Past-paper walk-through

Business and the international economy ▪ 6.3

eXercise

Questions in this set

- 0450/12 N25 Q1 ▪ 20 marks
- 0450/13 N25 Q1 ▪ 20 marks
- 0450/22 J25 Q1 ▪ 20 marks
- 0450/11 N24 Q4 ▪ 20 marks
- 0450/22 N24 Q3 ▪ 20 marks
- 0450/22 N24 Q4 ▪ 20 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 1

0450/12 N25 ▪ Q1 ▪ 20 marks

1 BEI is a multinational company. It manufactures aeroplanes. Quality assurance is important. BEI has 5000 employees. BEI's directors have announced plans to reduce the size of its workforce (downsize). The Human Resources Director is considering which employees to make redundant. Information about employee A can be found in Table 1.1.

Table 1.1

Information about employee A
• Worked at BEI for 1 year • Worked at another manufacturing business for 12 years • Able to use most of the machines at BEI • Often late for work • Popular with other employees • Left school with 2 IGCSEs

Question 1

(a) Define 'quality assurance'.

Question 1

(b) Identify **two** reasons why a business might reduce the size of its workforce.

Question 1

Question 1

Question 1

Question 1

(c) Outline, with reference to BEI, the difference between redundancy and dismissal.

Question 1

(d) Explain **one** advantage and **one** disadvantage of BEI making employee A redundant.

Question 1

Question 1

(e) Explain **two** possible benefits to a country of a multinational company locating there. Which benefit is likely to be the most important? Justify your answer.

Question 1

Solution 1

(a) Mark scheme

- Define ‘quality assurance’.
- Award 2 marks for a full definition. Award 1 mark for a partial definition.
- ▪
- Checking for quality (standards) throughout production process /
- checking quality at every stage [2]
- ▪
- A method of improving quality by trying to prevent mistakes happening in
- the production process [2]

Solution 1

- Partial definition e.g.
- ▪
- Checking work done / checking quality multiple times [1]
- ▪
- Try to prevent mistakes [1]
- 2 To gain both marks, the answer must show
- the idea of:
- ▪
- Check quality / product
- ▪

Solution 1

- throughout/at every stage of the
- production process.

Solution 1

(b) Mark scheme

- Identify two reasons why a business might reduce the size of its
- workforce.
- Award one mark per reason (max 2).
- Points might include:
- ▪
- Fall/decrease in demand/sales/revenue / recession
- ▪
- Introduction of automation/machinery/technology / becoming capital

Solution 1

- intensive
- ▪
- Financial problems / (need) to reduce costs
- ▪
- Closure of factory/shop/office
- ▪
- Merger/takeover
- ▪
- Relocation / move its operations (to another part of country/world)
- Other appropriate responses should be credited.

Solution 1

- 2 Only award the first two responses given.
- 0450/12
- October/November 2025
- Guidance

Solution 1

(c) Mark scheme

- Outline, with reference to BEI, the difference between redundancy and
- dismissal.
- Award 1 mark for showing understanding of redundancy (max 1).
- Award 1 mark for showing understanding of dismissal (max 1).
- Award 1 mark for each relevant reference to this business (max 2).
- Points might include:
- Redundancy:
- ▪

Solution 1

- The job is no longer needed/exists [k] as business is downsizing [app]
-
- The worker has done nothing wrong [k] when making aeroplanes [app]
-
- Being asked to leave because the skills/experience of the employee are
- no longer needed [k]
- Dismissal:
-
- Employee is incompetent/cannot do the job / not meeting targets [k] at
- the multinational company [app]

Solution 1

- ▪
- Being asked to leave because of poor behaviour/conduct of
- employees [k] which may affect quality assurance [app]
- ▪
- Termination of employment by the employer / when employee is
- told/made to leave job against will of employee [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

Solution 1

- made.
- The following words are likely to be
- appropriate for this question:
- ▪
- Multinational company / MNC
- ▪
- Aeroplanes
- ▪
- Quality assurance
- ▪

Solution 1

- Downsize/reduce size of its workforce
- ▪
- 5000 (employees)
- ▪
- Employee A is often late to work
- ▪
- Employee A worked for 1 year at BEI
- Other appropriate examples can be
- credited.
- Candidates must make it clear in the

Solution 1

- answer which term the point relates to.
- Max 1 [k] for points about redundancy and
- max 1 [k] for points about dismissal.
- Do not award:
- ▪
- Sacked / fired / laid off on own
- 0450/12
- October/November 2025
- Guidance

Solution 1

(d) Mark scheme

- Explain one advantage and one disadvantage of BEI making employee A
- redundant.
- Award 1 mark for identification of each relevant advantage/disadvantage (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:
- Advantages:

