Question	Answer	Marks	Guidance
2(c)	**Outline <u>two</u> opportunities for Max's business of using ecommerce.** Award 1 mark for each relevant opportunity (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • Lower rent / no/few shops needed [k] so may not need as much government support [app] • Widen market / more potential customers / orders can be taken 24/7 [k] for the books [app] • Website can be used to promote the business [k] which is helpful for this new business [app] • Easy/quick <u>to update</u> [k] for this entrepreneur [app] • Can provide detailed information [k] alongside the market research [app] • Fewer employees needed [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Entrepreneur • Books • New/start-up business • Government support • Market research • Build customer loyalty Other appropriate examples can be credited. Benefits must be to the business not to customers.

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Question	Answer	Marks	Guidance
2(d)	**Explain <u>two</u> ways Max could use market research to help make business decisions**. Award 1 mark for identification of each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Identify consumer needs / identify target market [k] as it's a new business [app] to ensure sales [an] • Identify competition [k] which may influence his marketing/pricing [an] for his books [app] • Identify market size/trends/demand [k] to know what products to stock [an] which may help build customer loyalty [app] • How to promote its products [k] to raise awareness [an] as plans to use ecommerce [app] • What/amount of inventory to buy [k] to keep variable costs low [an] • Set prices/decide what prices to set [k] to ensure business can breakeven / cover costs [an] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Entrepreneur • Books • New/start-up business • Government support • Ecommerce • Build customer loyalty Other appropriate examples can be credited. Some points can be [k] or [an] but only award once. Do not award: • Methods of market research

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Question	Answer	Marks	Guidance
2(e)	**Explain <u>two</u> ways a business could use to build customer loyalty. Which is likely to be the best way for a new business to use? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision about which is the best way for a new business to build customer loyalty. Points might include: • Offer good customer service / train employees [k] which can make customers feel valued / builds trust [an] • Loyalty (reward) scheme / special offers/discounts <u>to regular</u> customers / <u>membership</u> discounts [k] so they have an incentive to return [an] but it takes time/cost to set up/operate [an] • Build customer relationships / communicate with customer or examples e.g. use newsletters to communicate [k] so customers remember your business [an] • Ask for feedback / carry out market research [k] so the items being sold match customer needs [an] • Respond to complaints quickly [k] so that customers are less likely to go to other businesses [an] • Offer <u>extra</u> services or examples such as after sales service / delivery / credit facilities [k] which show that the business cares [an]	**6**	This is a general question so there are no marks for application. To access evaluation must discuss two ways. For evaluation to be awarded justification will usually follow on from relevant analysis of points. Some answers could be awarded as either [k] or [an] but do not award the same point twice.

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Question	Answer	Marks	Guidance
2(e)	Other appropriate responses should be credited. Justification might include: One way is to offer good customer service [k] which can make customers feel valued [an]. Another way is to respond to complaints quickly [k] so that customers are less likely to go to other businesses [an]. Offering good customer service is the best way for a new business because this is likely to reduce the number of mistakes which can help reduces the likelihood of complaints [eval] and improve its reputation which could help the new business compete [eval].		

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Question	Answer	Marks	Guidance
3(a)	**Identify <u>two</u> ways business activity can affect the environment.** Award 1 mark per way (max 2). Points might include: • Pollution (or examples) • Use up green space / deforestation / loss of habitat • Deplete natural resources / overmining • (Traffic) congestion Other appropriate responses should be credited.	**2**	Only award the first two responses given.
3(b)	**Identify <u>two</u> reasons why a business should respond to environmental pressures.** Award 1 mark per reason (max 2). Points might include: • Enhance/protect brand image / reputation • Attract/maintain sales • Reduce risk of customer boycott • Differentiate from competitors • To avoid pressure group action • Help recruit employees • Help retain employees • Help attract investors • Reduce risk of legal action/fines / ensure meets legal standards Other appropriate responses should be credited.	**2**	Only award the first two responses given.

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Question	Answer	Marks	Guidance
3(c)	**Outline <u>two</u> ways economic growth might affect STB.** Award 1 mark for each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Points might include: • High demand/sales [k] for houses [app] • More difficult to recruit/find suitable employees [k] for job production [app] • High(er) business profits likely [k] for this public limited company [app] • Can increase output [k] above 13 500 (houses) [app] • Increase in/high level of business confidence for STB [k] • STB may consider more investment [k] • Employees may ask for higher wages [k] • Increased rent costs / less choice of location [k] Other appropriate responses should be credited.	**4**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • (Builds) houses / construction industry • 13 500 (houses) • 5000 employees / builders • Public limited company (PLC) • Job production Other appropriate examples can be credited.

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Question	Answer	Marks	Guidance
3(d)	**Explain <u>two</u> benefits to STB of using job production.** Award 1 mark for identification of each relevant benefit (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • Motivate employees [k] helping lower absenteeism / increase retention [an] among its 5000 employees [app] • Could set high(er) price [k] for each house [app] which may help increase added value/increase profit margin [an] • Meet exact customer requirements/needs [k] can help brand loyalty / increase competitive advantage [an] for this public limited company [app] • Unique/one-off product / specialised products / USP [k] • High-quality goods/service [k] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Public limited company (PLC) • (Builds) houses / construction industry • 13 500 (houses) • 5000 employees / builders • (Economic) growth Other appropriate examples can be credited. Some analysis can be awarded for different benefits but only award once. Some points could be [k] or [an] but only award once.

