Mark Scheme (Results)

November 2024

Pearson Edexcel International GCSE
In Business (4BS1)
Paper 01: Investigating Small Businesses

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:

  i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear
  ii) select and use a form and style of writing appropriate to purpose and to complex subject matter
  iii) organise information clearly and coherently, using specialist vocabulary when appropriate.

Question Number	Which **one** of the following is a financial method used to motivate employees? **Answer**	Mark
1 (a) (i)	**AO1 - 1 mark** **The only correct answer is D –** Remuneration **A** – is not the correct answer as job enrichment is a non-financial method used to motivate employees **B** – is not the correct answer as job rotation is a non-financial method used to motivate employees **C** – is not the correct answer as autonomy is a non-financial method used to motivate employees	**(1)**

Question Number	Which **one** of the following is an example of secondary research? **Answer**	Mark
1 (a)(ii)	**AO1 - 1 mark** **The only correct answer is A –** Government reports **B** – is not the correct answer as a survey is a primary method of market research **C** – is not the correct answer as a focus group is a primary method of market research **D** – is not the correct answer as an observation is a primary method of market research	**(1)**

Question Number	Which **one** of the following would increase the break-even point? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is B** – An increase in the variable costs **A** – is not the correct answer as a decrease in fixed costs will lower the break-even point **C** – is not the correct answer as an increase in the selling price will lower the break-even point **D** – is not the correct answer as a decrease in total costs would lower the break-even point	**(1)**

Question Number	Which **one** of the following is provided by a person applying for a job? **Answer**	Mark
1 (a)(iv)	**AO1 - 1 mark** **The only correct answer is B –** Curriculum vitae (CV) **A** - is not the correct answer as a job description is provided to a job applicant by a business **C** – is not the correct answer as a person specification is provided to a job applicant by a business **D** – is not the correct answer as disciplinary and grievance procedures will be supplied to the successful candidate	**(1)**

Question Number	Which **one** of the following is the operating profit in 2023? **Answer**	Mark
1 (a)(v)	**AO1 - 1 mark** **The only correct answer is D –** £61 000 **A** – is not the correct answer as £29 000 is the sum of cost of sales and expenses **B** – is not the correct answer as £79 000 is sales minus cost of sales **C** – is not the correct answer as £72 000 is sales minus expenses	**(1)**

Question Number	Which **one** of the following is the percentage change in the cost of material for one robot between 2021 and 2023? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is C –** 15.00% **A** – is not the correct answer as 1.30% is 1200/92000 x 100 **B** – is not the correct answer as 13.04% is 12000/92000 x 100 **D** – is not the correct answer as 86.96% is 80000/92000 x100	**(1)**

Question Number	Define the term **stakeholder.** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **stakeholder.** • Anyone with an interest in or who is affected by a business	**(1)**

Question Number	Define the term **social enterprise.** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of a **social enterprise.** • An organisation whose main objective is to be a benefit to society **(1)**	**(1)**

Question Number	State **one** non-current asset that *Saha* is likely to have. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a non-current asset that *Saha* may have. • *Saha* is likely to have machinery which is used to manufacture the robots used in the hospitals **(1)** • *Saha* is likely to have vehicles that are used to deliver robots to the restaurants and hotels **(1)** **NB** Do not accept a non-current asset that is not in the context of *Saha* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the total revenue from the sale of all battery packs sold by *Saha* in 2023. You are advised to show your working. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** **5400 (2)** Or 1 mark for working if correct answer not given: 5 x 90 = 450 **(1)** **OR** 5 x 12 = 60 **(1)** **OR** 450 x 12 **(1)** **OR** 60 x 90 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** advantage to a business of having limited liability. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for an advantage to a business of having limited liability plus 2 further marks for explaining the advantage, for a maximum of 3 marks. • As the business exists as a separate legal entity **(1)** if the business goes into debt **(1)** this means the business owners are protected from losing their personal assets **(1)** • The business may raise large amounts of finance through selling shares **(1)** as investors only risk losing the value of their shares if the business fails **(1)** therefore the added finance will help the business to expand **(1)** **NB** No marks are awarded for a definition. Answers that list three advantages to a business of having limited liability with no explanation will get a maximum of 1 mark. **Accept any other appropriate response.**	**(3)**

<table>
<tr><th>Question Number</th><th>Analyse two methods of primary research that could be of benefit to Saha when developing its products.

