



Mark Scheme (Results)

November 2020

Pearson Edexcel GCSE
In Business (1BS0)
Paper 2: Building a business

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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.

| Question Number | Answer | Mark |
|-----------------|---|---------------------|
| 1 (a) | <p>The only correct answer is C - Job rotation</p> <p>A is not correct because a 'bonus' is a financial method</p> <p>B is not correct because 'commission' is a financial method</p> <p>D is not correct because 'remuneration' is a financial method</p> | (1) AO1a |

| Question Number | Answer | Mark |
|-----------------|---|---------------------|
| 1 (b) | <p>The only correct answer is B - Hierarchical</p> <p>A is not correct because 'freelance' is not a type of organisational structure</p> <p>C is not correct because 'permanent' is not a type of organisational structure</p> <p>D is not correct because 'temporary' is not a type of organisational structure</p> | (1) AO1a |

| Question Number | Answer | Mark |
|-----------------|---|----------------------------------|
| 1 (c) | <p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>Employees from outside the business will bring new ideas to the business (1). Therefore, the workforce may become more productive (1). As a result, the average total cost of producing products may fall (1).</p> <p>External employees will have a different way of thinking to employees who already work for the business (1). As a result, creativity may improve (1). Thus, the business may be able to find new ways of gaining a competitive advantage (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p> | (3) AO1a=1 AO1b=2 |

| Question Number | Answer | Mark |
|-----------------|--|---|
| 1 (d) | <p>Award 1 mark for identification of an impact, plus 2 further marks for explaining this impact up to a total of 3 marks.</p> <p>Employees will be unsure of what they have to do (1). As a result, they may start to make mistakes (1). Therefore, the quality of the good or service may fall (1).</p> <p>Employees may lack the information they need to do their job properly (1). Therefore, employee motivation may fall (1). Thus, employees may decide to leave the business causing staff shortages (1).</p> <p>Accept any other appropriate response. Answers that list more than one impact with no explanation will be awarded a maximum of 1 mark.</p> | (3) A01=1 A01b=2 |

| Question Number | Answer | Mark |
|-----------------|---|---------------------------|
| 2 (a) | <p>The only correct answers are A – Loan capital and E – Share capital</p> <p>B is not correct because it is an internal source of finance</p> <p>C is not correct because it is not a source of finance</p> <p>D is not correct because it is an internal source of finance</p> | (2) AO1a |

| Question Number | Answer | Mark |
|-----------------|--|---------------------------|
| 2 (b) | <p>The only correct answers are C – Merger and E – Takeover</p> <p>A is not correct because it is a method of internal growth</p> <p>B is not correct because it is a method of internal growth</p> <p>D is not correct because it is a method of internal growth</p> | (2) AO1a |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|--|--|--------------------------|
| 2 (c) | <p>Substitution into correct formula:</p> <p>£625 000 - £145 000 (1)</p> <p>Answer: £480 000 (1)</p> | Award full marks for correct numerical answer without working. | (2) AO2 |

| Question Number | Answer | Mark |
|-----------------|---|--|
| 2 (d) | <p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>Managers can now concentrate more time on products at the growth stage of the product life cycle (1). As a result, these products are more likely to have a longer maturity phase (1). Therefore, the business may gain a larger market share (1).</p> <p>Products in the decline phase are likely to be making a loss (1). Therefore, withdrawing a product should reduce the loss the business makes (1). Therefore, the business should have a greater level of retained profit to invest in new products (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p> | (3) AO1a=1 AO1b=2 |

| Question Number | Answer | Mark |
|-----------------|--|--|
| 2 (e) | <p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>This may make the product appear more attractive compared to rival products (1). Therefore, the product may gain a unique selling point (1). Thus, the business may be able to charge a premium price (1).</p> <p>This could add value to the product (1). Therefore, the business may be able to generate a larger profit margin from the product (1). This may give the business more retained profit to reinvest in new products (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p> | (3) A01a=1 A01b=2 |

| Question Number | Answer | Mark |
|-----------------|---|---------------------------|
| 3 (a) | <p>The only correct answer is A – Product knowledge</p> <p>B is not correct because it is not a stage in the sales process</p> <p>C is not correct because it is not a stage in the sales process</p> <p>D is not correct because it is not a stage in the sales process</p> | (1) AO1a |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|---|--|--------------------------|
| 3 (b) | <p>Substitution into correct formula:</p> $(\text{£}700\,000 \div (\text{£}700\,000 + \text{£}150\,000 + \text{£}350\,000)) \times 100 \text{ (1)}$ <p>Answer: 58.33% (1)</p> | Award full marks for correct numerical answer without working. | (2) AO2 |

