



Pearson
Edexcel

Mark Scheme (Results)

Summer 2023

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.

Section A

Question number	Answer	Mark
1(a)	<p>The only correct answer is A – Decline</p> <p>B is not correct because it is the incorrect phase</p> <p>C is not correct because it is the incorrect phase</p> <p>D is not correct because it is the incorrect phase</p>	(1) AO1a

Question number	Answer	Mark
1(b)	<p>The only correct answer is A – Function</p> <p>B is not correct because it is not an element of the design mix</p> <p>C is not correct because it is not an element of the design mix</p> <p>D is not correct because it is not an element of the design mix</p>	(1) AO1a

Question number	Answer	Mark
1(c)	<p>Award 1 mark for identification of a reason, plus 2 further marks for explaining this reason up to a total of 3 marks.</p> <p>It may provide the employee with the opportunity to give feedback to their line manager (1). Therefore, the business may be able to solve problems that frustrate the employee (1). As a result, the employee may feel more valued by the business (1).</p> <p>Managers will discuss whether the employee has met their targets (1). As a result, the employee is more likely to be focused on their job (1). Thus, the employee is more likely to be productive (1).</p> <p>Accept any other appropriate response. Answers that list more than one reason 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>The business will be able to automate the production line (1). As a result, the productivity of the business may rise (1). Therefore, the unit cost of making each item should fall (1).</p> <p>Production is less flexible (1). Therefore, a standardised product must be made (1). As a result, it is difficult to make different versions of the product to meet customer needs (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	Answer	Mark
2(a)	<p>The only correct answers are A – Application form and E – Person specification</p> <p>B is not correct because it would be produced by an applicant</p> <p>C is not correct because it is not a document used in the recruitment process</p> <p>D is not correct because it would be produced by an applicant</p>	(2) AO1a

Question number	Answer	Mark
2(b)	<p>The only correct answers are A – Accountancy and D – Hairdressing</p> <p>B is not correct because it is a good</p> <p>C is not correct because it is a good</p> <p>E is not correct because it is a good</p>	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	<p>Substitution into correct formula: $(£400\,000 \div £900\,000) \times 100$ (1) Answer: 44.44% (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 disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks.</p> <p>Interest will have to be paid on the loan (1). Therefore, the fixed costs of the business will increase (1). As a result, the profit of the business may fall (1).</p> <p>The loan will have to be repaid (1). Therefore, the business will incur larger cash outflows (1). As a result, the business may be at a greater risk of insolvency or cash-flow problems (1).</p> <p>Accept any other appropriate response. Answers that list more than one disadvantage 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 reason, plus 2 further marks for explaining this reason up to a total of 3 marks.</p> <p>The business may be suffering from a fall in demand for its products (1). As a result, it may not have enough cash inflows to be able to pay its employees. (1). Therefore, the business may have to reduce its workforce to prevent failure (1).</p> <p>New technology may mean that an employee can be replaced by a machine (1). This is because a machine can produce items much faster than an employee (1). As a result, the productivity of the business may increase by reducing the workforce (1).</p> <p>Accept any other appropriate response. Answers that list more than one reason with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
3(a)	<p>The only correct answer is A – Company car</p> <p>B is not correct because it is not a fringe benefit</p> <p>C is not correct because it is not a fringe benefit</p> <p>D is not correct because it is not a fringe benefit</p>	(1) AO1a

Question number	Answer	Additional guidance	Mark
3(b)	<p>Substitution into correct formula:</p> <p>500 + 1,000 + 800 (1)</p> <p>Answer: 2,300 units (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 disadvantage, plus 2 further marks for explaining this disadvantage, up to a total of 3 marks.</p> <p>Deliveries of raw materials may be late (1). Therefore, production may be disrupted (1). Thus, the business may not be able to meet the needs of its customers (1).</p> <p>The business may not get good terms for trade credit (1). Therefore, they may have to pay cash to their suppliers earlier (1). As a result, net cash flow may fall (1).</p> <p>Accept any other appropriate response. Answers that list more than one disadvantage 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 workforce may become more flexible (1). This is because employees will now be trained in different jobs (1). Therefore, if employees are absent, production does not have to stop (1).</p> <p>Employee motivation may increase (1). This is because job rotation makes their work more interesting (1). Therefore, the business may experience an increase in productivity (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"> Exported products will now become more expensive in the foreign market (AO1b). The business may try and find a way to reduce the cost of making each unit (AO1b). Therefore, demand for the exported product in the foreign market could fall. As a result, revenue generated by the business from its foreign, export market may fall (AO3a). This is because it may allow the business to reduce its prices. As a result, the tariff will have a minimal effect on the business (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). 	

