

Specimen Paper Answers – Paper 1
Cambridge IGCSE™ / IGCSE (9–1)
Business 0264 / 0774

Cambridge O Level
Business 7081

For examination from 2027



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Introduction

These specimen answers have been produced by Cambridge International ahead of the examination in 2027 to exemplify standards for those teaching Cambridge IGCSE / IGCSE (9–1) and O Level Business. Questions have been selected from Specimen Paper 1, Questions 1(c) and (d), Questions 2(c) and (d), Questions 3(a) and (d), and Questions 4(c) and (d).

The marks given are for guidance only and are accompanied by a brief commentary explaining the strengths and weaknesses of the answers. Comments are given to indicate where and why marks were awarded, and how additional marks could be obtained. There is also a list of common mistakes and guidance for candidates for each question.

The specimen materials are available to download from the [School Support Hub](#)

2027 Specimen Paper 01

2027 Specimen Paper Mark Scheme 01

Past exam resources and other teaching and learning resources are available on the [School Support Hub](#)

Assessment overview

The syllabuses for Cambridge IGCSE / IGCSE (9–1) / O Level Business are available at www.cambridgeinternational.org

All candidates take two papers. Candidates will be eligible for grades A* to G.

All candidates take:

Paper 1 1 hour 30 minutes
 Short Answer and Data Response 50%
 80 marks
 Four questions requiring a mixture of short answers and structured data responses.
 Candidates answer all questions.
 Externally assessed

and:

Paper 2 1 hour 30 minutes
 Case Study 50%
 80 marks
 Four questions based on a case study, provided as an insert with the paper.
 Candidates answer all questions.
 Externally assessed

Question 1

1(c) Explain **two** ways TGD's business activities might negatively affect the environment.

Specimen answer

way 1... *Digging for gold could cause pollution.*

explanation ... *This may damage the health of people in the local community.*

way 2... *TGD's business activities could use up natural resources.*

explanation ... *The gold gathered is not available for other purposes.*

[6]

Mark awarded for 1(c) = 5 out of 6

Examiner comment

Question 1(c) is assessing three skills – knowledge, application and analysis. To gain full marks it is important to identify two different ways business activity might negatively affect the environment. Each point must then be developed to show the impact of this effect on others. The reference to TGD means this is an applied question so it is also necessary to link each point made to the context of this business.

The first way is correctly identified pollution, and the effect pollution might cause is also correctly explained, namely the damage to people's health. The reference to 'gold' clearly links the answer to the context of TGD. Application does not have to be complex to be awarded.

Using up natural resources is an awardable second way and recognising that this would reduce the amount available for other purposes develops this point as natural resources are generally limited in supply. However, application cannot be awarded, as the response uses the same piece of context, namely gold, as the first part of the answer. This is repetition. Suitable application might include linking the answer to its 6 mines or mentioning this is a primary sector business.

Common errors and general guidance for candidates

- Answers do not have to be long or complicated to gain credit. A simple sentence which includes relevant knowledge, application and analysis is sufficient to access the three marks available for each part of this question. The answer for way 1 is a good example of a short and concise answer.
- Candidates should use the information provided in the scenario to provide context for each point made. Application does not have to be difficult – using any appropriate reference from the scenario to support the point being made should allow candidates to access these marks.
- It is important to use a different point of application for each answer given within the same question. Otherwise, it is classed as repetition and cannot be awarded. Any reference chosen, must be appropriate for the point being discussed.

1(d) Do you think the advantages for TGD of introducing new technology are greater than the disadvantages? Justify your answer.

Specimen answer

One advantage is increased output of gold. This should allow the business to meet more potential orders. However, TGD must consider the cost of technology as it has 6 mines to buy machinery for. Buying new machinery is expensive which could increase TGD's cash outflows.

justification... I think the advantages are greater because even though the machinery is expensive initially, it could help increase output. Also new technology means fewer employees are needed and may lead to safer working conditions for the workers, so I think the advantages are greater than the disadvantages.