Indicative content</th><th>Mark</th></tr>
<tr><td>1 (g)</td><td>AO2 = 3 marks AO3 = 3 marks

<u>AO2</u>
Saha could conduct interviews with current customers who use the robots in hospitals to understand how moving supplies between departments could be improved
Focus groups could be formed which include customers from restaurants and hotels to discuss potential new features of the robots
<u>AO3</u>
Feedback from interviews will help Saha design robots which are better suited to the needs of its customers based in the hospitals
The discussions in the focus groups may give Saha ideas on how to improve the function of the robots to meet the requirements of its customers</td><td>(6)</td></tr>
</table>

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

<table>
<tr><th>Question Number</th><th>State one reason why branding is important to Saha.

Answer</th><th>Mark</th></tr>
<tr><td>2 (a)</td><td>A02 - 1 mark

Award 1 mark for a reason why branding is important to Saha in the context of the business.
The name/logo of the business should be recognisable to hotels and restaurants (1)
to distinguish Saha’s robots from those of competitors such as Xio (1)
To build relationships and customer loyalty with customers who buy for the hospitals (1)
NB Do not accept a reason that is not in the context of Saha

Accept any other appropriate response.</td><td>(1)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>State one task that an employee working in the production department at Saha might do.

Answer</th><th>Mark</th></tr>
<tr><td>2 (b)</td><td>A02 - 1 mark

Award 1 mark for a valid task that an employee in the production department might do, in the context of the business.
The employee may work on the production line fitting batteries to the robots (1)
The employee may be responsible for the final quality testing of each robot before they are delivered to restaurants (1)
NB Do not accept a task that is not in the context of Saha

Accept any other appropriate response.</td><td>(1)</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Explain one disadvantage for a business of using flow production to produce its goods.

Answer</th><th>Mark</th></tr>
<tr><td>2 (c)</td><td>A01 - 3 marks

Award 1 mark for one disadvantage to a business of using flow production, plus 2 further marks for explaining the reason, for a maximum of 3 marks.

• The employees may get bored on the production line (1) as job roles are likely to be monotonous (1) leading to poorly motivated employees/high labour turnover (1)

• The production facility may be inflexible (1) as the goods produced are standardised/similar (1) which may prevent the business from tailoring its products to individual tastes of its customers (1)

NB No marks are awarded for a definition.

Answers that list three disadvantages of a business using flow production with no explanation will get 1 mark only.

Accept any other appropriate response.</td><td>(3)</td></tr>
</table>

Question Number	Explain **one** method of above the line promotion a business may use to increase its sales revenue. **Answer**	Mark
2 (d)	**A01 - 3 marks** Award 1 mark for an above the line promotion method a business might use to increase its sales revenue, plus 2 further marks for explaining this method, for a maximum of 3 marks. • A business may use television advertising **(1)** as this form of advertising may be viewed by a wide audience **(1)** leading to increased awareness of the product **(1)** • A business could use billboards **(1)** which can be seen by many people as they drive in their cars or walk in busy areas **(1)** leading to increased brand recognition of the products **(1)** **NB** No marks are awarded for a definition. Answers that list three above the line promotion methods a business might use to sell more products, with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** reason why the proximity to materials is important to a business when locating to a new factory. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for a reason why proximity of material is important to a business when locating to a new factory, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • Locating close to materials may reduce delivery costs **(1)** as the material only has to travel a short distance to the new factory **(1)** which reduces total cost/increases the profitability of the business **(1)** • Access to materials which are close to the new factory may save time **(1)** because if the business runs out of inventory **(1)** it could be delivered quickly and prevent delays in production **(1)** **NB** No marks are awarded for a definition. Answers that list three reasons why proximity of material is important, with no explanation will get a maximum of 1 mark **Accept any other appropriate response.**	**(3)**

Question Number	When *Saha* expands its business it will require additional finance. It is considering two options: **Option 1:** crowdfunding **Option 2:** loan capital Justify which **one** of these two options *Saha* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – *Saha* may appeal to the public for funding to expand its sale of robots into all continents of the world • **Option 2** – *Saha* could use a loan to build new factories to manufacture the new robots for homes **<u>AO3</u>** • **Option 1** – Investors may be willing to contribute small amounts to the expansion which do not have to be repaid/does not increase the debt of *Saha* • **Option 2** – It is possible that a loan for a large amount of money can be received from the bank quickly to enable *Saha* to pursue its expansion programme **<u>AO4</u>** • **Option 1** – However, there is no guarantee that sufficient funds would be raised through crowdfunding to allow *Saha* to pursue its ambitious expansion plans • **Option 2** – However, the loan will incur interest rates that have to be paid in addition to the loan amount which will increase costs/reduce profitability	**(9)**

Level	Mark	Descriptor
	0	No Rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Define the term **legislation.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **legislation.** • A law put in place to protect individuals or businesses **(1)**	**(1)**

Question Number	Outline **one** reason why *Saha* may dismiss an employee. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying one reason why *Saha* may dismiss an employee, plus 1 mark for development in the context of the business. • *Saha* could dismiss an employee who continually arrives late on the production line **(1)** which causes delays in delivery of robots to restaurants **(1)** **NB** Do not accept a reason that is not in the context of Saha*.* **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the cash outflow. You are advised to show your working. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** **18000 (2)** If correct answer not given award marks for workings: 24 000 + 5 000 = 29 000 **(1)** **Or** 29 000 – 11 000 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

<table>
<tr><th>Question Number</th><th>Analyse two possible reasons that may lead to business failure for Saha.