Section B

Question number	Answer	Mark
4(a)	<p>Award up to 2 marks for linked points outlining a method that <i>Ocado</i> could use to differentiate its service. Award a maximum of 1 mark if points are not linked.</p> <p>It could offer more frequent delivery slots (1). As a result, its service would stand out compared to that of Asda (1).</p> <p><i>Ocado</i> could allow customers to track their grocery delivery in real time on an app (1). Therefore, <i>Ocado</i> customers will be getting a more convenient service than that offered by Asda (1).</p> <p>Award any other valid answer. To award 2 marks there must be linked development and evidence of application.</p>	(2) A02

Question number	Indicative content	Mark
4(b)	<ul style="list-style-type: none"> • <i>Ocado</i>'s 62% excellent rating on Trustpilot could be a source of differentiation compared to Asda (AO2). • Grocery shoppers may become more loyal to <i>Ocado</i> due to its excellent food delivery service (AO2). • As a result, some shoppers may switch to <i>Ocado</i> from rival firms. Therefore, <i>Ocado</i> may be able to increase its market share, allowing it to increase its revenue (AO3a). • Therefore, <i>Ocado</i> may be able to charge higher prices than competitors. This could allow <i>Ocado</i> to generate a higher profit margin on each product sold (AO3a). 	(6) A02=3 A03a=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: $(£55 + £65 + £110 + £60) \div 4$ (1) Answer: £72.50 (1)	Award full marks for correct numerical answer without working.	(2) A02

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $£1\,164.8\text{m} + £591.8\text{m}$ (1) Answer: £1 756.6 million (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"> The new technology has given <i>Ocado</i> the ability to process an extra 30,000 grocery orders per week (AO2). The new technology allows a grocery order to be picked in under 5 minutes with heavy items placed in the bottom of a bag (AO2). Therefore, it has been able to cope with the increase in demand for products ordered online. As a result, customer satisfaction has remained high allowing <i>Ocado</i> to maintain customer loyalty in an enlarged market for online shopping (AO3a). This allows <i>Ocado</i> to have a competitive advantage over its rivals since groceries are less likely to be damaged. As a result, it should be able to deliver with fewer complaints from its customers. This may enhance its brand loyalty (AO3a). 	(6) A02=3 A03a=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 possible influence on <i>Ocado's</i> pricing strategy.</p> <p>Cost of purchasing groceries from Heinz/Marks and Spencer (1). How much shoppers are willing to spend on food (1). What competitors, such as Asda, are charging (1).</p> <p>To award 1 mark there must be evidence of application.</p>	(1) A02

Question number	Answer	Mark
6(b)	<p>Award up to 2 marks for linked points outlining a drawback to <i>Ocado</i> of using just in time (JIT) stock control. Award a maximum of 1 mark if points are not linked.</p> <p>If there is a sudden increase in demand for grocery items like toilet rolls, <i>Ocado</i> may run out of stock (1). Therefore, customers may switch to rival supermarkets such as Asda (1).</p> <p><i>Ocado</i> will not be able to buy items, such as baked beans, in bulk (1). Therefore, the unit cost will rise (1).</p> <p>Award any other valid answer. To award 2 marks there must linked development and evidence of application.</p>	(2) A02

Question number	Indicative content	Mark
6(c)	<ul style="list-style-type: none"> Offering a faster delivery service may meet the needs of <i>Ocado's</i> customers since there has been a 40% increase in demand for online grocery shopping during 2020 (AO2). Increasing its product range may satisfy the demands of grocery shoppers who may be looking for a wider range of <i>Ocado's</i> own brand products or those that are stocked by other supermarkets e.g. Heinz baked beans (AO2). As a result, <i>Ocado's</i> service may become more convenient than visiting a physical supermarket. This is because if <i>Ocado</i> can deliver so quickly it may be faster to order from them, than to visit a physical supermarket. This should cause revenues to increase, leading to increased market share (AO3a). Therefore, <i>Ocado</i> customers may now be able to purchase Marks & Spencer groceries as well as more of their own brand products, which may make them more attractive in terms of choice of products than rivals such as Asda. This may lead to increased sales, resulting in greater market share (AO3a). However, as orders increase further it may be difficult for <i>Ocado</i> to keep up with growing demand in the market. If deliveries start to become unreliable, then the brand could be damaged. <i>Ocado's</i> warehouses may not have much more capacity to deal with further, increased orders (AO3b). However, these products are also available at physical supermarkets, and consumers may want to touch/see the food e.g. freshness of fruit/fish. Thus, increasing product choice may only lead to limited increases in market share (AO3b). 	(9) A02=3 A03a=3 A03b=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).