[8]

Mark awarded for 1(d) = 6 out of 8

Examiner comment

For this question, the response needs to consider one advantage and one disadvantage of introducing new technology. Based on the points discussed a justified decision should be made about whether the advantage or disadvantage is likely to be greater for this business. Remember this is an applied questions so the answer must relate to TGD's current situation.

This response correctly identifies and explains two relevant points. Firstly, new technology could increase output so more orders can be met, and secondly for recognising that there is a high cost of new technology which is an additional cash outflow for the business. Mentioning gold and the 6 mines is good application.

A decision has been made but there is no clear justification to support their point of view as the response simply repeats earlier points made. The last sentence identifies additional knowledge, namely fewer employees are needed. However, this is unnecessary as there is a maximum of two marks available for each skill being assessed and two knowledge points have already been awarded. Candidates need to provide a supporting reason for their decision. For example, explaining how the high cost of buying the new technology might be something the business cannot afford. For the second evaluation mark, they should try to refer to the other point discussed. For example, the extra revenue generated from the orders may help cover the additional cost of the new technology.

Common errors and general guidance for candidates

- The command word (justify) in the question requires the candidate to make a justified decision. The candidate needs to provide a balanced answer. This means they need to explain both an advantage and disadvantage of the concept mentioned, so that the candidate has considered both sides of the argument. The decision should then be made based on the points discussed.
- A simple decision, for example, stating that the advantage is greater than the disadvantage is not evaluation. It is the reason behind that the candidate's point of view which opens the potential for evaluation marks.
- It is common for candidates to think that evaluation is repeating earlier points made. This is not true. The justification should not repeat earlier points. Candidates should be encouraged to include a clear decision, provide a supporting reason for the decision and then explain why it is better or more important than the alternative viewpoint discussed.

Question 2

2(c) Explain **one** advantage and one disadvantage of Oscar using leaflets to advertise his business.

Specimen answer

advantage... *A leaflet allows the business to use colour and pictures.*

explanation ... *It allows the nursery to attract the customer's attention.*

disadvantage... *People might throw the leaflet away.*

explanation ... *It may not help attracting customers to this new business.*

[6]

Mark awarded for 2(c) = 5 out of 6

Examiner comment

The response correctly identifies an advantage and disadvantage of Oscar using leaflets to advertise his business. Appropriate references to nursery and new business should gain the two application marks.

The advantage is then developed, as the response explains that the use of colour and images could help attract attention. However, the disadvantage uses the same analysis about 'attracting customers' which cannot be awarded twice. For example, a development could focus on the possible cost of the wasted resources if the leaflets are thrown away.

Common errors and general guidance for candidates

- Analysis should build on the knowledge point made, and not simply repeat it. For example, explaining how or why the knowledge point might represent an advantage or disadvantage. Any relevant development is awardable, if it answers the question set.
- It is common for candidates to repeat the same analysis for each point made when answering a question. Candidates should develop each point differently to access both analysis marks within a given question.

2(d) Explain **two** factors Oscar should consider when deciding on a suitable source of finance for his business. Which factor is likely to be the most important? Justify your answer.

factor 1... *The legal form because if he is a sole trader, then he could be seen as higher risk, which could mean high interest rates if Oscar borrows the funds.*

factor 2... *Oscar must consider the amount of funds required for this nursery, as the amount will affect which source of finance he will use.*

justification... *The amount of funds required is the most important factor because without sufficient funds, Oscar cannot start up his business so cannot earn any revenue to cover costs. The legal form is less important as the amount required is more important.*

[8]

Mark awarded for 2(d) = 6 out of 8

Examiner comment

For Question 2(d) the first factor clearly identifies a relevant factor – namely the legal form, and then explains why this might be something that needs to be considered. However, there is no application. The reference to sole trader is not application as the stem does not mention the type of business organisation.

