

Examiners' Report  
June 2012

GCE Business Studies 6BS02 01

## Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications come from Pearson, the world's leading learning company. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk) for our BTEC qualifications.

Alternatively, you can get in touch with us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

If you have any subject specific questions about this specification that require the help of a subject specialist, you can speak directly to the subject team at Pearson.

Their contact details can be found on this link: [www.edexcel.com/teachingservices](http://www.edexcel.com/teachingservices).

You can also use our online Ask the Expert service at [www.edexcel.com/ask](http://www.edexcel.com/ask). You will need an Edexcel username and password to access this service. See the ResultsPlus section below on how to get these details if you don't have them already.



### Get more from your exam results

#### ...and now your mock results too!

ResultsPlus is Edexcel's free online service giving instant and detailed analysis of your students' exam and mock performance, helping you to help them more effectively.

- See your students' scores for every exam question
- Spot topics, skills and types of question where they need to improve their learning
- Understand how your students' performance compares with Edexcel national averages
- Track progress against target grades and focus revision more effectively with NEW Mock Analysis

For more information on ResultsPlus, or to log in, visit [www.edexcel.com/resultsplus](http://www.edexcel.com/resultsplus). To set up your ResultsPlus account, call us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

### Pearson: helping people progress, everywhere

Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for raising achievement through innovation in education. Find out more about how we can help you and your students at: [www.pearson.com/uk](http://www.pearson.com/uk).

June 2012

Publications Code US031796

All the material in this publication is copyright  
© Pearson Education Ltd 2012

## Introduction

The paper appeared accessible to most candidates and performance mirrored recent improvements, indicating that the majority of centres are advising their candidates correctly. The paper is split into two sections with some candidates performing particularly well on Section A, the supported multiple choice questions, but more often than not the stronger performances were on Section B where questions are based on a real life case study. The very best candidates deal confidently with Section A questions, readily gaining the 3 marks for part B of the questions by offering a detailed explanation of why a response is correct. Some candidates prefer to give a definition of a key concept and then explain why 2 of the distracters are incorrect. Weaker candidates still dismiss all distracters with a sweeping assertion such as 'b, c, and d have nothing to do with increased efficiency'. Without an explanation as to why this may be so there are no marks to be gained.

Section B of the Summer 2012 paper was based on the restaurant chain Nando's. Candidates are not expected to have any working knowledge of any firm referred to in the question paper but it was clear that a number of students used their own experience of part-time jobs to help them answer questions. The case study is designed to give candidates examples to support their answers to particular questions and many candidates used this information well to put answers in context and to illustrate points, enabling them to analyse and evaluate confidently when it was applicable. There are still a number of candidates who forget to answer in context and this proves a limiting factor in accessing higher levels of the mark scheme. Each question paper is designed to cover a range of areas from the specification and almost all candidates were able to provide valid responses to most of the questions. There were, however, a significant minority who could not apply Herzberg's 2 factor theory on motivation to Nando's, nor were they able to explain the factors that affected price elasticity for Nando's products. This was disappointing given the prominence these two items have in the specification. Although some candidates were unable to complete the paper, the numbers were low. One disappointing aspect regarding answers to Q12 was the number of times candidates mixed up their responses to this question which was clearly marked 'a' employer, and 'b' employee. The time factor may have caused some to read the question carelessly, but when this was combined with a lack of understanding of what 'flexible working' was, there were a number of low marks awarded. On a positive note it was clear that many candidates knew exactly what approach to take and numbers reaching level four were encouraging.

## Question 1

The first question on Section A of the paper was designed to allow candidates to apply a common concept in a familiar context. That many of them were able to do this and at the same time score full marks was encouraging, as was the way candidates went about constructing their answer. A familiar response included a definition of mass marketing followed by aligning this to the concept of 'every woman', targeted via a television campaign. As an additional point 'niche marketing' was dismissed as incorrect as this would only be aimed at a small part of a larger market. The only downside was that a minority of candidates did select 'niche marketing' as their answer - this displayed a poor understanding of the concept and context.