Section C

Question number	Answer	Mark
7(a)	<p>Award 1 mark for a stage of the sales process.</p> <p>Product knowledge (1). Speed/efficiency of service (1). Customer engagement (1). Responses to customer feedback (1). Post-sales service (1).</p> <p>Award any other close interpretation of the stages listed above.</p>	(1) A01a

Question number	Answer	Mark
7(b)	Microsoft	(1) A02

Question number	Answer	Mark
7(c)	<p>Award up to 2 marks for linked points outlining an advantage to <i>Facebook</i> of becoming a public limited company (plc). Award a maximum of 1 mark if points are not linked.</p> <p><i>Facebook</i> will be able to issue more shares at flotation (1). Therefore, raising capital to fund development of its social media apps (1).</p> <p><i>Facebook</i> may now have a higher public profile (1). As a result, it may be able to attract the best website developers to work for the company (1).</p> <p>Award any other valid answer. To award 2 marks there must be linked development and evidence of application.</p>	(2) A02

Question number	Indicative content		Mark
7(d)	<ul style="list-style-type: none"> This could allow <i>Facebook</i>, using its existing resources, to move into other markets away from social media where, perhaps, growth opportunities are better (AO2). <i>Facebook</i> has already grown inorganically and has purchased over 60 different companies within an 8-year period (AO2). With social media becoming a service that is moving into the maturity phase of its product life cycle in most markets, the profits from advertising are unlikely to grow as fast as they did in the past. Thus, new markets, such as virtual reality, offer new potential for growth that could boost demand and offer new revenue streams and hence increased profits (AO3a). Therefore, by eliminating more competitors, <i>Facebook</i> is in a position of power to ask advertisers to pay higher prices for advertising space. This could result in each online advertisement having a higher profit margin than before (AO3a). However, internal growth is slow. <i>Facebook</i> has limited experience in new markets. Virtual reality may not grow as much as expected and <i>Facebook's</i> lack of experience may lead to costly errors that may reduce, rather than increase profits (AO3b). However, <i>Facebook</i> may not be able to grow further in its existing market. The market is already mature and competition laws may prevent further merger and takeover activity. This may constrain, rather than increase, profits (AO3b). 		(9) A02=3 A03a=3 A03b=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"> • Remote working may attract talented workers to <i>Facebook</i> who want to work flexibly (AO1b). • Remote working may lead to a feeling of isolation amongst <i>Facebook</i>'s employees (AO1b). • This is because some highly-skilled workers may not want to live in commuting distance to <i>Facebook</i>'s European headquarters in Dublin, due to the need to move or because Dublin is an expensive area (AO2). • This because working from home, coding or creating graphics or adverts for social media apps or websites, can become boring without interaction from other creative workers in a face-to-face environment (AO2). • Therefore, <i>Facebook</i> may be able to attract the best employees from across Europe/globe who are no longer constrained by their proximity to a <i>Facebook</i> office. This may allow <i>Facebook</i> to become more creative and develop new social media platforms or ideas that can boost its competitive advantage compared to its rivals (AO3a). • As a result, <i>Facebook</i> may suffer a lack of new ideas and a lack of creativity compared to its rivals such as Snapchat that may be better positioned to launch new apps or other products to take advantage of changing trends in the technology market (AO3a). • However, remote working may cause a reduction in creativity within the company. <i>Facebook</i> employees may not be able to interact as easily compared to a face-to-face setting, which may reduce, rather than improve the creation of ideas. Thus, the impact on creativity depends on which employees decide to work from home and the roles they have within <i>Facebook</i> (AO3b). • However, <i>Facebook</i> may be able to reduce the size of its European headquarters in Dublin. This could lead to substantial savings in fixed costs which may allow the company to fund investment in new social media apps and expansion into new markets. The extent to which this occurs, depends on what proportion of its workforce decide to work remotely from home (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).