| Question Number | Answer | Mark |
|-----------------|---|--|
| 3 (c) | <p>Award 1 mark for identification of a drawback, plus 2 further marks for explaining this drawback up to a total of 3 marks.</p> <p>This may cause variable costs to increase (1). Therefore, the differentiation may not add value (1). Thus, profit per product sold may decrease (1).</p> <p>Differentiation could be expensive (1). Therefore, cash outflows may increase (1). This could cause the business to suffer poor cash flow (1).</p> <p>Accept any other appropriate response. Answers that list more than one drawback with no explanation will be awarded a maximum of 1 mark.</p> | (3) AO1a=1 AO1b=2 |

| Question Number | Answer | Mark |
|-----------------|---|--|
| 3 (d) | <p>Award 1 mark for identification of an impact, plus 2 further marks for explaining this impact up to a total of 3 marks.</p> <p>The opportunity to sell to more markets increases (1). Therefore, the business has the ability to generate global brand awareness (1). Thus, the business could make higher levels of revenue (1).</p> <p>The business may face higher levels of competition (1). This could cause the price of products to fall (1). Therefore, the business may have to reduce average total costs to maintain competitiveness (1).</p> <p>Accept any other appropriate response. Answers that list more than one impact with no explanation will be awarded a maximum of 1 mark.</p> | (3) AO1a=1 AO1b=2 |

| Question Number | Indicative content | | Mark |
|-----------------|--|--|--|
| 3 (e) | <ul style="list-style-type: none"> • The business can now issue new shares to a large number of potential shareholders to raise capital for expansion (AO1b). • The issuing of new shares will dilute the existing owners' percentage ownership of the company (AO1b). • Therefore, with the ability to sell their shares easily, shareholders may purchase large numbers of shares raising large amounts of capital to fund growth (AO3a). • Therefore, the original owners may lose control of the business that they helped to create, and the company may become part of a much larger one (AO3a). | | (6) AO1b=3 AO3a=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1-2 | <ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). | |
| Level 2 | 3-4 | <ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). | |
| Level 3 | 5-6 | <ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). | |

| Question Number | Answer | Mark |
|-----------------|---|--------------------------|
| 4 (a) | <p>Award up to 2 marks for linked points outlining a benefit to <i>KFC (Kentucky Fried Chicken)</i> of using batch production in its restaurants. Award a maximum of 1 mark if points are not linked.</p> <p><i>KFC</i> will be able to fry several chicken portions at the same time (1). Therefore, the productivity of cooking will be higher than if they used job production (1).</p> <p><i>KFC</i> still has the ability to customise menu items that it would not be able to do with flow production (1). Therefore, if a customer wants no mayonnaise on their burger <i>KFC</i> will be able to meet this need (1).</p> <p>Do not accept a benefit of using batch production that would not relate to <i>KFC</i>. For example, it ensures that all the products made within the batch are totally identical.</p> | (2) AO2 |

| Question Number | Indicative content | Mark |
|-----------------|---|---|
| 4 (b) | <ul style="list-style-type: none"> Customers may decide to buy fast food from rivals such as Burger King (AO2). This may damage <i>KFC's</i> brand within the market for spicy chicken such as Zinger Tower burgers (AO2). As a result, <i>KFC's</i> revenue may fall compared to rivals. Therefore, <i>KFC</i> may lose market share, reducing its competitive advantage (AO3a). This may reduce <i>KFC's</i> ability to charge a premium on its products. As a result, profit margins on each item may fall leading to lower profits for <i>KFC</i> (AO3a). | (6) AO2=3 AO3a=3 |

| Level | Mark | Descriptor |
|---------|------|---|
| | | No rewardable material. |
| Level 1 | 1-2 | <ul style="list-style-type: none"> 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 (AO3a). |
| Level 2 | 3-4 | <ul style="list-style-type: none"> 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 (AO3a). |
| Level 3 | 5-6 | <ul style="list-style-type: none"> 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 (AO3a). |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|--|--|--------------------------|
| 5 (a) | Substitution into correct formula: 1,300 portions - 100 portions (1) Answer: 1,200 portions of chicken (1) | Award full marks for correct numerical answer without working. | (2) A02 |