John Lewis plc is a leading UK retail business. A recent TV advertising campaign portraying 'everywoman' from infancy to old age accompanied by the song 'Always a Woman' led to a huge increase in sales.

1 (a) This success could be best described as a good example of

(1)

- A niche marketing
- B mass marketing
- C profit forecasting
- D online retailing

Answer  B

(b) Explain your answer.

(3)

Mass marketing is when you target your product/service at a large proportion of the market. The TV campaign portrayed different types of women from young to old age, this clearly shows mass marketing. The answer can't be A as a niche market is usually small and specialises in specific customer requirements.



**ResultsPlus**

**Examiner Comments**

This response clearly demonstrates a good answer in the manner outlined in the introduction to the question. The definition is sound and the context is clearly explained, as is the reason why 'niche marketing' is incorrect.

## Question 2

This question requires candidates to make a judgement - which one of the following can be concluded from this information? A significant minority of candidates chose to define 'absenteeism'. A mark cannot be awarded for this response as the term is not in the specification - candidates should concentrate on concepts that are on the specification and therefore should have been taught.

In the American state of Utah, state employees moved from a 5-day 9am-5pm working week to a 4-day, 8am-6pm working week. As a result staff absenteeism has fallen and total output has risen.

2 (a) Which **one** of the following can be concluded from this information?

(1)

- A Increased efficiency will result
- B Unit costs will rise
- C The span of control will widen
- D A rise in staff travel to work costs

Answer  A

(b) Explain your answer.

(3)

Efficiency can be described as a level of productivity and organization of the business. Increased efficiency will result as there will be a higher number of staff present and available to work machines and deal with the day-to-day running of the business. Staff obviously feel more motivated with more time off and it will allow them to work harder whilst they are at work. A rise in staff travel to work would not be

(Total for Question 2 = 4 marks)

an applicable answer as costs would be lower because they are only travelling for four days a week as opposed to five.

### ResultsPlus Examiner Comments

The initial definition is not strong enough for a mark but the reasoning that efficiency will improve as there is a 'higher number of staff present' is valid, and scores a mark. It is also possible to award a mark for suggesting that 'more time off' (implying a 4 day week) is a motivator. Finally there is a valid explanation of why distracter D is incorrect.



### ResultsPlus Examiner Tip

The distracter B is clearly linked to efficiency but candidates should be able to see that unit costs are more likely to fall than rise when more staff are present and output has risen. Candidates should have been able to dismiss this option with confidence.

### Question 3

The majority of candidates were able to get the mark for part A of the question but the quality of response to part B was more variable. The best candidates realised that, in a recession, the demand for shoe repairs would be likely to rise as consumers put off new purchases. Many candidates could give a precise definition of 'recession', whilst others attempted to define 'more favourable market conditions'. Explanation of why the distracters were incorrect were not strong on this question.

Nicholas Nichola runs a shoe repair shop in north London. During the recession of 2008 and 2009 he saw an increase in trade of 25 to 30 per cent.

3 (a) Which **one** of the following is **most likely** to be the reason for this?

(1)

- A Poor management of cash flow
- B Overestimation of sales
- C Inadequate stock control
- D More favourable market conditions

Answer

(b) Explain your answer.

(3)

An increase of trade means the firm is obtaining more business as people can't afford to buy new shoes - so they get their old ones repaired. This is more favourable market conditions. If she has poorly managed cash flow, then she would struggle to see an increase in trade - as she cannot stay 'a-float'. Overestimation of sales means she has predicted even more sales - but she

(Total for Question 3 = 4 marks)

has seen an increase in trade. Finally, inadequate stock control means that she is running low, this would have disappointed the customer - therefore less trade.



**ResultsPlus**

**Examiner Comments**

The candidate is rewarded for identifying that more favourable market conditions for the shoe repairer are caused by customers being unable to afford new shoes. The candidate then explains why the distracters are wrong, and whilst the explanations could have been more clear, there is a satisfactory attempt to explain the thinking behind the dismissal.

Nicholas Nichola runs a shoe repair shop in north London. During the recession of 2008 and 2009 he saw an increase in trade of 25 to 30 per cent.