Solution 1

- ▪
- May have to pay out less in compensation/redundancy payment [k] as
- only been there for 1 year [app] which could help lower cash outflows /
- use funds for other areas of the business [an]
- ▪
- Could improve productivity/efficiency [k] because they are often late for
- work [app] so orders are met on time [an]
- Disadvantages:
- ▪
- May lose a lot of experience [k] as worked at another business for 12

Solution 1

- years [app] which could lead to more mistakes / less output [an]
- ▪
- May lose skills [k] as employee A can use most of the machinery [app]
- which may lead to production delays [an]
- ▪
- May lower motivation of other employees [k] as employee A is popular
- with them [app] which could increase labour turnover [an]
- ▪
- May have to train someone else [k] which can increase costs [an]
- ▪

Solution 1

- Lower output [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:
- ▪
- Multinational company / MNC

Solution 1

- ▪
- Aeroplanes
- ▪
- Quality assurance
- ▪
- Downsize (its workforce)
- ▪
- 1 year (at BEI)
- ▪
- 12 years (at other businesses)

Solution 1

- ▪
- Popular (with other employees)
- ▪
- Often late
- ▪
- Able to use (most of) the machinery
- ▪
- 2 IGCSEs
- ▪
- 5000 (employees)

Solution 1

- Other appropriate examples can be
- credited.
- Some points could be awarded as [k] or

an but only award once.

- Some [an] could be used for different
- points but only award once.
- The following are [an] only:
- ▪
- Increase costs on its own.
- ▪

Solution 1

- Labour turnover/absenteeism.
- 0450/12
- October/November 2025
- Guidance

Solution 1

(e) Mark scheme

- Explain two possible benefits to a country of a multinational company
- locating there. Which benefit 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 as to which benefit is likely to be
- the most important to a country.
- Points might include:

Solution 1

- ▪
- Increase jobs/employment opportunities [k] increasing people's income

an AND/OR reducing unemployment [an] AND/OR improve standard of

- living/reduce poverty [an]
- ▪
- Generate taxes [k] which may be used to improve public services [an]
- ▪
- More competition [k] which could increase choice/quality of products /
- may lead to lower prices [an]
- ▪

Solution 1

- Increase reputation/recognition of country [k] which could encourage
- other businesses to set up/invest in the country [an]
- ▪
- Knowledge sharing / increase skills / gain technical knowhow [k] which
- could help improve production methods / increase efficiency/output [an]
- ▪
- Improve infrastructure/new investment [k]
- Other appropriate responses should be credited.
- Justification might include:
- One benefit to the country is increased competition [k] which could increase

Solution 1

- the choice of products available [an]. It could also increase the number of jobs
- k reducing unemployment. [an]
- The extra jobs are likely to be the most important because this could improve
- the standard of living for many families [eval] who may then be able to afford
- to buy the wider choice of goods [eval].
- 6 This is a general question so there are no
- marks for application.
- To access evaluation marks, candidates
- must identify two valid benefits.
- For evaluation to be awarded justification

Solution 1

- will usually follow on from relevant analysis
- of points.
- Some points could be awarded as [k] or

an but only award once.

- Some [an] can be used for different points
- but only award once.
- 0450/12
- October/November 2025
- Guidance

Question 1

0450/13 N25 ▪ Q1 ▪ 20 marks

1 KPX manufactures computers. The business imports 60% of its raw materials. The Operations Director is considering ways to use lean production methods in KPX's factory. The Finance Director is reviewing KPX's financial data to calculate the value of its expenses. An extract is shown in Table 1.1.

Table 1.1

Extract from KPX's financial data for 2024 ($ million)	
Revenue	750
Cost of sales	360
Gross profit	390
Profit	90

(a) Identify **two** reasons why a business might import raw materials.

Question 1

Question 1

Question 1

Question 1

Question 1

(b) Calculate KPX's expenses in 2024. Show your working.

Question 1

Question 1

(c) Outline **two** ways KPX's Finance Director could use the financial data in Table 1.1.

Question 1

Question 1

(d) Explain **two** methods of lean production KPX could use.

Question 1

Question 1

Question 1

(e) Explain **two** reasons why profit is important for a business. Which reason is likely to be the most important? Justify your answer.

Solution 1

(a) Mark scheme

- Identify two 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

Solution 1

- ▪
- Better quality
- ▪
- Wider range of materials
- Other appropriate responses should be credited.
- 2 Only award the first two responses given.