The amount of funds is the second factor and recognising that it will be a nursery is application. There is no analysis offered. This question asks for an explanation and therefore some development of the point is essential. This response simply repeats the knowledge using different words. The response needed to show how or why the amount of finance required is important. For example, some sources might not generate sufficient funds.

A decision is made, and there is a clear attempt to justify the choice made. The justification is for explaining the importance of the amount of finance required for Oscar's business. This gains the response one evaluation mark. Mentioning that the business is new, is appropriate application and it clearly links the answer to the context. At this point, the second application mark can be credited. Application can be credited in any part of the answer.

For the second evaluation mark, the response could have explained why the legal form might be less important, rather than simply stating this. For example, developing the link between higher interest rates and its possible effect on costs. This response therefore gained two knowledge marks, two application marks, one analysis mark and one mark for evaluation.

Common errors and general guidance for candidates

- For this syllabus, part (d) is an applied question, so candidates should be encouraged to clearly link each point made to the context.
- It is common for some candidates to simply offer a decision at the end of their response. A decision alone is not evaluation. Any decision must be supported by reasoned argument, and not simply summarise points already made or introduce new knowledge. The evaluation should follow on, from the analysis of points in the answer.

Question 3

3(a) Calculate labour productivity. Show your working.

Specimen answer

Working

$$\frac{400\,000}{80}$$

labour productivity = *5000 units* [2]

Mark awarded for 3(a) = 2 out of 2

Examiner comment

This is a calculation question in which the final answer should be written in the space provided on the question paper. The examiner will mark the answer that is written next to the labour productivity prompt.

This response shows the correct method and answer including the word units. Simply writing 5000 units would gain this response both marks.

The response has also included the formula, which is correct. It is good practice to show your workings in case an error is made in the final answer, then some credit might be awarded for the method.

Common errors and general guidance for candidates

- Candidates should always be encouraged to include the workings for any calculation question. Sometimes a candidate makes an error in the final calculation, but it may still gain some credit for the correct working.
- For calculation questions, a common mistake is to place the values for the formula in the wrong order. Others might multiply, divide, add or subtract the wrong numbers.
- It is common for some candidates to include more than one calculation within their answer. Examiners will only mark the answer which is written in the space next to the prompt.
- It is important to remember to include the units, as otherwise this might show limited understanding of the concept being assessed. The specimen answer above is a good example of how to set out an answer to this type of question.

3(d) Do you think the advantages to HLC of horizontal integration are greater than the disadvantages? Justify your answer.

Specimen answer

Integration could provide HLC with a larger customer base which could help increase its revenue from selling chocolate. However, the other business may have different ways of working which could demotivate HLC's 80 employees at the factory.

justification... The disadvantage is greater because demotivated employees could result in lower quality products being made, which could damage HLC's reputation. Rather than increasing its customer base, a bad reputation is likely to result in fewer customers wanting to buy its products which eliminates the potential advantage of having a larger customer base.

[8]

Mark awarded for 3(d) = 8 out of 8

Examiner comment

The response identifies one advantage and one disadvantage of horizontal integration. The response shows consideration of the effect of each point raised. The analysis of the first point explains a positive effect of having a larger customer base. The analysis of the second point considers a possible negative outcome as different ways of working could lead to demotivated employees. Therefore, the response provides a balanced answer. Both points are in context, as the references to chocolate and 80 employees clearly link each point to HLC's business.

There is a decision in the justification, which answers the question set. This point of view is then supported, as the response builds on the analysis to explain why the disadvantage might have a greater effect on HLC, and how this could be more significant than the advantage. Both evaluation marks can be awarded and therefore this response achieves the full 8 marks for this answer.

Common errors and general guidance for candidates

- The command word, justify, means this question is assessing AO4 evaluation. The examiner is looking for a justified decision which answers the question.
- Candidates need to provide a balanced answer discussing both an advantage and a disadvantage. It is important to consider both sides of the argument especially where the question asks for advantages and disadvantages.
- The decision, and justification, should follow on from the points discussed.
- As part of the evaluation, candidates should give a reason to support their point of view which follows on from their analysis.
- Referring to both points discussed earlier in the answer, is a good way to show developed evaluation.

