

Mark Scheme (Results)

Summer 2012

GCE Business Studies (6BS03)
Paper 01

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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.

Unit 3 Mark Scheme Section A

Question Number	Question	Mark
1.	1. Explain two possible reasons why Mothercare sources “the vast majority of its toys and equipment from China”. (Evidence A, line 15)	6 marks
	Answer	Mark
	Knowledge 2, Application 2, Analysis 2	
	Knowledge: up to 2 marks for identifying 2 reasons such as lower labour costs, lower transport costs, raw material costs lower, specialisation, expertise.	1-2
	Application: up to 2 marks for developing each reason in the context of the Chinese market e.g. size, large available cheap workforce, economies of scale in industrial area, comparative advantage of China in manufacturing baby toys etc.	1-2
	Analysis: up to 2 marks for developing each reason x 2, e.g. consideration of the likely consequences such as lower costs of production of toys should lead to competitive pricing in retail/the possibility of increased sales which may yield more profit.	1-2
	<i>N.B. If only one reason, cap at 3 marks.</i>	

Question Number	Question	Mark
2.	Analyse two possible reasons why new markets might be important for the future success of a business such as Mothercare	8 marks
	Answer	Mark
	Knowledge 2, Application 2, Analysis 4	
	Knowledge: up to 2 marks are available for identifying two reasons e.g. strong competition in domestic markets, more demand in emerging markets, domestic market in recession, extension of product life cycle, saturated home market, spreads risk	1-2
	Application: up to 2 marks are available for contextual answers e.g. countries like Turkey have rising incomes, Russia is less likely to be saturated or have established	1-2

	<p>rivals, China/India has a strong GDP growth rate</p> <p>Analysis: up to 4 marks are available for expanding on the consequences e.g. The UK is a mature market and an increase in sales is unlikely (1), moving to a new market should generate extra sales and profitability enabling the company to grow (1). e.g. Entering a new market may give it an advantage (first mover) before rivals arrive (1), therefore it can establish brand loyalty (1) e.g. If risk is spread a recession in one market will have a smaller impact (1) as sales elsewhere compensate (1)</p> <p>Up to 2 analysis marks for one reason, up to 4 marks for analysis of two reasons</p> <p>General – if only one reason, cap at 4 marks</p>	1-4
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Question Number	Question
3.	<p>Assess the likely benefits to Mothercare of expansion through joint ventures.</p> <p>(9 marks)</p>

Level	Marks	Descriptor	Possible content
1	1-2	Candidate offers some relevant understanding of a joint venture	e.g. identifying what a joint venture is and/or explaining the characteristics of a joint venture, such as sharing the risks and profits of a new project
2	3-4	Basic points developed to show awareness of context in terms of Mothercare	e.g. potential markets mentioned in the text and connecting Mothercare to joint venture partners, like DLF
3	5-6	Candidate analyses by offering reasons/ causes/ consequences etc. of Mothercare expanding by joint ventures Arguments will be one-sided.	e.g. to get round government restrictions on foreign firms having sole access (such as in India and China), gain local knowledge to avoid making costly mistakes, make use of existing supply networks to help reduce unit costs, greater sales and profitability as a result of increased access to new markets etc.
4	7-9	Evaluation in context must be present	e.g. a candidate balances his/her answer by pointing out that joint

		<p>Award at least 8 marks for responses which are clearly evaluated in context (both sides); limit to 7 marks if only one side of answer is in context</p>	<p>ventures can have drawbacks such as sharing profits, unreliable partners, clash of cultures etc.</p> <p>A candidate might also say the benefit might depend on the nature of the joint venture.</p>
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***N.B. If analysis is not in context restrict to bottom L3, i.e. 5 marks.
If evaluation not in context restrict to top L3, i.e. 6 marks***

Question Number	Question
4*.	Evaluate the likely impact of Mothercare's responsible sourcing policy on (a) customers (b) shareholders (12 marks)
6 marks per response – if only one response cap at 6 marks	

Level	Mark	Descriptor	Possible content
1	1	Candidate offers some relevant knowledge/understanding of the question <i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i>	e.g. for understanding the nature of a responsible sourcing policy and/or provides a definition of stakeholder
2	2	Basic points developed to show connection to Mothercare <i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i>	e.g. connecting Mothercare and/or its products/stakeholders to a responsible sourcing policy. Use of material from Evidence B – the Ethical Trading Initiative.
3	3	Candidate analyses by offering reasons/ causes/ consequences etc. of Mothercare's responsible sourcing policy on customers/shareholders Arguments will be one-sided. <i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i>	e.g there may be greater customer loyalty/satisfaction due to assurance of policy (e.g. no forced labour). This may increase sales and profits to please shareholders. <i>Alternatively</i> downside may be given e.g. higher prices for customers and increased costs from paying higher wages/loss of competitiveness leading to reduced profits for shareholders
4	4 - 6	<u>Low Level 4: 4 marks.</u>	e.g. begins to discuss the other side of the arguments posed as analysis - will all