Solution 1

(b) Mark scheme

- 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]
- ▪

Solution 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.
- 0450/13
- October/November 2025

Solution 1

- Guidance

Solution 1

(c) Mark scheme

- Outline two 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]

Solution 1

- ▪
- Calculate profit margin [k] for the factory [app]
- ▪
- Calculate gross profit margin [k] when importing raw
- materials [app]
- ▪
- Help make decisions about whether to continue/stop
- production [k] of computers [app]
- ▪
- To track performance against objectives/time [k]

Solution 1

- ▪
- 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:

Solution 1

- ▪
- Computers
- ▪
- Factory
- ▪
- Imports raw materials / 60% of raw materials
- ▪
- Lean production
- ▪
- $750m (revenue)

Solution 1

- ▪
- \$360m (cost of sales)
- ▪
- \$390m (gross profit)
- ▪
- \$90m (profit)
- ▪
- 52% (gross profit margin)
- ▪
- 12% (profit margin)

Solution 1

- ▪
- $300 m (expenses) OFR applies
- Other appropriate examples can be credited.
- Award ‘Use ratio analysis’ where no specific examples
- given.
- 0450/13
- October/November 2025
- Guidance

Solution 1

(d) Mark scheme

- Explain two 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:
- ▪

Solution 1

- 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.

Solution 1

- The following words are likely to be appropriate for this
- question:
- ▪
- Computers
- ▪
- Factory
- ▪
- Imports raw materials / 60% of raw materials
- ▪
- $750m (revenue)

Solution 1

- ▪
- \$360m (cost of sales)
- ▪
- \$390m (gross profit)
- ▪
- \$90m (profit)
- ▪
- 52% (gross profit margin)
- ▪
- 12% (profit margin)

Solution 1

- ▪
- $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.
- 0450/13
- October/November 2025
- Guidance

Solution 1

(e) Mark scheme

- Explain two 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:

Solution 1

- ▪
- 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]

Solution 1

- ▪
- 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 long-term survival [k]
- Other appropriate responses should be credited.
- Justification might include:

Solution 1

- 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.

Solution 1

- 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.
- 0450/13
- October/November 2025
- Guidance

Question 1

0450/22 J25 ▪ Q1 ▪ 20 marks

1 **(a)** Explain **one** way each of the following problems might affect TSE when entering a new market in another country.

Question 1

Question 1

Question 1

Question 1

Question 1

Question 1

[8]

(b) Consider the following **two** benefits for TSE of having a well-motivated workforce. Which benefit is likely to be the most important to TSE? Justify your answer.

- Reduced absenteeism
- Lower labour turnover

Question 1

Question 1

[12]

Solution 1

(a) Mark scheme

- Explain one way each of the following problems may affect TSE when
- entering a new market in another country.
- ▪
- Cultural differences
- ▪
- Lack of knowledge
- Award 1 mark for each way (max 2).
- Award a maximum of 3 additional marks for each explanation of the way the

Solution 1

- problem may affect TSE when entering a new market in another country –
- one of which must be applied to this context.
- Relevant ways might include:
- Cultural differences:
- ▪
- There may be different preferences for types of sports played in a market
- in another country – as TSE may need to adapt its sports equipment to
- the ones required for this market – may increase development costs
- ▪
- Possibly need to adapt packaging/marketing/advertising in order to cope

Solution 1

- with differences in culture – may increase marketing costs
- ▪
- May not be able to compete with existing suppliers of sports equipment
- that already recognise cultural differences and how this impacts customer
- choice – customers may be brand loyal to locally produced products
- ▪
- May not produce different products for a new market, so may reduce
- opportunities for economies of scale – possibly increasing unit costs
- Lack of knowledge (of the market):
- ▪

Solution 1

- TSE may not be aware of the shopping habits of customers – may need
- to use different distribution channels to those it is familiar with – may be
- difficult to become established with retailers in a new market in another
- country
- ▪
- TSE may lack knowledge of competitors – not aware of competitors'
- brands of sports products and pricing – may find it difficult to enter a new
- market if competitors are well established
- For example: TSE may lack knowledge of competitors in a new market in
- another country (1) and may not be aware of competitors' brands of sports

Solution 1

- products (app) and the pricing strategies they use (1) so TSE may find it
- difficult to enter a new market if competitors are well established (1).
- Application could include: sports equipment; plastic raw materials; two
- companies that may be taken over; want to increase market share;
- multinational company; sports; badminton/football/tennis.
- 8
- 0450/22
- May/June 2025

Solution 1

(b) Mark scheme

- Consider the following two benefits for TSE of having a well-motivated
- workforce. Which benefit is likely to be the most important to TSE?
- Justify your answer.
- ▪
- Reduced absenteeism
- ▪
- Low labour turnover
- Level