Question 4

4(c) Explain one advantage and one disadvantage of ZRE using emails to communicate with its suppliers.

Specimen answer

Advantage... *It can provide a written record.*

explanation ... *Suppliers can refer to the email to check ZRE's orders for its 2700 shops.*

disadvantage... *The problem with emails is that the suppliers need an internet connection.*

explanation ... *The supplier may not receive the message, which could delay orders being sent to ZRE.*

[6]

Mark awarded for 4(c) = 5 out of 6

Examiner comment

This question requires one advantage and one disadvantage of ZRE using emails to be explained. To gain full marks, each stated advantage and disadvantage must be clearly developed and linked to the context.

The response correctly identifies a relevant advantage and disadvantage. The advantage is then explained to show how it is helpful because being written allows the supplier to refer to the emails. Application can be awarded for the reference to clothing or 2700 shops. One contextual reference is sufficient as there is only one application mark available for each part of this question.

The disadvantage clearly shows how the lack of an internet connection might represent a problem. However, this is a general point as there is no contextual reference to link the response to ZRE's business. For example, had the response mentioned that ZRE was a multinational company, this would have gained application.

Common errors and general guidance for candidates

- Question 4(c) requires candidates to not only explain two valid points but make sure that each point is in context of the question to access the application marks.
- One common mistake is to use two separate pieces of application in one part of the answer but then forget to include any contextual reference in the other part. Each point is marked independently, so candidates need to include relevant application in each part to access both marks.

4(d) Explain two methods of training ZRE might offer its employees to help them to provide good customer service. Which is likely to be the best method for ZRE to use? Justify your answer.

Specimen answer

method 1... *One method of training that ZRE might offer its employees to help them provide good customer service is on-the-job training. This method allows ZRE to control what its 9000 employees learn, which could make it easier to maintain standards across the business.*

method 1... *ZRE could also use off-the-job training which means employees can focus on their training, so they are less likely to make mistakes when selling clothes.*

justification... *I think off the job training is the best method for ZRE to use for its 9000 employees.*

[8]

Mark awarded for 4(d) = 6 out of 8

Examiner comment

The response starts by repeating the question which is not required. The simple way to start is by identifying on-the-job training, which is a suitable method of training. The response then explains an advantage of using this method, namely that on-the-job training allows the business to control what employees learn. This is analysis. While the response uses different wording to the mark scheme, the meaning is the same so would be awardable. There is further relevant development of this point which can be credited. Mentioning the 9000 employees is good application. At this point the response has gained one knowledge mark, both analysis marks and one application mark.

The response then identifies another relevant method, namely off-the-job training, which gains the second and final knowledge mark. This point is developed in context which gains the second application mark. The response explains how being able to focus when using off-the-job training can benefit the business as less mistakes are likely to be made. However, as both analysis marks have already been awarded, this point gains no additional credit. To access the final two marks, the examiner is looking for evaluation.

A decision is made, but on its own, this is not evaluation as it simply states which method ZRE should use. Any decision must be supported by reasoned argument, and not simply summarise points made or introduce new knowledge. The evaluation should follow on from the analysis of points in the candidate's answer.

Common errors and general guidance for candidates

- One common mistake made by candidates is to open the response by repeating the question or definition of the key terms from the question. This is unnecessary and only wastes candidates' time and response space. Candidates should go straight into the answer, writing the knowledge in a way that is applied to the context and focused on the question set.
- Candidates do not have to use the exact wording as written in the mark scheme to access the marks, if the words used clearly have the same meaning.
- For part (d) questions, application marks can be in any part of the answer. For example, it is possible that relevant application might be supporting the knowledge points or included in the justification.

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