Indicative content</th><th>Mark</th></tr>
<tr><td>3 (d)</td><td>AO2 = 3 marks AO3 = 3 marks

<u>AO2</u>

• There are many new competitors, such as NIO, entering the robot market who are challenging Saha for market share

• As Saha has ambitious plans to expand to other continents it may encounter cash flow problems due to the increased amounts of outflows required to pay for advertising/materials
<u>AO3</u>
• This may lead to Saha losing customers because it is not being competitive if other businesses such as NIO or Zoox develop robots that are technologically superior or less expensive

• This could lead to a shortage of cash/ liquidity problems for Saha leading to its insolvency</td><td>(6)</td></tr>
</table>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3).
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3).
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3).

Question Number	*Saha* is planning to develop a new range of robots aimed at helping people in the home with cleaning, shopping, security and entertainment. It is considering two pricing methods for these robots: **Option 1:** price skimming **Option 2:** cost plus pricing. Justify which **one** of these two options *Saha* should choose. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Using a price skimming strategy enables *Saha* to charge a high price for its new robots designed for the home • **Option 2** – Cost plus pricing ensures all costs involved in the manufacture of robots such as metal and assembly costs are considered when setting a price **<u>AO3</u>** • **Option 1** – Charging a high price will allow *Saha* to recover its research and development costs which can be reinvested into its business for further expansion/new designs • **Option 2** – assuming the robots are sold, *Saha* will be guaranteed to make a profit due to the mark-up it adds to the cost of producing the robots **<u>AO4</u>** • **Option 1** – However, if the price is considered too high for its target audience it may lose sales to competitors such as *Zoox* or *Vention* • **Option 2** – However, the price charged does not take into consideration the price the customer is willing to pay, which may potentially limit revenue/profit	**(9)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO4).
Level 2	4-6	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO4).
Level 3	7 - 9	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO4).

Question Number	Calculate, to two decimal places, the acid test ratio for *Saha*. You are advised to show your working. **Answer**	**Additional guidance**	**Mark**
4 (a)	**A02 - 2 marks** **1.14 (2)** If correct answer not given then award workings as follows: 12 – 4 = 8 **(1)** 8/7 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the benefits for *Saha* of becoming a multinational business. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • As a multinational, *Saha* would manufacture its robots for hotels and restaurants in other continents of the world • *Saha* could benefit from producing robots to help with cleaning and shopping for the home to a wider target market **<u>AO3</u>** • *Saha* may benefit from economies of scale by producing a higher number of robots which may lower its average unit costs and improve its competitiveness • Which could increase the number of robots sold and the profitability of *Saha*	**(6)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)
Level 2	3-4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)
Level 3	5-6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)

Question Number	Evaluate the effects on *Saha* of introducing Total Quality Management (TQM) to its business. You should use the information provided as well as your own knowledge of business. **Indicative content**	Mark
4 (c)	**AO1 = 3 marks AO2 = 3 marks** **AO3 = 3 marks AO4 = 3 marks** **<u>AO1</u>** • TQM should ensure that the robots are manufactured without any faults • TQM involves training every employee in quality assurance to reduce waste and costs **<u>AO2</u>** • If the robots are subject to quality checks throughout the production process, they should be delivered to the restaurants with no defects • Successful training of each employee should lead to a reduction in waste in the production of the new robots build for the home **<u>AO3</u>** • This may improve the reputation of *Saha* and attract more customers to buy the robots, increasing the revenue for its business • Trained employees who are focussed on quality should result in zero defects of robots to ensure Saha meets their objective of making the robots long lasting **<u>AO4</u>** • However, TQM involves disruption to the manufacturing facility as new processes are introduced which could cause delays /late deliveries of robots to the hotels and hospital customers • However, the cost of training all employees in TQM takes time and is costly which could reduce profitability in the short term and increase the price of the robots making *Saha* uncompetitive in the robot market	**(12)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1) • Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2) • Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3) • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)
Level 2	5 - 8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues including appropriate use of business terminology in places. (AO1) • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies. (AO2) • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)

Level 3	9 - 12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1) • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2) • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)

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