Solution 1

- Description
- 3
- Sound application of knowledge and understanding
- of relevant business concepts using appropriate
- terminology.
- Detailed discussion of both benefits.
- Well-justified conclusion.
- Candidates discussing both benefits in detail, in
- context and with a well-justified conclusion,
- including why the alternative benefit was rejected,

Solution 1

- should be rewarded with the top marks in the band.
- 9–12
- 2
- Sound application of knowledge and understanding
- of relevant business concepts using appropriate
- terminology.
- Detailed discussion of at least one benefit.
- Judgement with some justification / some
- evaluation of choice made.
- Candidates discussing at least one benefit in detail

Solution 1

- and applying it to the case should be rewarded with
- the top marks in the band.
- 5–8
- 1
- Limited application of knowledge and
- understanding of relevant business concepts.
- Limited ability to discuss the benefits with little/no
- explanation.
- Simple judgement with limited justification / limited
- evaluation of choice made.

Solution 1

- Candidates outlining both benefits in context should
- be rewarded with the top marks in the band.
- 1–4
- 0
- No creditable response.
- 0
- 12
- 0450/22
- May/June 2025
- Relevant points might include:

Solution 1

- Reduced
- absenteeism
- ▪
- Production not delayed/disrupted – no delay in
- producing planned output – meets customer orders
- and satisfies demand for sports equipment
- ▪
- No need to move skilled employees around to
- complete tasks for absent employees – more
- productive – leading to higher output and possibly

Solution 1

- increased sales if all the output is sold
- ▪
- If fewer absences occur, then may have lower
- production costs per unit – if absent the employees
- may still be paid but not producing any output
- Lower labour
- turnover
- ▪
- Lower recruitment costs – as fewer skilled
- employees leave and need to be replaced – less

Solution 1

- need for advertisements and interviews – saving
- time and money for HR department
- ▪
- Fewer new employees so less induction training
- required – reducing training costs and expenses for
- TSE
- ▪
- May be easier to promote employees internally –
- as there will be many experienced employees that
- are employed by the business – they will have

Solution 1

- more experience of TSE's flow production line,
- and the chances of promotion will further increase
- motivation
- Conclusion
- Justification might include:
- ▪
- Reduced absenteeism is the most important
- benefit as when skilled employees are absent
- then other workers will need to move across and
- do their job, or the production will stop and output

Solution 1

- will be reduced. Lower labour turnover is less
- important as employing new workers can bring new
- ideas to TSE which can help to make the business
- more successful in the future.
- ▪
- Lower labour turnover is the most important benefit
- as TSE will not keep losing employees and will not
- need to spend time and money on recruiting and
- training new employees to operate the automated
- production line. This is likely to reduce costs for

Solution 1

- TSE.
- 0450/22
- May/June 2025

Question 4

0450/11 N24 ▪ Q4 ▪ 20 marks

4 FSW is a multinational company with operations in 6 countries. It manufactures steel for use in the construction industry. Quality assurance is used to ensure quality production. FSW has many stakeholder groups who are interested in its activities. The Managing Director knows FSW's business creates external costs. She is aware that pressure groups try to influence business decisions.

(a) Define 'external costs'.

Question 4

(b) Identify **one** objective each of the following stakeholder groups might have:

Question 4

(c) Identify **four** ways a pressure group might try to influence business decisions.

Question 4

Question 4

Question 4

(d) Explain **one** possible benefit and **one** possible drawback to a country of having FSW (a multinational company) operating there.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

(e) Do you think quality assurance is the best way for a business to achieve quality production? Justify your answer.

Question 4

Solution 4

(a) Mark scheme

- Define ‘external costs’.
- Award 2 marks for a full definition. Award 1 mark for a partial
- definition.
- Costs paid for by (the rest of) society, other than the
- business, as a result of business activity [2]
- OR
- Costs paid for by (the rest of) society as a result of business
- actions [2]

Solution 4

- OR
- Costs/disadvantages that fall on third parties that is not
- directly involved in the production process [2]
- OR
- Negative effect on a third party/society due to business
- actions [2]
- Partial definition e.g. costs that society/third party must pay

1

- OR Costs incurred by people who do not take part in the
- production process [1]

Solution 4

- 2 Do not award examples.
- 0450/11
- October/November 2024
- Notes

Solution 4

(b) Mark scheme

- Identify one objective each of the following stakeholder
- groups might have:
- Award 1 mark per objective (max 2).
- Points might include:
- Employees:
- ▪
- Increased pay/wages/fair wages/regular pay
- ▪

Solution 4

- Better/safe working conditions
- ▪
- Access to training
- ▪
- Job security
- ▪
- Have contract of employment
- ▪
- Work provides motivation / opportunities for promotion /
- improved status / job satisfaction

Solution 4

- Customers:
- ▪
- Safe/reliable products
- ▪
- Value for money/reasonable prices
- ▪
- Well-designed/good quality products
- ▪
- Reliable/good service
- Other appropriate responses should be credited.

