Mark Scheme (Results)

Summer 2024

Pearson Edexcel International GCSE
In Business (4BS1) Paper 01
Paper 1: Investigating small businesses

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Summer 2024
Question Paper Log Number P75841A
Publications Code 4BS1_01_2406_MS

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 protected by legislation? **Answer**	**Mark**
1 (a) (i)	**AO1 - 1 mark** **The only correct answer is B – Age** **A** is not the correct answer as skills are not protected by legislation **C** is not the correct answer as experience is not protected by legislation **D** is not the correct answer as ability is not protected by legislation	**(1)**

Question Number	Which **one** of the following represents a star product on the Boston matrix? **Answer**	**Mark**
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is A - High market growth, high market share** **B** is not the correct answer as it is a question mark product **C** is not the correct answer as it is a cash cow product **D** is not the correct answer as it is a dog product	**(1)**

Question Number	Which **one** of the following is the method of production where one unit of output is completed at a time? **Answer**	**Mark**
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D - Job** **A** is not the correct answer as lean is focussed on cutting out waste **B** is not the correct answer as flow is continuous production of the same product **C** is not the correct answer as batch is the production of a batch of one unit before moving on to the next	**(1)**

Question Number	Which **one** of the following is a current asset? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is B - cash** **A** is not the correct answer as a vehicle is a non-current asset **C** is not the correct answer as a building is a non-current asset **D** is not the correct answer as a factory is a non-current asset	**(1)**

Question Number	Which **one** of the following is the total cost in euros when buying 20 dog collars from the UK? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C - €630.95** **A** is not the correct answer as €22.56 is £26.50 x €0.84 **B** is not the correct answer as €445.20 is (£26.50/€0.84) x 20 **D** is not the correct answer as €513.20 is (£26.50 - €0.84) x 20	**(1)**

Question Number	Which **one** of the following is the total monthly cost for *PPS*? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is A - €692.50** **B** is not the correct answer as €931.50 is €54 x €17.25 **C** is not the correct answer as €2137.50 is (€54 + €17.25) x 30 **D** is not the correct answer as €2312.50 is ((€54 + €17.25) x 30) + 175	**(1)**

Question Number	Define the term **robotics.** **Answer**	**Mark**
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **robotics**. • Robots carry out manufacturing process with no human involvement **(1)**	**(1)**
Question Number	Define the term **capital intensive production** **Answer**	**Mark**
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **capital intensive production**. • Production methods that use machinery more than labour **(1)**	**(1)**

Question Number	State **one** extension strategy *PPS* could use to extend the life cycle of the pet accessories. **Answer**	**Mark**
1 (d)	**A02 - 1 mark** Award 1 mark for an extension strategy *PPS* could use to extend the life cycle of its pet accessories. • *PPS* could change the design of a dog jacket **(1)** • *PPS* could redesign UK dog collars **(1)** **NB** Do not accept an extension strategy that is not in the context of *PPS.* **Accept any other appropriate response.**	**(1)**

Question Number	Calculate the new hourly minimum wage after the increase of 3.5%. **Answer**	**Additional guidance**	**Mark**
1 (e)	**A02 - 2 marks** 7.45 x 0.035 = 0.26 **(1)** 7.45 + 0.26 = 7.71 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Explain **one** reason why many businesses have a human resource function. **Answer**	**Mark**
1 (f)	**A01 - 3 marks** Award 1 mark for a reason why businesses have a human resource function, plus 2 further marks for explaining the reason, for a maximum of 3 marks. • To recruit employees **(1)** by identifying a vacancy in the business **(1)** and finding the right person for that vacancy **(1)** **NB** Answers that list three reasons with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Analyse the usefulness of the gross profit margin to *PPS*. **Indicative content**	**Mark**
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • The gross profit margin in 2022 was 25.6% and in 2023 29.4% • Between 2022 and 2023 the GPM increased by 3.80% **<u>AO3</u>** • *PPS* can see that the increase indicates a healthy financial position with a positive increase and this may help in business decisions they have to make for following years • Figures such as this can be used to compare year on year performances and check changes in profitability	**(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	State **one** advantage for *PPS* of keeping its customers loyal. **Answer**	Mark
2 (a)	**A02 - 1 mark** Award 1 mark for a valid advantage for *PPS* of customer loyalty • Customers will be more likely to try the overnight accommodation for their pets if they have been pleased with the pet grooming service **(1)** **NB** Do not accept an advantage that is not in the context of *PPS.* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** reason why *PPS* motivates its employees. **Answer**	Mark
2 (b)	**A02 - 1 mark** Award 1 mark for a valid reason why *PPS* motivates its employees • As the employees are motivated in what they are doing the dogs staying overnight will receive good care **(1)** **NB** Do not accept a reason that is not in the context of *PPS.* **Accept any other appropriate response.**	**(1)**

Question Number	Explain **one** impact on a business of ineffective communication. **Answer**	**Mark**
2 (c)	**A01 - 3 marks** Award 1 mark for identification of an impact to a business of ineffective communication, plus 2 further marks for explaining this impact, for a maximum of 3 marks. • This can create misunderstanding between owners and employees **(1)** as employees may not be clear of what they are supposed to be doing **(1)** and this could lead to errors being made **(1)** **NB** Answers that list three impacts with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	Explain **one** advantage to a business of having a decentralised organisation. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for an advantage to a business of having a decentralised organisation, plus 2 further marks for explaining this advantage, for a maximum of 3 marks. • The business can react to changes quicker **(1)** because they do not need to run decisions through many layers **(1)** leading to decisions being made that meet the needs of local customers **(1)** **NB** Answers that list three advantage with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