3 (a) Which **one** of the following is **most likely** to be the reason for this?

(1)

- A Poor management of cash flow
- B Overestimation of sales
- C Inadequate stock control
- D More favourable market conditions

Answer  D

(b) Explain your answer.

(3)

Market conditions describes the market of a business changing due to various factors such as demand, fashion and tastes or income. Due to the recession less consumers having disposable income to buy new shoes and thus Nicholas' market conditions have improved and consumers can only afford to repair broken shoes. It would not be the case this would <sup>may</sup> result in stock shortage and thus there would be a decrease in trade.

(Total for Question 3 = 4 marks)



### ResultsPlus Examiner Comments

The definition of market conditions is sound and the candidate explains the effect of the recession on disposable income and demand for new shoes. This is given as the reason for repairing shoes instead. There is no explanation as to why stock shortage would lead to a decrease in trade, but the strong explanation of market conditions, using good examples, and the follow up reasoning merits the awarding of all three marks.

## Question 4

This question posed more problems for candidates than any other on the paper. Very rarely did candidates refer to the important information in the stem of the question regarding the pool of highly skilled manufacturing workers. Even when candidates got the answer correct for part (a) of the question their explanation was usually weak in part (b). All the items A -D are clearly identified in the specification so centres should ensure that this area of the course is covered thoroughly.

The city of Kingston Upon Hull is a major centre for the production of caravans. Over the years this has led to a pool of highly skilled manufacturing workers.

4 (a) When the market expands, which **one** aspect of the businesses' operation would benefit most? (1)

- A Design mix
- B Economic manufacture
- C Product function
- D Product market research

Answer  B

(b) Explain your answer. (3)

When a company expands and has to ~~cost~~ keep track of supplying orders one thing that would benefit most would be economic manufacture. The company will have to develop ~~as~~ a new more economic ~~and~~ way of manufacture. The new development could also mean faster production ~~and~~ which would help reduce ~~cost~~ ~~overall~~ ~~with~~ labour costs, which in turn would reduce overall costs.



### ResultsPlus Examiner Comments

The candidate answers part (a) correctly but provides an unconvincing explanation in part (b). There is no attempt to define economic manufacture but there is an understanding that faster production can lead to lower unit costs.



## Question 5

Candidates tend to score high marks on questions requiring calculations and whilst scoring was generally strong on Q5, it was not the top scoring item in Section A. A large majority of candidates answered part (a) correctly but did not always score well on part (b), largely because they did not include enough information. The question specifically asks candidates to 'explain your answer (show your workings)' but many candidates offered no explanation, being content to show a calculation only.

Read the following information and then answer questions 5 and 6.

Mary Lewis's business, ID Jewellery, prepares cash flow forecasts on a monthly basis.

Receipts	November	December
Sales	£7 500	£11 500
<b>Payments</b>		
Materials	£1 000	£1 400
Wages	£2 500	£3 000
Overheads	£1 000	£1 000
Total payments	£4 500	£5 400
Net cash flow	£3 000	(a)
Opening balance	£1 500	£4 500
Closing balance	£4 500	£10 600

5 (a) What is the missing figure at point (a) in the extract from her forecast?

(1)

- A £700 positive
- B £6 100 negative
- C £6 100 positive
- D £16 900 positive

Answer  C

(b) Explain your answer (show your workings).

(3)

$$11500 - 5400 = 6100$$

Sales were higher than payments therefore

it is positive.



### ResultsPlus Examiner Comments

There is nothing wrong with this response but there is not enough information to gain all three marks. The candidate could have defined cash flow forecast or could have stated that receipts/sales less payments equalled net cash flow. Either point would have picked up the third mark.



### ResultsPlus Examiner Tip

Candidates are reminded that unless they make three points it is virtually impossible to pick up all three marks on part (b).

## Question 6

The overall level of response to this question was pleasing. Many candidates could explain what a budget was, and were capable of realising that rent is a fixed cost and would be known in advance, making it the most predictable of the responses. Moreover candidates used business terminology confidently in explaining that raw material costs (for example) were variable costs dependent on the level of output.

