Mark Scheme (Results)

Summer 2014

Pearson Education GCE
in Business Studies (6BS02/01)
Unit 2A: Managing the Business

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, please visit our website at www.edexcel.com.

Our website subject pages hold useful resources, support material and live feeds from our subject advisors giving you access to a portal of information. If you have any subject specific questions about this specification that require the help of a subject specialist, you may find our Ask The Expert email service helpful.

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 our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

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.

- Quality of written communication will be assessed in Section B, Question 12. The mark scheme for this question will indicate which strands of Quality of Written Communication are being assessed. The strands are as follows:

  i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear;

  ii) select and use a form and style of writing appropriate to purpose and to complex subject matter;

  iii) organise information clearly and coherently, using specialist vocabulary where appropriate.

-

Section A Mark Scheme

Question Number	Answer	Marks
1(a)	C (greater efficiency)	**1**
1(b)	**Explain why this answer is correct:** • Definition of lean management e.g. means using fewer resources/minimising waste **OR** definition of efficiency e.g. is a reduction in average costs (1 mark) • Dell's lean management system may include, e.g. JIT production/Kaizen /TQM to build computers (1 mark) • Which may have arisen because 'build to order system' uses resources for specific projects/orders (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong because **s**tock levels using JIT will be minimised at Dell rather than increased as they build the computers to order (1 mark) • B is wrong because lean management is likely shorten product lead times as resources are concentrated specifically on one area (1 mark) • D is wrong because capacity may not be affected given this also relates to factory space and/or use of machinery/labour. (1 mark) **Any acceptable answer which shows selective knowledge/application and/or development** **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	**1-3 marks** **(Total 4)**

Question Number	Answer	Marks
2(a)	C (empowerment of employees)	1
2(b)	**Explain why this answer is correct:** • Definition of delegation e.g. the transfer/giving of authority/power/responsibility/decision making to employees/subordinates down the chain of command/heirarchy OR Definition of empowerment, e.g. authorising employees to make their own decisions (1 mark) • Empowered Virgin employees are therefore more involved/motivated (1 mark) • It is likely to result in a more efficient and/or productive workforce within the Virgin Group (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong because if workers lower down the hierarchy in Virgin make fewer decisions then they will not be given delegated tasks as decisions are made by managers (1 mark) • B is wrong because there is less likely to be closer supervision of the workforce if Virgin is delegating tasks as responsibility is given to employees (1 mark) • D is wrong because a centralised organisation structure means managers decide and control what happens in the business (1 mark) **Any acceptable answer which shows selective knowledge/application and/or development** **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks (Total 4)

Question Number	Answer	Marks
3(a)	B (fall by 60%)	1
3(b)	**Explain why this answer is correct** • Definition of PED e.g. the responsiveness of demand to a change in price (1 mark) • **OR** Alternatively the knowledge mark can be awarded for the formula $\underline{\text{% change in quantity demanded}}$ % change in price (1 mark) • % change in QD/30 = -2 (1 mark only; partial working shown) • -60/30 = -2 (2 marks) • Accept any suitable/logical ordering of the PED calculation **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong because demand will fall not rise as -2 indicates PED is elastic (1 mark) **Any acceptable answer which shows selective knowledge/application and/or development** **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	**1-3 marks** (Total 4)

Question Number	Answer	Marks
4(a)	The owners of Fever Tree, a mixer drinks company, compare budgeted overhead figures with actual figures. Which **one** of the following is **most likely** to be achieved as a result of this? Answer: **B (**Identify variance issues)	**1**
4(b)	- Definition of budgets, e.g. budgets are estimates of income and expenditure OR definition of variance, e.g. the **difference** between the budgeted and actual figures OR definition of budgeted overhead, e.g. when a company plans how much they are likely to spend on things like gas, electricity, or water (1 mark) - The purpose of preparing budgets is to see if targets are being met (1 mark) - Fever Tree would then be able to examine the reason for any variance (1 mark). **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** - A is wrong because whilst a credit check on prospective clients is advisable, it is not a reason to prepare budgets. (1 mark) - C is wrong because by comparing actual overheads with budgeted ones, a better grasp of what stock to hold is possible, so stock holdings should match to production more closely (1 mark) - D is wrong because this is not an immediate result of budgeting, but rather a long term consequence (1 mark) Any acceptable answer which shows selective knowledge/understanding/application and/or development **NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.**	**1-3 marks** **(Total 4)**