Solution 4

- 2 Only award first response given for each stakeholder group.
- 0450/11
- October/November 2024
- Notes

Solution 4

(c) Mark scheme

- Identify four ways a pressure group might try to
- influence business decisions.
- Award 1 mark per way (max 4).
- Points might include:
- ▪
- (Organise) customer boycotts
- ▪
- Raise awareness or examples such as cause negative

Solution 4

- publicity / publish information / write to newspaper
- ▪
- Lobby/send letters to government
- ▪
- Demonstrations/protests
- ▪
- Arrange petitions
- ▪
- Legal action
- Other appropriate responses should be credited.

Solution 4

- 4 Only award the first four responses given.
- 0450/11
- October/November 2024
- Notes

Solution 4

(d) Mark scheme

- Explain one possible benefit and one possible drawback
- to a country of having FSW (a multinational company)
- operating there.
- Award 1 mark for identification of each relevant
- benefit/drawback (max 2).
- Award 1 mark for each relevant reference to this business
- (max 2).
- Award 1 mark for each relevant explanation (max 2).

Solution 4

- Points might include:
- Benefits:
- ▪
- Creates jobs/provides income [k] for those making the
- steel [app] improving living standards [an]
- ▪
- Orders for local suppliers [k] from its 6 factories [app]
- increasing local incomes/GDP [an]
- ▪
- Technical knowhow increased [k] which could help

Solution 4

- improve production methods/efficiency/output [an] such
- as new ways to maintain quality [app]
- ▪
- Companies pay taxes [k] increasing government income
- / government able to provide more services to society

an

- ▪
- Improve international reputation of country [k] which can
- attract other businesses to a country [an]
- ▪

Solution 4

- Increased investment/infrastructure development in a
- country [k]
- ▪
- Introduces new products to the country [k]
- Drawbacks:
- ▪
- Competition for local businesses [k] leading to lower
- demand/prices [an] for construction businesses [app]
- 6 To use words from the stem as application, the reference
- must be appropriate (i.e. make sense) in relation to the point

Solution 4

- being made.
- The following words are likely to be appropriate for this
- question:
- ▪
- Steel or related words e.g. iron
- ▪
- Construction industry
- ▪
- Manufacturer
- ▪

Solution 4

- Quality assurance/quality production
- ▪
- (6) countries
- ▪
- 500/3000 workers
- ▪
- Stakeholder groups
- ▪
- External costs
- ▪

Solution 4

- Pressure groups
- Other appropriate examples can be credited.
- 0450/11
- October/November 2024
- Notes
- ▪
- Uses limited resources [k] which may upset pressure
- groups [app] as there is less available for other local
- businesses [an]
- ▪

Solution 4

- Profits are often repatriated [k] limiting the country's
- growth [an]
- ▪
- Jobs created may be unskilled [k]
- ▪
- Creates pollution [k]when producing steel [app]
- Other appropriate responses should be credited.
- 0450/11
- October/November 2024
- Notes

Solution 4

(e) Mark scheme

- Do you think quality assurance is the best way for a
- business to achieve quality production? 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 whether
- quality assurance is the best way for a business to achieve
- quality production.

Solution 4

- Points might include:
- Quality assurance:
- ▪
- Errors are spotted earlier in process [k], so less
- money/time spent on rework [an]
- ▪
- Increased motivation of employees [k] leading to higher
- output [an]
- ▪
- Need to train all workers [k] which increases training

Solution 4

- costs [an]
- ▪
- Time taken to train all workers [k] who may ask for
- higher wages [an]
- ▪
- Slows down production/time consuming [k] therefore
- productivity will fall [an]
- ▪
- Not all workers might be interested/able to spot
- problems [k]

Solution 4

- Quality control [k]
- ▪
- Does not stop production while checking [an] so some
- output is made [an]
- ▪
- Not all workers need to be trained [an] which can help
- reduce fixed costs [an]
- ▪
- Need to recruit quality inspectors [an] increasing labour
- cost [an]

Solution 4

- ▪
- Does not find out how/where fault occurred [an]
- ▪
- Products will need to be scrapped/reworked [an]
- 6 This is a general question so there are no marks for
- application.
- Some points can be presented as an advantage or a
- disadvantage of different methods but do not award the
- same point twice.
- Quality assurance: Accept – reduces wastage as either [k]