	<p>Evaluation must be present and in context on one side of the discussion</p> <p><u>High Level 4: 5 - 6 marks</u> Evaluation is presented in context on both sides of the discussion.</p> <p>A valid conclusion/well developed response is indicative of 6 marks.</p> <p><i>Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar</i></p>	<p>customers appreciate the policy and be willing to pay higher prices. Increased costs/loss of competitiveness leading to reduced profits for shareholders</p> <p>e.g. the impact on consumers in developed western economies with those in emerging economies where price may override other considerations.</p> <p>e.g. short term contrasted with long term – developing incomes may render this point less important.</p> <p>e.g. Depends on how strongly Mothercare implements and monitors its policy</p>
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***N.B. Analysis need not be in context
If evaluation not in context restrict to L3, i.e. 3 marks.***

Unit 3 Mark Scheme Section B

Question Number	Question	Mark
5.	Explain two possible reasons why members of CEFTA may not have eliminated “enough trade barriers to promote free trade” (Evidence E, Line 20).	6 marks
	Answer	Mark
	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks (one for each reason) for identifying possible reasons. e.g. protecting infant or domestic industries, retaliation, raise revenue from tariffs, distrust caused by recent political conflicts, cultural damage</p> <p>Application: up to 2 marks (one for each reason) for contextual answers such as linking the above specifically to the countries of CEFTA e.g. small (and in some cases new) countries, keen to grow and join EU. e.g. Serbia has GDP growth rate of 1.5%.</p> <p>Analysis: up to 2 marks (one for each reason) are for developing the reasons e.g. giving infant industries the chance to grow big enough to ensure future prosperity. Revenue from tariff can be used as reinvestment in the infrastructure. Negative GDP growth in some countries, e.g. Croatia (-1.5%) may increase reluctance to remove trade barriers.</p> <p>If only one reason cap at 3 marks</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	
6.	Explain two possible reasons why the Croatian Government offers incentives to attract FDI (Foreign Direct Investment).	6 marks
	Answer	Mark
	<p align="center">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks are available for stating two reasons why a government might want to attract FDI, e.g. increased employment/reduce unemployment, increased investment from other MNCs, GDP growth etc.</p> <p>Application: up to 2 marks are available for relating the above to the context e.g. Croatia is getting ready for EU accession, evidence shows current negative growth and unemployment of 9.5%</p> <p>Analysis: up to 2 marks are available for consideration of why this might lead to growth e.g. jobs are created, extra incomes are earned which leads to multiplier effect and economic growth.</p> <p>If only one reason cap at 3 marks</p>	<p align="center">1-2</p> <p align="center">1-2</p> <p align="center">1-2</p>

Question Number	Question
7.	Assess the likely benefits for a “smaller scale manufacturing” (Evidence E, Line 10) business of locating in the Western Balkans. (8 marks)

Level	Mark	Descriptor	Possible content
1	1	Candidate offers some relevant knowledge/ understanding of smaller scale manufacturing and/or business location	e.g. moving production to another country, production which is more flexible
2	2-3	Knowledge is applied to locating in the Western Balkans	e.g. use of evidence to suggest high levels of unemployment (32% in Macedonia)/available labour. Incentives offered by Government in Croatia, rising incomes in Kosovo (+4.6%), Albania (+2.6%).
3	4-5	Candidate analyses by offering reasons/ causes/ consequences etc. of locating small-scale manufacturing businesses in the Western Balkans. Arguments will be one-sided.	e.g. advantages in locating in potential new member states of EU, cost advantages and govt. incentives leading to greater profitability, closer to new potential and expanding markets
4	6-8	Evaluation in context must be present through a balanced response by pointing out some of the potential drawbacks in locating there. NB Limit to 6 marks if in context on only one side of the discussion.	e.g. Western Balkans are still relatively unknown locations, recent political stability, EU accession may not happen, infrastructure not developed enough, need for training etc, all of which increases costs. Benefits might depend on overcoming cultural and political differences in the region.