Question Number	Answer	Marks
5(a)	Marc Bolland, Chief Executive of Marks & Spencer recently said, "We could have sold 300,000 items of knitwear, but only sold 100,000 because of a lack of stock". The **most likely** reason for this situation was due to poor **Answer A (**forecasting of consumer needs)	**1**
5(b)	- Definition of either forecasting consumer needs, e.g. predicting sales OR defining stock, e.g. the quantity of good available for sale (1 mark) - Marks & Spencer failed to identify/forecast/predict customer requirements, otherwise they would have more stock on the shelves (1 mark) - Their market research/forecasting was inadequate or flawed as they were so far off in their choice of appropriate knitwear stock levels (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** - B is wrong because as the demand was there/there was a lack of stock – promotion may well have been effective (1 mark) - C is wrong because Marks and Spencer had a lack of stock not a lack of sales/they would have stock left over (1 mark) - D is wrong because as the demand was there – the pricing strategy was probably right (1 mark) Any acceptable answer which shows selective knowledge/understanding/application and/or development **NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.**	**1-3 marks** **(Total 4)**

Question Number	Answer	Marks
6(a)	The Grand Hotel in Scarborough, England, employs a flexible labour force. A flexible labour force is **least likely** to be achieved by which **one** of the following: Answer D (sharing profits with staff)	1
6(b)	• Definition of flexible labour force, e.g. the ability of employers to get employees to work non-standard/irregular hours/work in different locations/undertake different tasks/roles OR gives examples of flexible working, e.g. temporary contracts, part-time, zero hours (1 mark) • Sharing profit with staff may be a reward/motivator, but is not a way to achieve labour flexibility (1 mark) • Sharing profit with staff may reduce labour turnover which tends to reduce labour flexibility (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong because part-time contracts make it easier to use staff at the most appropriate times/when demand changes (1 mark). • B is wrong because you can match the supply of staff to the demands of the season (1 mark) • C is wrong because this allows staff to be called in as and when they are needed, e.g. such as to cover those who are ill/absent (1 mark) Any acceptable answer which shows selective knowledge/understanding/application and/or development **NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.**	**1-3 marks** (Total 4)

Section B Mark Scheme

Question Number	Answer	Marks
7	Explain **one** reason why branding is important for Tesco.	
	Answer	Mark
	(Knowledge 2, Application 1, Analysis 1) **Knowledge/understanding: up to 2 marks** are available for a description of branding, e.g. branding gives a product/business identity by a logo or slogan (1 mark). This distinguishes a product or a firm from its competitors/give competitive advantage/provides a USP (1 mark) **Application: 1 mark** is available for contextualising the response, e.g. identifies brand slogan 'every little helps' OR a competitor such as Lidl (1 mark) **Analysis: 1 mark** is available for explaining that a well-recognised brand should therefore reinforce product differentiation/may lead to a competitive advantage/increased sales (1 mark)	**1-2** **1** **1** **(4 marks)**

Question Number	Answer	Marks
8	Explain **one** reason why Tesco might want to manage supplier credit terms.	