Question Number	Explain **one** benefit to a business of using seasonal employees. **Answer**	**Mark**
2 (e)	**A01 - 3 marks** Award 1 mark for a benefit of using seasonal employees, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • This gives the business flexibility with its workforce **(1)** by having more employees at busier times **(1)** allowing them to meet the demands of customers at certain times of the year **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

Question Number	*PPS* is looking to improve its revenue and is considering two options. Option 1: trial a new brand of dog food in the shop Option 2: sponsor a local dog show. Justify which one of these two options *PPS* should choose. **Indicative content**	Mark
2 (f)	**AO2 = 3 marks** **AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – trialling a new brand of dog food will appeal to dog owners who regularly purchase dog food from *PPS* • **Option 2** – sponsoring a local dog show will promote *PPS*'s products such as dog collars **<u>AO3</u>** • **Option 1** – This method can bring in more revenue as it is a product they are known for selling and if customers like it then they will buy more of that dog food • **Option 2** – This may draw customers into the shop and could lead to an increase in revenue **<u>AO4</u>** • **Option 1** – However, if customers are used to buying a particular dog food brand they may not want to try a new brand • **Option 2** – However, it does cost to sponsor an event so *PPS* would need to incur cost upfront before they gain an increase in revenue from this method	**(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 **diseconomies of scale.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **diseconomies of scale**. • The rise in average costs of production as a business grows too quickly **(1)**	**(1)**

Question Number	Outline **one** method of primary market research that *PPS* could use to gain feedback on its services. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a method of primary market research that *PPS* can use to gain feedback on its services, plus 1 further mark for linking it to the context of the question. • Animal owners who have used the pet hotel can be given a questionnaire **(1)** that *PPS* can use to identify possible changes to its kennels **(1)** **NB** Do not accept a method that is not in the context of *PPS*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate the closing balance. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 22 000 – 20 000 = 2 000 **(1)** 16 000 + 2 000 = 18 000 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the importance of reliable market research to obtain this information. **Indicative content**	**Mark**
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **AO2** • *PPS* will want to find accurate local data about pet owners so it can target its customers better • As *PPS* is a small business it may find it easier to speak to its customers individually to find out the needs of their pets **AO3** • This could lead to *PPS* understanding spending patterns of its customers • This could lead to *PPS* gaining more reliable data directly from its customers	**(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	*PPS* is considering two options: **Option 1:** using Rachel's personal savings **Option 2:** taking out a small bank loan. Justify which **one** of these two options *PPS* should choose. **Indicative content**	Mark
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Using personal savings gives *PPS* quick access to the €7 500 they need to buy the CCTV package and build the kennels • **Option 2** – *PPS* can apply for the €7 500 bank loan for an agreed period of time and at a fixed rate of interest **<u>AO3</u>** • **Option 1** – This means the money is readily available to allow for the quick building of kennels and installation of CCTV leading to increased revenue • **Option 2** – This means that *PPS* can spread the cost of repaying the €7 500 bank loan over a longer period of time whilst the new kennels are open **<u>AO4</u>** • **Option 1** – However, Rachel may not have enough savings so may need to look at other sources of finance as well as the personal savings and leaves the business without any surplus for emergencies • **Option 2** – However, interest has to be paid to the bank and this will add to *PPS* costs	**(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 the break-even level of output for this new line of dog treats. **Answer**	**Additional guidance**	**Mark**
4 (a)	**A02 - 2 marks** 1 000/(4.50-3.25) **(1)** = 800 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

Question Number	Analyse the importance of cash to *PPS*. **Indicative content**	Mark
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • If *PPS* has sufficient cash it can pay the costs of buying the treats • If *PPS* does not have sufficient cash it may not be able to pay the employees running the pet hotel **<u>AO3</u>** • *PPS* can continue to buy the treats for sale to their customers • The pet hotel may have to close if employees are not paid leading to a loss of cash revenue	**(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)

<table>
<tr><th>Question Number</th><th>Evaluate the importance of marketing to PPS so it can keep its market share. You should use the information provided as well as your own knowledge of business.
Indicative content</th><th>Mark</th></tr>
<tr><td>4 (c)</td><td>AO1 = 3 marks AO2 = 3 marks
AO3 = 3 marks AO4 = 3 marks

<u>AO1</u>
Marketing informs customers of the products the business is offering
Marketing can build long lasting customer relationships
<u>AO2</u>
PPS can remind customers with information about the products it offers such as CCTV cameras in the pet hotel
PPS can identify customer needs by giving its own customers questionnaires to get feedback
<u>AO3</u>
It is important for PPS to create greater brand awareness to make it stand out against the competition so that existing customers remain with PPS
If PPS gather enough reliable information from its customers, they may be able to identify its customer needs to be able to target its products and services more accurately giving them a competitive edge over other pet businesses
<u>AO4</u>
However, it can be time consuming to market the business as PPS will need to approach the customers that come in store or provide detailed information on their website to keep it competitive
However, this may not work as some of their customers may still try the new pet business if it is charging a lower price than PPS</td><td>(12)</td></tr>
</table>

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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