***N.B. If analysis is not in context restrict to bottom L3, i.e. 4 marks.
If evaluation not in context restrict to top L3, i.e. 5 marks
Cap at 6 marks if only one benefit, e.g. transport, is evaluated***

Question Number	Question
8.	Assess the importance of transportation and communication for businesses wanting to trade with the Western Balkans. (10 marks)

Level	Mark	Descriptor	Possible contents
1	1	Candidate offers some knowledge/understanding of transportation and communication	e.g. means infrastructure, road networks, telecommunications, internet coverage
2	2	The above is applied to the Western Balkans	e.g. use of data, such as Evidence C.
3	3-6	<p><u>Low Level 3: 3-4 marks</u></p> <p>Candidate analyses by offering straightforward reasons/causes/ consequences etc. of problems with transport and/or communications when trading with the Western Balkans.</p> <p><u>High Level 3: 5-6 marks</u></p> <p>Candidates develops/expands reasons/ causes/ consequences etc. of problems with transport and/or communications</p> <p>Arguments will be one-sided.</p>	<p>e.g. Poor infrastructure increases costs (evidence C).</p> <p>e.g. Language differences mean it's much harder to process orders.</p> <p>e.g. some goods need to get to market quickly - foodstuffs, failure to do so may result in lost sales.</p> <p>e.g. Telecommunications and internet access may be less developed which would restrict operations because broadband development is limited in countries like Serbia</p>
4	7-10	<p><u>Low Level 4: 7-8 marks</u></p> <p>Evaluation in context must be present, such that candidates make judgments as to the extent of the importance of transport and/or communications.</p> <p>Limit to 7 marks if in context on only one side of the discussion.</p> <p><u>High Level 4: 9-10 marks</u></p>	<p>e.g. Transport and communication are not the only things that determine a business' willingness to trade. Levels of income determine revenue and in turn profitability.</p> <p>e.g. Evidence F suggests in some parts GDP growth is negative and unemployment high which may affect financial performance.</p> <p>e.g. Long-term positives –</p>

		Evaluation is either well developed or applies to BOTH transport AND communication. A conclusion which is well contextualised may be evident.	Corridor X will improve ease of access. Accession to the EU and future developments may increase economic prosperity of the region.
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***N.B. If analysis is not in context restrict to bottom L3, 3 marks.
If evaluation not in context restrict to top L3, i.e. 6 marks.***

Question Number	Question
9*.	Evaluate the likely impact of further enlargement of the EU on UK businesses. (15 marks)

Level	Mark	Descriptor	Possible content
1	1-2	Candidate shows some knowledge/understanding <i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i>	e.g. defines or identifies what is meant by enlargement of EU or explains nature of EU
2	3	Awareness of impact of extension on UK <i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i>	e.g. countries like Croatia join the EU. This will impact on UK businesses.
3	4-7	<u>Low Level 3: 4-5 marks</u> Candidate analyses by offering reasons/causes/ consequences etc. of enlargement of the EU on UK businesses. <u>High Level 3: 6-7 marks</u> Candidates develops/expands reasons/ causes/ consequences etc. of	e.g. as EU extends so do market opportunities for UK businesses. e.g. more markets spreads risks e.g. because of the removal of trade barriers and freedom of access to areas such as the Western Balkans means businesses can expand and so lead to greater profits/investment.

		<p>enlargement of the EU on UK businesses.</p> <p>Arguments will be one-sided.</p> <p><i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i></p>	<p><u>Alternatively</u> e.g. it is a threat as firms from lower cost areas such as the Western Balkans give extra competition to UK businesses which may reduce sales/profitability of some businesses.</p>
4	8-15	<p><u>Low Level 4: 8-10 marks</u></p> <p>Evaluation in context must be present, such that candidates discuss both the positive and negative effects on UK businesses</p> <p>NB Limit to 8 marks if in context on only one side of the discussion.</p> <p><u>Medium Level 4: 11-13 marks</u> Evaluation is developed to show a real perceptiveness on the part of the candidate, in this range it is likely that the discussion will be more articulate and show understanding of the complexities involved.</p> <p><u>High Level 4: 14-15 marks</u> A conclusion which is well contextualised is evident.</p>	<p>e.g. awareness that new countries will also have access to the UK market and so may pose a threat to UK businesses.</p> <p>e.g. Luxury product businesses may not at first be affected as low incomes and negative growth rates in some new member states may not encourage trade. Alternatively, more basic (inferior) goods may do well to start with.</p> <p>Good examples will be given in the context and a rounded evaluative conclusion will be present, e.g. summing up short term vs long term effects (some businesses will see it as an opportunity rather than a threat)</p>

		<i>Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i>	
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***N.B. If analysis is not in context restrict to bottom L3. 4 marks
If evaluation not in context restrict to top L4. 7 marks***

Question	Contents	Kn	App	An	Eval	Total
1	3.3.3b	2	2	2	-	6
2	3.3.1a	2	2	4	-	8
3	3.3.4b	2	2	2	3	9
4	3.3.4a and 3.3.6a	2	2	2	6	12
5	3.3.4c	2	2	2	-	6
6	3.3.3a	2	2	2	-	6
7	3.3.1a and 3.3.3a	1	2	2	3	8
8	3.3.1a and 3.3.3a	1	1	4	4	10
9	3.3.1b	2	1	4	8	15
Total	-	16	16	24	24	80

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