

In-Service Teacher training Assessment in IGCSE Business Studies 0450

Session 2: Handout 2.8a

Mark schemes

Mark schemes need to reward the correct assessment objectives. The **two main types** of mark schemes that are commonly used are:

1. **Point-based marking schemes** which normally use the principal of one mark for each appropriate point made. Further marks may then be awarded for applying the point or developing it in more detail. It tends to be obvious from the question how many points are available- i.e. *two examples of....*;
2. **Level of response marking schemes** which are used to reward the quality of the answer not the number of points made. These are used when the question requires an extended answer, is open ended or requires the demonstration of analysis and evaluation. The command word used in the question should indicate where this type of mark scheme is being used as well as the number of marks awarded.

Examples of selected questions and their mark schemes

Q1. Willie set up a business to take tourists around the wildlife areas in Country X. He decided to be a sole trader as his type of business organisation.

- (a) *What is meant by a sole trader?*

This question is testing knowledge and understanding and therefore the mark scheme only needs to identify the knowledge that is being rewarded.

1 mark - owned by one person, one-man business

1 mark - operated or run by one person

e.g. This is a business owned and operated by one person Total = 2 marks

- (b) *Willie needs to finance the expansion of his business. He is going to purchase some new vehicles. Which method of finance would you recommend? Justify your choice.*

This question is designed to test knowledge and understanding, analysis and evaluation. The mark scheme is set in levels. The lowest level (one) is rewarding a lower order skill of knowledge and understanding. Level two is rewarding application and analysis of the sources of finance. The highest level (three) is rewarding the higher order skill of evaluation that generally only better candidates achieve. Thus it is the way candidates answer the question that determines their marks, not the number of points that are included.

Mark scheme:

Suitable methods of finance might be:

- *Leasing*
- *Bank loan*
- *Hire purchase*
- *Partners funds*
- *Sell shares*

Level 3	The method of finance is selected and justified in terms of the purchase of vehicles	5-6 marks
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e.g. I think leasing would be the most suitable because it allows the vehicles to be used at the same time as paying for them. Leasing is a sort of rent where an amount of money is paid every month for the use of the vehicles. Willie does not have to pay all the money now. It does mean that he never owns the vehicles but he can change the old vehicles for new ones when they are no use anymore. He can also buy the vehicles at the end of the lease period. This is medium term finance and this would be suitable for vehicles, as they will be used for a medium length of time.

Level 2	Explanation of at least one suitable method of finance for this business	2-4 marks
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Level 1	Suggests a suitable method	1 mark
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Total = 6 marks

The levels can be shown for different assessment objectives and at two different levels. In the following question, marks are awarded for three of the four assessment objectives and at two levels for each of them.

(c) Identify and explain **two** possible reasons why Willie might want to expand the business. (6)

Content: Benefits of expansion explained – possibly higher profits for owner, more status and prestige for owner, lower average costs, can mean controls a larger share of the market.

	Knowledge	Application	Analysis
Level 2	2 marks Two reasons	2 marks Two reasons applied to the business	2 marks Good discussion of why the owner of the business wants to expand
Level 1	1 mark One reason	1 mark One reason applied to this business	1 mark Limited discussion of reasons for expansion