Solution 4

- or [an] but only once.
- 0450/11
- October/November 2024
- Notes
- ▪
- Does not encourage all workers to be responsible for
- quality [an]
- ▪
- Does not improve quality as only reduces chance of
- selling poor quality products [an]

Solution 4

- ▪
- Not possible to check all products [an] damaging
- reputation [an]
- Other appropriate responses should be credited.
- Justification might include:
- Quality assurance allows for errors to be spotted earlier in
- the process [k], so less time is spent on rework [an]. An
- advantage of quality control [k] is not everyone needs to be
- trained to check quality [an]. Quality assurance is the best
- way because the extra training provided is also likely to

Solution 4

- motivate employees leading to fewer mistakes anyway, and
- this should hopefully cover the additional cost of training.

eval [eval].

Question 3

0450/22 N24 ▪ Q3 ▪ 20 marks

3 **(a)** Explain **one** way each of the following stakeholder groups might be affected by a business becoming a multinational company.

Question 3

Question 3

Question 3

Question 3

(b) Using Appendix 2 and other information, consider the **two** countries BB could choose to locate its first new factory. Which country should BB choose? Justify your answer.

Question 3

Solution 3

(a) Mark scheme

- Explain one way each of the following stakeholder groups might be
- affected by a business becoming a multinational company.
- Award 1 mark for how each stakeholder group will be affected (max 2 marks
- for each stakeholder group).
- Award a maximum of 1 additional mark for each explanation of how the
- stakeholder group will be affected.
- There are no application marks available for this question.
- Effects on shareholders might include:

Solution 3

- ▪
- Value of assets of company increases – as increased profit can be
- reinvested
- ▪
- Increased dividends – profit increases from avoiding barriers to trade
- ▪
- Lower dividends – if need to fund expansion into other countries
- ▪
- Increased share price/value of shares increases – as becomes a more
- well-known business due to market share increasing

Solution 3

- ▪
- Easier to sell shares – as the company is known globally with higher
- revenue/profit/better image
- Effects on employees might include:
- ▪
- May lose jobs – as business moves to produce in a country with lower
- labour/production costs
- ▪
- May gain promotion – from business expanding into different markets
- / business can access a larger target market and additional jobs may be

Solution 3

- required
- ▪
- May have a more secure job – as business remains competitive if
- competitor companies are also expanding abroad
- ▪
- Higher wages paid – as business is more successful and can afford to
- increase wage rates
- Effects on suppliers:
- ▪
- May have increased sales – as output of multinational increases

Solution 3

- ▪
- May lose sales – as multinational may purchase from cheaper suppliers in
- other countries
- Effects on government:
- ▪
- Higher tax revenue if higher profit repatriated
- ▪
- May lose tax revenue if multinational locates head office in another
- country
- For example: Employees may lose their jobs (1) as the business becomes a

Solution 3

- multinational company and moves its production to another country to lower
- labour/production costs (1).
- 8
- 0450/22
- October/November
- 2024

Solution 3

(b) Mark scheme

- Using Appendix 2 and other information, consider the two countries BB
- could choose to locate its first new factory. Which country should BB
- choose? Justify your answer.
- Level
- Description
- 3
- Sound application of knowledge and understanding
- of relevant business concepts using appropriate

Solution 3

- terminology.
- Detailed discussion of both countries.
- Well-justified recommendation.
- Candidates discussing both countries in detail, in
- context and with a well-justified recommendation,
- including why the alternative country is rejected,
- should be rewarded with the top marks in the band.
- 9–12
- 2
- Sound application of knowledge and understanding

Solution 3

- of relevant business concepts using appropriate
- terminology.
- Detailed discussion of at least one country.
- Judgement with some justification/some evaluation of
- choices made.
- Candidates discussing at least one country in detail
- and applying it to the case should be rewarded with
- the top marks in the band.
- 5–8
- 1

Solution 3

- Limited application of knowledge and understanding
- of relevant business concepts.
- Limited ability to discuss the countries with little/no
- explanation.
- Simple judgement with limited justification/limited
- evaluation of choices made.
- Candidates outlining both countries in context should
- be rewarded with the top marks in the band.
- 1–4
- 0

Solution 3

- No creditable response.
- 0
- 12
- 0450/22
- October/November
- 2024
- Relevant points might include:
- Benefits
- Drawbacks
- Country A

Solution 3

- ▪
- Gross profit per bike
- is $225 more than
- Country B
- ▪
- Highest selling price
- per bike at $1000 –
- possibly highest
- revenue if demand
- remains high