When Mary's actual receipts and payments for ID Jewellery were different to her forecast budgeted figures, she decided to review her budgets.

6 (a) When reviewing her budgets, which **one** of the following receipts/payments is **most likely** to be predicted accurately by Mary?

(1)

- A Raw material costs
- B Rent
- C Cash sales
- D Overtime payments

Answer

(b) Explain your answer.

(3)

Budgets are ways in which a business plans its cash and future expenditures. There are a number of different budgets such as ~~exp~~ zero based etc. 'B' is correct because rent is a fixed cost and will not fluctuate from month to month therefore Mary knows exactly how much is coming out of her bank account each month.

'A' is incorrect because raw materials are a variable cost and therefore will fluctuate and the cost of raw materials may also change. 'C' is incorrect because if Mary has

made a sale, the profit may be on **(Total for Question 6 = 4 marks)**

~~records however the cash might not have come in to the business bank account yet.~~

**TOTAL FOR SECTION A = 24 MARKS**



**ResultsPlus**  
Examiner Comments

This is a detailed response. Marks were awarded for identifying that a budget is a plan (either income or expenditure), and that rent is a fixed cost which will not fluctuate. This meant that Mary (the business owner) knew exactly how much was coming out of her account (third mark). The identification of raw materials as a variable cost enhances the answer.

## Question 7

In the past some candidates have struggled to score well on this, the first question of Section B of the examination. In this series this was not the case with many candidates able to identify why good relationships with suppliers were important to Nando's (establishing trust, reliability needed for fresh produce) and were able to put this into context. The link to reputation, repeat custom and profit enabled a number of candidates to score full marks.

7 Fresh ingredients are an essential part of Nando's success. Explain why maintaining good relationships with suppliers might be important to Nando's.

Suppliers are the people who give Nando's their raw materials to work with for example chicken. If Nando's don't have a good relationship with suppliers it means that they can have longer lead times, as Nando's is a food restaurant it means that they need to use a 'just in time' method as they need to get their raw materials quickly as they want them to meet consumer needs. If Nando's have a bad relationship with suppliers it can also mean the suppliers not giving them their best products leading to Nando's serving poor food and damaging their reputation.



**ResultsPlus**

**Examiner Comments**

The answer is immediately in context and there is an understanding that the food restaurant will need to run a just in time policy. The candidate then seeks to explain the consequences of not maintaining good relationships, i.e. ingredients may not be the best, serving poor food and crucially a loss of reputation. Enough here for 4 marks notwithstanding the comment on lead times which is not fully explained.

## Question 8

Answers here were polarised, with many candidates not only being well versed in Herzberg's 2 factor motivational theory but also being able to apply it to Nando's human resource policy. At the other extreme were those candidates who clearly didn't know much or anything about Herzberg and just wrote about Nando's staff being well motivated. Herzberg is one of just 3 motivational theorists mentioned in the specification so it is disappointing to see some candidates having no knowledge of his work.

8 Nando's staff are well-motivated. Explain the relevance of Herzberg's two-factor theory to Nando's human resource policy.

Herzberg's 2 factor theory consists of hygiene factors - (factors at work that <sup>can</sup> only satisfy workers eg pay, working conditions). And motivators (eg, responsibility, empowerment etc - factors that motivate workers).

Hygiene has to be present before motivation in order to work properly.

If staff have hygiene only, they can only be satisfied, but if they have both hygiene + motivation, then they will feel better, work happier, increase productivity. (Total for Question 8 = 4 marks)

therefore increase profits - as <sup>nice staff</sup> ~~this~~ has added value to Nando's service + they are willing to pay more.



**ResultsPlus**

**Examiner Comments**

This candidate has learnt Herzberg's theory well and has a clear idea of the two factors involved. Unfortunately, even though there is a belated effort to mention Nando's in the last part of the final sentence, there is no use of the evidence to relate the theory to Nando's practice. Two knowledge marks are awarded.

## Question 9

There is plenty of evidence in the case study for candidates to use and where they did so high marks were scored. At times candidates made up their own, often far-fetched, reasons as to why there was a relatively high labour turnover at Nando's, and although the question asks for 'possible' reasons', some of the answers were too far-fetched to score any marks. Some candidates did not understand the concept of labour turnover, relating it to how much was produced by staff.