| Question Number | Answer | Additional guidance | Mark |
|-----------------|---|--|--------------------------|
| 5 (b) | Substitution into correct formula: Day 26 - Day 22 (1) Answer: 4 days (1) | Award full marks for correct numerical answer without working. | (2) A02 |

| Question Number | Indicative content | | Mark |
|-----------------|---|---|---|
| 5 (c) | <ul style="list-style-type: none"> • <i>KFC</i> may run out of chicken at busy times such as Saturday lunchtime (AO2). • <i>KFC</i> may have to restrict the options on its menu and items like boneless boxes may not be available (AO2). • This may disappoint consumers since their needs are no longer being met. As a result, consumers may switch to other fast food outlets such as Burger King. This may cause <i>KFC's</i> revenue to go down (AO3a). • This may mean <i>KFC</i> cannot produce all the items it normally sells. As a result, staff members may not be working to their full potential. Therefore, productivity at <i>KFC</i> may fall (AO3a). | | (6) AO2=3 AO3a=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1-2 | <ul style="list-style-type: none"> • 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 (AO3a). | |
| Level 2 | 3-4 | <ul style="list-style-type: none"> • 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 (AO3a). | |
| Level 3 | 5-6 | <ul style="list-style-type: none"> • 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 (AO3a). | |

| Question Number | Answer | Mark |
|-----------------|---|--------------------|
| 6 (a) | <p>Award 1 mark for stating one job role that may be found in a fast food outlet such as <i>KFC</i>.</p> <p>Restaurant manager (1) Food preparation shift leader/team leader (1) Drive-thru serving staff (1) Accept any other appropriate response. Do not accept job roles that would not be appropriate to a fast food outlet such as <i>KFC</i>, for example shelf stackers.</p> | (1) A02 |

| Question Number | Answer | Mark |
|-----------------|--|--------------------|
| 6 (b) | <p>Award up to 2 marks for linked points outlining a benefit to <i>KFC</i>. Award a maximum of 1 mark if points are not linked.</p> <p><i>KFC</i> could quickly tweet any special offers that it has on its menu (1). Therefore, potential customers could react to this much faster than with traditional advertising (1).</p> <p><i>KFC</i> could target advertising at certain types of consumer (1). As a result, it could use Facebook profiles to target specific market segments of the fast food market (1).</p> <p>Do not accept benefits that would not relate to <i>KFC</i>. For example, it allows them to contact potential customers faster.</p> | (2) A02 |

| Question Number | Indicative content | | Mark |
|-----------------|---|--|--|
| 6 (c) | <ul style="list-style-type: none"> • <i>KFC</i> could lower the price of its most popular meals such as Popcorn Chicken (AO2). • <i>KFC</i> could make better use of viral advertising to get a clear marketing message to consumers of fast food (AO2). • This would make its products appear better value for money than those offered by competitors. As a result, <i>KFC</i> may make more sales in the market. This should lead to an increase in its market share (AO3a). • This should reach large numbers of consumers as quickly as possible and could be reposted by social media users, increasing the spread of the marketing message. The viral nature of its advertising may attract customers back to <i>KFC</i>, increasing its market share (AO3a). • However, after switching to rival fast food restaurants when <i>KFC</i> ran out of chicken, consumers may now prefer the taste and reliability of service offered by rivals such as McDonalds. As a result, the impact of lowering prices on allowing <i>KFC</i> to recapture market share may be limited (AO3b). • However, viral advertising may not be passed on by the recipient and could even be altered before being reposted. Therefore, if this happens, <i>KFC</i>'s apology could be changed to something that is offensive. This could cause market share to fall further since it could upset customers (AO3b). | | (9) AO2=3 AO3a=3 AO3b=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1-3 | <ul style="list-style-type: none"> • 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 (AO3a). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b). | |
| Level 2 | 4-6 | <ul style="list-style-type: none"> • 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 (AO3a). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). | |
| Level 3 | 7-9 | <ul style="list-style-type: none"> • 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 (AO3a). • Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b). | |

| Question Number | Answer | Mark |
|-----------------|--|---------------------------|
| 7 (a) | Award 1 mark for a correct definition of pressure group. An organisation that aims to make a government or business change its decision making (1). | (1) A01a |

| Question Number | Answer | Mark |
|-----------------|--------|--------------------------|
| 7 (b) | 2013 | (1) A02 |