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Question	Answer	Marks	Guidance
3(e)	**Do you think employees are the most important stakeholder group for a manufacturing business? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for justified decision about whether employees are the most important stakeholder group for a manufacturing business. Points might include: • Make/produce the products [k] otherwise there is nothing to sell/cannot meet demand [an] • Responsible for quality [k] which could improve/damage its reputation [an] • Without sufficient employees the business may not be able to meet demand [k] Other stakeholder groups include: • Shareholders/owners [k] who provide finance / invest money / capital for the business [an] • Customers [k] as they buy the products [an] generating revenue [an] • Suppliers [k] who provide materials/inventory [an] • Local community [k] who provide the workers for the business [an] • Government [k] as it provides the legal framework in which the business operates [an] • Bank [k] who provide finance/loans [an] Other appropriate responses should be credited.	**6**	This is a general question so there are no marks for application. Candidates can focus solely on employees and still access evaluation. For evaluation to be awarded justification will usually follow on from relevant analysis of points. Some points can be relevant to more than one stakeholder group [an] but only award once.

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Question	Answer	Marks	Guidance
3(e)	Justification might include: Employees are important as they make the products [k] otherwise there is nothing to sell [an]. Another stakeholder group is customers [k] as they buy the products [an]. Customers are the most important stakeholder because without them, the manufacturing business cannot generate revenue, which is necessary to pay the costs including wages [eval] whereas the business could use machinery instead of some employees. [eval]		

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Question	Answer	Marks	Guidance
4(a)	**Define 'tertiary sector'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Industry/industries which provide services to consumers/customers and/or other sectors of the economy [2] • Businesses that supply a service to consumers and/or other businesses [2] Partial definition e.g. • Provide services [1]	**2**	Who the services are sold to is +1 only. Do not award: • Examples of businesses such as delivery business, accountant, shops as these does not explain the term. • Names of shops/retailers.
4(b)	**Define 'job description'.** Award 2 marks for a full definition. Award 1 mark for a partial definition. • Outlines the responsibilities and duties to be carried out by someone to do a (specific) job [2] • A list of the key points about a job, job title, key duties, responsibilities and accountabilities [2] • A description of the tasks, roles, and responsibilities of a particular position [2] Partial definition e.g. • States what the job involves [1]	**2**	1 mark for what includes e.g. examples of elements. 1 mark for link to job/position. Explain plus e.g. of content can get 2 marks. Examples can be 1 OR +1. Max 1 if there is any reference to skills/qualifications.

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Question	Answer	Marks	Guidance
4(c)	**Identify <u>four</u> financial rewards a business could use.** Award 1 mark per financial reward (max 4). Points might include: • Time-rate • Piece-rate • Salary • Bonus • Commission • Profit sharing • Fringe benefits or examples e.g. discounts on business goods • Share ownership Other appropriate responses should be credited.	**4**	Only award the first four responses given.

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Question	Answer	Marks	Guidance
4(d)	**Explain <u>two</u> ways ZPR could use to advertise its job vacancies externally.** Award 1 mark for identification of each relevant way (max 2). Award 1 mark for each relevant reference to this business (max 2). Award 1 mark for each relevant explanation (max 2). Points might include: • National newspapers [k] especially as it is difficult to recruit employees [app] so could attract people from a wider area/whole country [an] • Recruitment agencies [k] as need 2 chefs [app] and the agency will do all the work for the business (saving time) [an] • Specialist magazines [k] such as one aimed at restaurants [app] as potential employees are more likely to see it [an] • <u>Company</u> website [k] of this tertiary sector business [app] as there is likely to be no fee/free [an] • Online recruitment sites [k] which can reach a large number of people [an] • (Government run) job centres [k] • Visiting universities/colleges [k] • Local newspapers [k] Other appropriate responses should be credited.	**6**	To use words from the stem as application, the reference must be appropriate (i.e. make sense) in relation to the point being made. The following words are likely to be appropriate for this question: • Tertiary sector • Restaurant • 20 (employees) • Job description • (2) chefs/cooks • Difficult to recruit employees • Financial rewards Other appropriate examples can be credited. Analysis can focus on explaining the way or an advantage of using the way. Some analysis can be used for different points but only award once.

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Question	Answer	Marks	Guidance
4(e)	**Explain two factors a business should consider when deciding who to recruit. Which factor is likely to be most important for a tertiary sector business? Justify your answer.** Award up to 2 marks for identification of relevant points. Award up to 2 marks for relevant development of points. Award up to 2 marks for a justified decision as to which factor is likely to be the most important for a tertiary sector business to consider when deciding who to recruit. Points might include: • Experience/skills [k] as this shows the person is able to do the job [an] AND/OR may expect higher wages [an] • Education/qualifications [k] as person is likely to make less mistakes / provide better service [an] • Personality/attitude/whether trustable [k] as may want someone willing to learn [an] • Punctuality/disciplinary record [k] as if they are late, it could cause delays [an] Other appropriate responses should be credited. Justification might include: One factor is skills [k] as this shows that the person is able to do the job [an]. Another factor is personality [k] as someone with the right personality may be more willing to learn [an]. Skills are the most important as fewer mistakes can lead to a better reputation [eval] which is especially important for a tertiary sector business, whereas simply being willing to learn does not mean they can do the job [eval].	**6**	This is a general question so there are no marks for application. Some analysis could work for more than one factor, but only award once. To access evaluation must discuss two factors. For evaluation to be awarded justification will usually follow on from relevant analysis of points.

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