Low labour turnover is thought to be a good indicator of a happy staff yet Nando's annual labour turnover is 32 per cent (see Evidence A).

9 Analyse <sup>more educated, looking for higher ability jobs</sup> two possible reasons why there is a relatively high annual labour turnover at Nando's despite contented staff.

Labour turnover is the amount of staff leaving the company. Nando's have said that they will help fund the education of employees for example to do a business degree which will further their employees abilities. If this is so, they may have a high labour turnover due to employees being more educated and wanting jobs more demanding of them in other segments of the market. If Nando's keep all staff happy such as the women who have good maternity leave this means no higher powered jobs will be free for people to make up the hierarchy. With flexible hours higher powered staff will be very happy in their jobs and won't want to leave meaning the employees of a lower power will want to move higher but can't meaning they will have to move away from Nando's in order to get a better job with a higher rate of pay.

 **ResultsPlus**  
Examiner Comments

The most suggested reason why labour turnover at Nando's is high despite contented staff was that of the age of employees. This candidate provides a good answer without relating to the average age of staff being 21, showing that there are a number of ways of scoring well. The answer is well written with good use of the evidence initially to suggest that good training does not always benefit Nando's as staff may seek more challenging jobs once trained. The second point also uses the evidence to suggest that (some) well-paid staff benefit from the flexible working conditions and that opportunities for others are limited.

## Question 10

Candidates performed well on this question, many of them accessing level four of the mark scheme with ease. They were able to see the benefits and the drawbacks of training to Nando's, using the evidence from the case study to support their arguments. The only downside was that some candidates, clearly well versed in the value of training did not use the evidence to support their theoretical knowledge.

Nando's provides 45 hours of training per year for each member of staff.

10 Assess the likely value of training to Nando's.

Training can be seen in a brilliant way for Nandos as workers are obviously very motivated; "we wanted people to enjoy their jobs". This allows workers to be happy and confident in what they do and to comply with brand image of 'happy, friendly, family like' atmosphere. The new skills and qualifications that Nandos provide allows delegation ~~to be~~ to work and have trust in more junior employees because they know what they are doing and what they are confident to achieve. Doing on the job training allow there to be high productivity and for the staff to know what all employees are like and take them into consideration for higher job roles and they already have understanding of the business as a whole and the high amount of work needed to achieve it. On the other hand however, workers are able to develop skills and experience so are more likely to look for higher earning other jobs away from Nandos and could even be taken by competition ~~as~~ contributing to the 32% labour turnover.

Question 10 = 8 marks)



**ResultsPlus**  
Examiner Comments

This is a strong answer with the benefits of training to Nando's clearly explained in context. There is also some balance with one downside well explained. The mark is restricted to 7. A further downside would have tipped the scales to full marks.

## Question 11

Some candidates struggled with the concept of price elasticity. The most common error was for candidates to explain movements along a demand curve: e.g. as price went up demand would come down. They were required to explain why demand might not go down if price went up.

11 Evaluate any **two** factors that may affect the price elasticity of demand for Nando's products.

price elasticity of demand <sup>(ped)</sup> is the responsiveness from a change in price to a change in demand. If there is an increase in price, and demand dramatically falls, then ~~the~~ <sup>Nando's</sup> is price elastic. But if there is a price increase + demand falls <sup>only</sup> slightly, then Nando's is inelastic.

One factor that may affect ped is the quality of products. If Nando's was low quality, and prices increase - then customers cannot find value, and it is not worth it for them. <sup>(elastic)</sup> But if quality is high + prices increase, then customers will be more willing to pay as it is worth it!

