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Mark Scheme (Results)

Summer 2023

International GCSE

Business (4BS1 01)

Paper 1: Investigating small businesses

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June 2023
Question Paper Log Number P72670RA
Publications Code 4BS1_01_2306_MS
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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.

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Question Number	Which **one** of the following functions is responsible for public relations? **Answer**	Mark
1 (a) (i)	**AO1 - 1 mark** **The only correct answer is C – Marketing** **A –** Human resources – this is not the correct answer as it is responsible for employees **B** – Finance – this is not the correct answer as it is responsible for money **D** – Production – this is not the correct answer as it is responsible for making goods	**(1)**

Question Number	Which **one** of the following is the difference between cash inflow and cash outflow? **Answer**	Mark
1 (a) (ii)	**AO1 - 1 mark** **The only correct answer is B – Net cash flow** **A –** Opening balance – this is not correct as it is the amount of cash a business expects to have at the start of a month **C –** Closing balance - this is not correct as it is the amount of cash a business expects to have at the end of a month **D –** Cash flow forecast - this is not correct as it is the account which predicts expected receipts and expenses over a future time period	**(1)**

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Question Number	Which **one** of the following is the sector that converts raw materials into products? **Answer**	Mark
1 (a) (iii)	**AO1 - 1 mark** **The only correct answer is D – Secondary** **A** – Public – this is not correct as it is business organisations owned by government **B** – Tertiary – this is not correct as it is the provider of services **C** – Primary – this is not correct as it is the extraction of raw materials from the earth	**(1)**

Question Number	Which **one** of the following is an example of a good? **Answer**	Mark
1 (a) (iv)	**AO1 - 1 mark** **The only correct answer is A – Motor vehicle** **B –** Financial advice - this is not correct as it is an example of a service **C –** Car washing– this is not correct as it is an example of a service **D –** Gardening – this is not correct as it is an example of a service	**(1)**

Question Number	Which **one** of the following would be a 3% increase in revenue for *Irsi Chocolatier*? **Answer**	Mark
1 (a) (v)	**AO2 - 1 mark** **The only correct answer is C – €320 973.75** **A –** €317 857.50 – this is not the correct answer as it is an increase of 2% **B –** €319 415.63 – this is not the correct answer as it is an increase of 2.5% **D –** €322 531.88 – this is not the correct answer as it is an increase of 3.5%	**(1)**

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Question Number	Which **one** of the following is the break-even point when a box of luxury chocolates is priced at €15.10? **Answer**	Mark
1 (a) (vi)	**AO2 - 1 mark** **The only correct answer is B – 76** **A –** 75 – this is not the correct answer as it is the correct answer minus one **C –** 77 – this is not the correct answer as it is the correct answer plus one **D –** 78 – this is not the correct answer as it is the correct answer plus two	**(1)**

Question Number	Define the term **limited liability** **Answer**	Mark
1 (b)	**AO1 - 1 mark** Award 1 mark for a correct definition of **limited liability**. • When the business owner is only responsible for the original amount of money invested in the business **(1)**	**(1)**

Question Number	Define the term **social enterprise** **Answer**	Mark
1 (c)	**AO1 - 1 mark** Award 1 mark for a correct definition of **social enterprise**. • A business that aims to improve human or environmental well-being **(1)**	**(1)**

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Question Number	State **one** way *Irsi Chocolatier* could use the Boston matrix. **Answer**	Mark
1 (d)	**A02 - 1 mark** Award 1 mark for a way *Irsi Chocolatier* could use the Boston matrix • *Irsi Chocolatier* could use the dog category to see the chocolates that are not worth making anymore **(1)** **NB** Do not accept a way that is not in the context of *Irsi Chocolatier*. **Accept any other appropriate response.**	**(1)**

Question Number	Calculate, to two decimal places, the cost of these chocolates after the discount has been applied. **Answer**	Additional guidance	Mark
1 (e)	**A02 - 2 marks** 75.50 x 0.06 = 4.53 **(1)** 75.50 – 4.53 = 70.97 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

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Question Number	Explain **one** benefit for a business that uses test marketing. **Answer**	Mark
1 (f)	**A01 - 3 marks** Award 1 mark for identification of a benefit for a business that uses test marketing, plus 2 further marks for explaining the benefit, for a maximum of 3 marks. • The risk of failure is reduced **(1)** as the new product is only tested in one area gaining feedback from customers **(1)** leading to modifications being made before the final launch **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