| Question Number | Answer | Mark |
|-----------------|---|--------------------------|
| 7 (c) | Award up to 2 marks for linked points outlining a factor that could influence <i>Iceland's</i> choice of pricing strategy. Award a maximum of 1 mark if points are not linked. The grocery market has lots of competition (1). Therefore, <i>Iceland</i> may need to use a competitive pricing strategy (1). Millie's Cookies is a popular brand (1). Therefore, <i>Iceland</i> may be able to charge a premium price (1). Do not accept factors that would not be appropriate for <i>Iceland</i> . For example, the variable cost of the raw materials. | (2) A02 |

| Question Number | Indicative content | | Mark |
|-----------------|---|--|--|
| 7 (d) | <ul style="list-style-type: none"> • By offering permanent contracts, The Food Warehouse employees will feel reassured since the business is new and untested (AO2). • By giving employees temporary contracts, <i>Iceland</i> gives itself a lot more flexibility since the new grocery concept may not be a success (AO2). • This may increase the motivation and loyalty of the new employees, which may lead to better productivity and customer service. This may make The Food Warehouse appeal to high-income food shoppers (AO3a). • Therefore, it has the ability not to renew contracts for employees if demand for the new concept ends up being lower than expected and it has to close stores (AO3a). • However, The Food Warehouse is an untried concept and it may prove to be unsuccessful. This may result in permanent employees being under-used if the stores do not attract as many customers as hoped. Therefore, employing staff on permanent contracts could cause <i>Iceland</i> to incur unnecessarily high wage costs (AO3b). • However, some employees may not like the lack of certainty provided by temporary contracts. Therefore, the most productive employees may prefer to work for Tesco, which could be offering permanent contracts. As a result, <i>Iceland</i> may end up employing demotivated employees with low productivity who could damage its ability to attract high-income consumers since customer service may not be as high (AO3b). | | (9) AO2=3 AO3a=3 AO3b=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1-3 | <ul style="list-style-type: none"> • 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 (AO3a). • Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b). | |
| Level 2 | 4-6 | <ul style="list-style-type: none"> • 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 (AO3a). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). | |

| | | |
|---------|-----|---|
| Level 3 | 7-9 | <ul style="list-style-type: none">• 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 (AO3a).• Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b). |
|---------|-----|---|

| Question Number | Indicative content | Mark |
|-----------------|---|---|
| 7 (e) | <ul style="list-style-type: none"> • Banning plastic packaging on its own-brand products may result in <i>Iceland</i> having a unique selling point (USP) (AO1b). • Changing the packaging may increase the variable costs of <i>Iceland's</i> own-brand products (AO1b). • This is because <i>Iceland's</i> ready meals will now stand out to ethically minded food shoppers compared to rival supermarkets such as Asda or Tesco (AO2). • This is because special paper-based packaging may have to be developed that will be much more expensive than the plastic packaging used to package wet products such as ice cream and fish (AO2). • Therefore, <i>Iceland</i> may be able to attract more shoppers to its stores because it has successfully differentiated its products. This may lead to an increase in market share, which could lead to increased sales revenue and profit (AO3a). • As a result, <i>Iceland's</i> average total cost of its own-brand products may increase. This may force it to increase prices in order to maintain its profit margins. This could cause <i>Iceland</i> to lose competitiveness compared to Tesco and Aldi in the own-brand product market (AO3a). • However, <i>Iceland</i> is only making this change on its own-brand products and it will not happen until 2023. Therefore, the extent to which <i>Iceland</i> will be seen as an ethical store will be limited and by 2023 the other supermarkets may also have decided to make a similar change. This may remove any source of competitive advantage <i>Iceland</i> may gain from this change (AO3b). • However, changing the packaging may only increase packaging costs marginally and <i>Iceland</i> may gain improved brand recognition. This may allow <i>Iceland</i> to become more attractive to high-income consumers. Therefore, the repackaging of its own-brand products could add value and allow a premium price to be charged. As a result, profit margins on its own-brand products could actually increase rather than fall (AO3b). | <p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p> |

| Level | Mark | Descriptor |
|---------|------|--|
| | 0 | No rewardable material. |
| Level 1 | 1-4 | <ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • 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 (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b). |
| Level 2 | 5-8 | <ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • 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 (AO3a) • Draws a conclusion based on sound evaluation of business information and issues (AO3b). |
| Level 3 | 9-12 | <ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • 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 (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b). |