Solution 3

- 70% of raw
- materials are
- available in
- country A which
- may make it easier
- and quicker to
- receive supplies –
- less need to import
- ▪
- Only 30% of the

Solution 3

- raw materials need
- to be imported – so
- depreciation in
- exchange rate may
- have smaller effect
- on costs
- ▪
- Gross profit margin
- is 35% which is
- higher than country

Solution 3

- B at 31.25%
- ▪
- Has many
- competitors so
- demand may be
- lower – may have
- to reduce selling
- price to attract
- customers –
- possibly reducing

Solution 3

- revenue
- ▪
- May have to spend
- more on marketing
- to enter the new
- market abroad –
- increasing costs –
- possibly reducing
- profit
- ▪

Solution 3

- Higher wage costs
- to produce each
- bicycle at three
- times the cost of
- Country B – leading
- to higher wage
- costs overall
- ▪
- Harder to recruit
- new workers as

Solution 3

- unemployment is
- low – may have to
- offer more fringe
- benefits to attract
- employees from
- their many
- competitors
- ▪
- 30% of raw
- materials need to

Solution 3

- be imported – if
- depreciation in the
- exchange rate of
- country A then may
- make the cost of
- these raw materials
- more expensive
- 0450/22
- October/November
- 2024

Solution 3

- Benefits
- Drawbacks
- Country B
- Half the raw
- material cost per
- bicycle at $175 in
- country A – makes
- it easier to charge
- the lowest price of

Solution 3

- $400 per bicycle
- ▪
- High
- unemployment
- makes it easier to
- recruit new
- employees – more
- likely to remain with
- BB as few
- alternative

Solution 3

- employment
- opportunities in
- country B –
- lowering
- recruitment
- costs/training costs
- in the future
- ▪
- Lowest wage costs
- at $100 per

Solution 3

- bicycle – reducing
- total labour costs
- ▪
- Low price at $400
- per bicycle may
- attract many
- customers –
- possibly increasing
- revenue
- ▪

Solution 3

- Only 40% of raw
- materials are
- available in
- country B so a
- large proportion of
- other raw materials
- may need to be
- imported/transporte
- d a long way –
- increasing delivery

Solution 3

- costs and delivery
- time
- ▪
- Lower difference
- between price of
- $400 and costs of
- $275 =$ 125,
- whereas it is $350
- in country A
- ▪

Solution 3

- Few competitors
- may indicate that
- demand for
- bicycles in country
- B is low – BB needs
- to spend on market
- research to be sure
- there is a market in
- country B –
- investment could be

Solution 3

- wasted if there is
- not sufficient
- demand to make
- the expansion
- successful
- Recommendation Justification might include:
- ▪
- BB should choose country A as it can charge
- the highest price of $1000 per bicycle which
- may lead to higher revenue and with a higher

Solution 3

- difference of $350 per bicycle between price
- and variable costs it gives the highest gross
- profit per bicycle sold. Whereas country B has
- to have 60% of raw materials imported and if
- there is a depreciation in the exchange rate
- then this could be very expensive in the
- future.
- ▪
- BB should choose country B as it has the
- lowest wage cost per bicycle, and it will be

Solution 3

- easy to recruit new employees as there is high
- unemployment there.
- 0450/22
- October/November
- 2024

Question 4

0450/22 N24 ▪ Q4 ▪ 20 marks

4 **(a)** Explain **two** reasons why BB might want to sell its products in new markets in other countries.

Question 4

Question 4

Question 4

Question 4

Question 4

Question 4

(b) Using Appendix 3 and other information, consider BB's financial performance compared to its main competitor. Do you think BB's financial performance is better than its competitor? Justify your answer using appropriate calculations.

Question 4

Solution 4

(a) Mark scheme

- Explain two reasons why BB might want to sell its products in new
- markets in other countries.
- Award 1 mark for each reason (max 2).
- Award a maximum of 3 additional marks for each explanation of the reason why
- BB might want to enter new markets in other countries – one of which must be
- applied to this context.
- Relevant reasons might include:
- ▪

Solution 4

- Much greater growth potential than existing market – populations may be
- increasing and incomes rising – enabling more people to afford BB's
- products
- ▪
- Home market has slow growth – so future growth in sales is limited – new
- markets provide opportunities for growth not available in the existing
- market
- ▪
- May encourage more production to be located in other countries as well
- as sales – provides more information on these markets to lead to better