Another factor that affects ped, is the availability for substitutes (competition) as if there is a price increase - with high competition, customers can go elsewhere for similar products - of the same quality. However, if there is barely any competition, and prices increase, then

customers would be more willing to pay as it is more unique and there is no place like Nando's - so they may as well pay premium <sup>price for good food.</sup>  
(Total for Question 11 = 8 marks)



## ResultsPlus

### Examiner Comments

The candidate impresses immediately by showing an understanding of the concept of price elasticity and both knowledge marks are secured in the first paragraph. The first factor - quality of the product is valid although the reasoning could have been a little stronger; the second factor - the availability of substitutes is very well argued with the candidate suggesting that Nando's would have few direct competitors. An overall mark of 7 is awarded.



## ResultsPlus

### Examiner Tip

The concept of price elasticity has previously been tested in Section A of the course. The inability of some students to present an argument in context and evaluate their responses suggests that this type of question needs to be presented to students more often as a Section B question in order to increase their confidence in dealing with the subject area.



## Question 12

There was some evidence of students rushing their answers and some evidence of a lack of understanding of what flexible working was, despite examples in the case study and a clear presence of the topic in the specification. Nevertheless there were many instances of students using the examples in the case study to help them present balanced arguments, in context, on both parts of the question.

\*12 Evaluate how flexible working might affect:

(a) Nando's, the business.

(7)

~~Flexible working may benefit nandos as it~~

Flexible working firstly would mean that nandos will gain happy, willing employees. Employees will be more willing to work which increases work standard of output from nandos.

The working environment would be pleasant so there would be less problems for nandos to deal with.

There will be a large work force at nandos so inconveniences are likely to be covered as there <sup>is</sup> such a high amount of well trained labour cover shifts won't be a problem.

Employees will feel motivated to stay at the job as it benefits them and keeps them happy. Staff being motivated should increase the quality and productivity of cooking and customer service overall giving nandos a high reputation.

(b) Nando's employees.

(7)

Flexible working will have a positive affect on employees mostly. Employees having flexible hours will enable them to work without disturbing other aspects in their social life, e.g. Nicola Pegues stayed with the company for eight years during the time she had 3 children. Flexible hours benefited her as she could grow up her children and work whilst she didn't need to be at their aid. She could adapt her hours and feel less pressure.

Flexible hours also mean that the employee can work to suit themselves. This generates happy employees and will motivate them to work hard at Nandos due to wanting to ensure they keep the job and maintain the level of freedom.

However their is a disadvantage as some employees won't need to balance their home life and ~~work~~ therefore would demand a job with fixed hours so they are guaranteed work and income on a regular basis.



### ResultsPlus Examiner Comments

The candidate understands flexible working and is able to relate its advantages to the business. However there is no balance to the first part of the answer and therefore no evaluation marks are available. The second part of the answer looking at advantages to the employee is in context and there is some balance enabling an evaluation mark to be given. The alternative argument is not really in context so the mark for this section is capped at 5.



### ResultsPlus Examiner Tip

It is important that centres remind their candidates that the last question on the paper bears the highest number of marks for evaluation - usually 6 marks, and that the way to achieve this is by having a balanced answer with examples taken from the evidence.

## Paper Summary

The most pleasing aspect of candidate performances in this series is how well candidates have improved at the lower end of the mark range. At the top end there are also some very good scripts. In order to continue this improvement candidates should:

- In Section A always look to gain their knowledge mark by defining key concepts from the question: these must be from the specification. Candidates should look to justify the explanations given, especially when dismissing items as incorrect.
- Remember that there are nearly double the marks available for Section B in the paper and that time allocation is very important. Candidates should not be left with only 5 minutes to answer the last question, the one that carries the most marks.
- Always look to answer all questions using the business terms as outlined in the specification.
- Use the evidence. Answers in Section B should always be in context and where evaluation skills are required candidates should use examples to balance their responses.
- Pay attention to command words - these are designed to help and guide candidates.

## Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

Further copies of this publication are available from  
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467

Fax 01623 450481

Email [publication.orders@edexcel.com](mailto:publication.orders@edexcel.com)

Order Code US031796 June 2012

For more information on Edexcel qualifications, please visit

[www.edexcel.com/quals](http://www.edexcel.com/quals)

Pearson Education Limited. Registered company number 872828  
with its registered office at Edinburgh Gate, Harlow, Essex CM20 2JE

Ofqual  
.....



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