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Question Number	Analyse the importance of branding for *Irsi Chocolatier*. **Indicative content**	Mark
1 (g)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • As a business that started in 1989 it has been able to develop and maintain a strong image for its chocolates and sweets • Branding against local competing chocolate shops helps *Irsi Chocolatier* stand out **<u>AO3</u>** • This is important as the brand helps create recognition of the business allowing *Irsi Chocolatier* to continue as a long-standing business • As the brand becomes stronger a higher price for the products can be charged and new products being introduced have a higher success rate due to its current branding	**(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)

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Question Number	State **one** method *Irsi Chocolatier* could use to improve its competitive position. **Answer**	**Mark**
2 (a)	**A02 - 1 mark** Award 1 mark for a valid method *Irsi Chocolatier* could use to improve its competitive position in the context of the business. • The chocolate shop may now open on a Monday **(1)** **NB** Do not accept a method that is not in the context of *Irsi Chocolatier* **Accept any other appropriate response**.	**(1)**

Question Number	State **one** way *Irsi Chocolatier* might extend the life cycle of one of its products. **Answer**	**Mark**
2 (b)	**A02 - 1 mark** Award 1 mark for a valid way *Irsi Chocolatier* might extend the life cycle of a product in the context of the business. • *Irsi Chocolatier* can lower the price of its chocolates **(1)** **NB** Do not accept a way that is not in the context of *Irsi Chocolatier* **Accept any other appropriate response.**	**(1)**

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Question Number	Explain **one** way a business could use e-newsletters. **Answer**	Mark
2 (c)	**A01 - 3 marks** Award 1 mark for identification of a way a business could use e-newsletters, plus 2 further marks for explaining this way, for a maximum of 3 marks. • E-newsletters can be personalised based on a customer's previous transactions **(1)** it could include special discounts just for them **(1)** leading to customers being motivated to return **(1)** **NB** Answers that list three ways with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**
Question Number	Explain **one** way a business could use market research information. **Answer**	**Mark**
2 (d)	**A01 - 3 marks** Award 1 mark for identification of a way a business could use market research information, plus 2 further marks for explaining this way, for a maximum of 3 marks. • To find out what customers think of their products **(1)** so they can act on any relevant feedback given **(1)** and therefore better meet the needs of customers **(1)** **NB** Answers that list three ways with no explanation will get 1 mark only. **Accept any other appropriate response**.	**(3)**

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Question Number	Explain **one** benefit to a business that has a decentralised organisational structure. **Answer**	Mark
2 (e)	**A01 - 3 marks** Award 1 mark for the identification of a benefit to a business that has a decentralised organisational structure, plus 2 further marks for explaining that benefit, for a maximum of 3 marks. • Employees may be better motivated **(1)** as they can share their ideas with the fellow employees **(1)** and can be part of the decision making process **(1)** **NB** Answers that list three benefits with no explanation will get 1 mark only. **Accept any other appropriate response.**	**(3)**

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Question Number	*Irsi Chocolatier* is considering using: **Option 1:** batch production **Option 2:** job production. Justify which **one** of these two options *Irsi Chocolatier* should choose. **Indicative content**	**Mark**
2 (f)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – batch production would allow different flavours and shapes of chocolate lollipops to be made • **Option 2** – Job production allows *Irsi Chocolatier* to give customers the option of personalised chocolate lollipops **<u>AO3</u>** • **Option 1** – This method will allow *Irsi Chocolatier* to make a certain number of one type of lollipop and then switch to another to give customers a range in lollipops as it does with the chocolates • **Option 2** – This method would give a consistent approach to its customers of personalised products **<u>AO4</u>** • **Option 1** – However, it could be more costly depending on the demand for different shapes and flavours • **Option 2** – However, lollipops are only small items so customers may not want to wait for them to be personalised and may prefer to buy off the shelf to make the transaction quicker	**(9)**

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	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)

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Question Number	Define the term **fringe benefits.** **Answer**	Mark
3 (a)	**A01 - 1 mark** Award 1 mark for a correct definition of **fringe benefits**. • Additional benefits over and above the normal wage or salary **(1)**	**(1)**

Question Number	Outline **one** way *Irsi Chocolatier* could keep customer loyalty. **Answer**	Mark
3 (b)	**A02 - 2 marks** Award 1 mark for identifying a way *Irsi Chocolatier* could keep customer loyalty, plus 1 further mark for linking it to the context of the business. • *Irsi Chocolatier* could promote their chocolates **(1)** by introducing a new range of flavours **(1)** **NB** Do not accept a way that is not in the context of *Irsi Chocolatier*. **Accept any other appropriate response.**	**(2)**