Solution 4

- understanding of these customers
- ▪
- New developments in marketing may make it easier to reach consumers
- in foreign markets
- ▪
- To increase sales of BB's products – increases revenue and possibly
- profit if distribution costs are not too high
- ▪
- Spreads risk – less dependent on one market for its sales
- For example: There may be much greater growth potential than existing

Solution 4

- market (1) because population and incomes may be rising (1) which enables
- more people to afford BB's bikes (app) so sales and revenue will increase (1).
- Application could include: new factory; bikes; flow production; wants to
- become a multinational company; bike manufacturer; exports 30%; target
- market of adults and young children; bike components e.g. gears; 100
- production workers; paid $10 per hour; sells through specialist bicycle shops;
- sales have not grown for 3 years.
- 8
- 0450/22
- October/November

Solution 4

- 2024

Solution 4

(b) Mark scheme

- Using Appendix 3 and other information, consider BB's financial
- performance compared to its main competitor. Do you think BB's
- financial performance is better than its competitor? Justify your answer
- using appropriate calculations.
- Level
- Description
- 3
- Sound application of knowledge and understanding

Solution 4

- of relevant business concepts using appropriate
- terminology.
- Detailed discussion whether BB or its competitor has
- the better financial performance.
- Well-justified conclusion.
- Candidates discussing in detail whether or not BB
- has a better financial performance than its competitor,
- in context and with a well-justified conclusion should
- be rewarded with the top marks in the band.
- 9–12

Solution 4

- 2
- Sound application of knowledge and understanding
- of relevant business concepts using appropriate
- terminology.
- Detailed discussion of whether BB or its competitor
- has a good financial performance.
- Judgement with some justification/some evaluation of
- choice made.
- Candidates discussing in detail whether BB and its
- competitor has a good financial performance and

Solution 4

- applying it to the case with a well justified conclusion
- should be rewarded with the top marks in the band.
- 5–8
- 1
- Limited application of knowledge and understanding
- of relevant business concepts.
- Limited ability to discuss the financial performance of
- BB and its competitor with little/no explanation.
- Simple judgement with limited justification/limited
- evaluation of choice made.

Solution 4

- Candidates outlining the financial performance of BB
- and its competitor in context should be rewarded
- with the top marks in the band.
- 1–4
- 0
- No creditable response.
- 0
- 12
- 0450/22
- October/November

Solution 4

- 2024
- Relevant points might include:
- Level 1
- ▪
- The return on capital employed is twice as high
- as its competitor at 30%
- ▪
- BB has taken out a bank loan for \$10m which is
- \$50m lower than the competitor
- ▪

Solution 4

- Gross profit is only half the amount of the
- competitor's at $60m
- ▪
- BB has $80m less revenue than its competitor at
- $120m for the year
- ▪
- The acid test ratio is higher at 1.3
- ▪
- Revenue is lower at $120m for BB and sales
- have not been increasing for its bestselling

Solution 4

- children‘s bicycle
- ▪
- Profit is a lot lower than its competitor’s profit
- statements
- Level 2
- statements
- ▪
- The return on capital employed is higher for BB
- at 30% and indicates that BB gains $30 return
- for every $100 dollars invested in BB but the

Solution 4

- competitor only returns $15 forevery$100
- invested so BB is more efficient in its use of
- capital
-
    -
- The acid test ratio of 0.67 for BB's competitor
- shows that after inventories have been removed
- from current assets it cannot pay all its current
- liabilities when they fall due for payment. This
- may make it difficult for the competitor to keep
- trading if it cannot pay its current liabilities

Solution 4

- without relying on cash inflows from the sale of
- inventories
- ▪
- The acid test ratio for BB is good at 1.3 and
- indicates that BB can repay its current liabilities
- by 1.3 times – so liquidity is good. However, this
- may suggest that current assets could be put to
- better use in the business to increase revenue
- ▪
- The gross profit margin for BB's competitor is

Solution 4

- 60%
- ▪
- The gross profit margin for BB is 50%
- ▪
- The profit margin for BB's competitor is 20%
- ▪
- The profit margin for BB is 5%
- 0450/22
- October/November
- 2024

Solution 4

- Conclusion
- ▪
- BB's financial performance is better than its
- competitor as the acid test ratio of 1.3 indicates
- that BB has better liquidity than its competitor
- with only an acid test ratio of 0.67. BB may be
- able to pay any current liabilities more easily. BB
- is at less risk of insolvency than its competitor
- and has $50m fewer loans to repay than its
- competitor. The competitor may have higher

Solution 4

- gross profit margin and higher profit margin, but
- these do not lead to a higher ROCE.
- ▪
- BB's competitor has a better financial
- performance as the gross profit margin is higher
- by 10% and the profit margin is also higher by
- 15%.