Question Number	Calculate, to two decimal places, the current ratio. **Answer**	**Additional guidance**	Mark
3 (c)	**A02 - 2 marks** 26 000/14 852 **(1)** = 1.75 **(1)**	Award 1 mark for correctly substituting numbers into formula. Award full marks for correct numerical answer without working.	**(2)**

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Question Number	Analyse the limitations for *Irsi Chocolatier* of using break-even charts to decide whether it should sell the new product. **Indicative content**	Mark
3 (d)	**AO2 = 3 marks AO3 = 3 marks** **<u>AO2</u>** • Break-even charts make the assumption that all of the new chocolate lollipops will be sold • The chart shows the costs for the chocolate lollipops as a straight line not taking into account other costs that may occur along the way **<u>AO3</u>** • This could lead to false data as it does not take into account any wasted or damaged stock not sold • This could lead to overspending if *Irsi Chocolatier* have not taken into account other costs or if customers do not like the new product	**(6)**

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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)

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Question Number	*Irsi Chocolatier* is considering two options: **Option 1:** train the new employee on-the-job **Option 2:** train the new employee off-the-job. Justify which **one** of these two options *Irsi Chocolatier* should choose. **Indicative content**	**Mark**
3 (e)	**AO2 = 3 marks AO3 = 3 marks** **AO4 = 3 marks** **<u>AO2</u>** • **Option 1** – Offering on-the-job training allows the new employee to see current chocolate making techniques • **Option 2** – Offering off-the-job training allows the new employee to learn new techniques of producing chocolates from lecturers at a college **<u>AO3</u>** • **Option 1** – This may increase the levels of production as the employee will be producing whilst training allowing *Irsi Chocolatier* to meet the increased demand • **Option 2** – Therefore the new employee could bring new ideas into the business making it more efficient producing more in less time **<u>AO4</u>** • **Option 1** – However, as *Irsi Chocolatier* only has 3 employees there may not be someone who can dedicate the time to train the new employee to the standard required • **Option 2** – However, this can be costly as the employee will have to attend an external course rather than learn on the job	**(9)**

Level	Mark	Descriptor

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	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)

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Question Number	Calculate, to two decimal places, the operating profit margin. **Answer**	**Additional guidance**	**Mark**
4 (a)	**A02 - 2 marks** 80 282 – 12 692 = 67 590 **(1)** 67 590/330 606 x 100 = 20.44 **(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 place to *Irsi Chocolatier*. **Indicative content**	**Mark**
4 (b)	**AO2 – 3 marks AO3 – 3 marks** **<u>AO2</u>** • They are located in a busy area with other competitors nearby and want to make sure customers are drawn to them over the other chocolate shops in the area so will not want to move the location of the physical shop • As a small business with only 3 employees, it may want to consider its online place as well as its physical chocolate shop to remain competitive **<u>AO3</u>** • With the business having started in 1989 it is important to have the shop in the same location so locals and tourists come back year after year if they have enjoyed the chocolates they have bought from the shop • With it offering a local delivery service and the market changing *Irsi Chocolatier* may put some importance on improving their online presence to allow customers to buy from the website as well as find information about its products	**(6)**

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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)

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Question Number	Evaluate the impact of *Irsi Chocolatier* using financial methods of motivation on its employees. 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** **AO1** • A bonus can be given to employees • A promotion could be awarded to an employee **AO2** • This can motivate the employees is they meet their targets of making and selling a certain amount of chocolate each month • *Irsi Chocolatier* could promote the hardest working employee in the chocolate shop **AO3** • This may push employees to work harder and produce/sell more products in order to meet their targets therefore increasing the revenue for *Irsi Chocolatier* • This will motivate the employee as they will be given additional responsibilities with a potential pay increase making them more loyal to the business as they are being promoted for their work **AO4** • However, if the same employee keeps getting the bonus each month, then this may demotivate the rest of the employees if they feel they do not have a chance at getting the bonus leading to a decrease in productivity • However, this would only be for one employee as the business only currently has three so the other two may end up feeling demotivated and unrecognised possibly leading to an increase in staff turnover and creating a recruitment issue for *Irsi Chocolatier*	**(12)**

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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)

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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)