	Answer	Mark
	(Knowledge 2, Application 1, Analysis 1) **Knowledge/ understanding: up to 2 marks** for describing what is meant by supplier credit terms, e.g. the period of time between taking delivery of an order and paying for it (1 mark) to help manage cash flow (1 mark).	**1-2**
	Application: 1 mark is available for contextual answers, e.g. Tesco wants to maintain large cash reserves (1 mark).	**1**
	Analysis: 1 mark is available for giving a reason/cause/consequence, e.g. Tesco may wish to use their large cash reserves to finance their new stores (1 mark)	**1**
		(4 marks)

Question Number	Answer	
9	Analyse **two** ways Tesco could use its marketing mix to respond to current social trends	
	Answer	**Mark**
	(Knowledge 4, Application 2, Analysis 2)	
	Knowledge/ understanding: up to 2 marks available for identifying two elements of the marketing mix, e.g. price, promotion	**1-2**
	and	
	up to 2 marks available for an identifying two current social trends, e.g. on-line selling; ethical trading; cautious consumer spending buying habits; convenience shopping	**1-2**
	Application: up to 2 marks for contextualising answers, e.g. Tesco's click and collect service; Tesco selling Fair Trade groceries; to compete with budget stores like Lidl; by providing more Tesco Express stores	**1-2**
	Analysis: up to 2 marks for giving a reason/cause/consequence, e.g. to increase sales as it meets the busy lifestyles of the customers; increase sales because this will improve the image of Tesco.	**1-2**
		(8 marks)

Question Number	Answer	
10	Assess whether Tesco should focus its recruitment on people with skills or people with a positive attitude.	

Level	Mark	Descriptor	Possible Content
1	**1-2**	Available for knowledge and understanding, such as identifying what is meant by recruiting for positive attitude or recruiting for skills.	e.g. recruiting for skills, such as numeracy, literacy skills, creativity e.g. positive attitude will mean enthusiasm, helpful
2	**3-4**	Available for contextualising the response by referring to the way that Tesco recruit on the basis of skill and/or attitude	e.g. staff at Tesco who work on the tills may need numeracy skills e.g. staff at Tesco need to interact with customers around the store
3	**5-6**	Available for considering the impact of having staff with the right skills OR a positive attitude. NB Not in context – cap at 5 marks	e.g. some posts will require a degree of skill such as information technology which should support on-line sales
4	**7-8**	Available for providing balance between the importance of the right skills AND a positive attitude. One side in context – 7 marks Both sides in context – 8 marks	e.g. however, customers' who readily receive friendly/helpful customer service may make recommendations to others to use the store which will improve sales e.g. a positive attitude towards customers at the till/in store cannot be taught as readily as an ICT skill through training

Question Number	Answer	
11	Evaluate whether Tesco should use just in time (JIT) management for its smaller stores, such as Tesco Express.	

Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge such as identifying what is meant by JIT management of stock	e.g. JIT is getting stock in just before it is needed e.g. there is no buffer stock
2	3-4	Available for contextualising the response by referring to Tesco's smaller stores	e.g. Tesco sell many perishable groceries/foods. e.g. local/convenience stores don't have much storage space for food.
3	5-6	Available for considering the impact on Tesco of having an effective system **NB A mark of 5 can be awarded when analysis is not in context**	e.g. frequent deliveries should keep food fresh and therefore minimise wastage e.g. small stores have reduced storage space so JIT enables Tesco to provide a wider range of foods/groceries
4	7-8	Available for providing balance by showing that there are disadvantages for using JIT **NB Award a mark of 8 if both arguments are in context**	e.g. JIT stock control is expensive to run due to more frequent deliveries of food e.g. JIT requires reliable suppliers of groceries if it is to work effectively and satisfy customers

Question Number	Answer		
*12 (a)	Assess how important each of the following is to Tesco's continuing success. (a) Cash.		

Level	Mark	Descriptor	Possible Content
1	**1**	Knowledge must be present. Candidates should be able to define cash. *QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.*	e.g. cash is money coming in and going out of a business on a day-day basis.
2	**2-3**	Application must be present, i.e. the answer must be contextualised by referring to Tesco. **Low Level 2: 2 marks** Just a simple reference to the context. **High Level 2: 3 marks** A specific reference to the context *QWC: To achieve a mark of 2-3 the candidate will use some business runs but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.*	e.g. cash for Tesco is the money coming in through the tills each day. e.g. sales at Tesco are £72bn
3	**4**	Analysis must be present, i.e. the candidate must explain the importance of cash to Tesco. **NB- does not need to be in context** *QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg*	e.g. cash is the lifeblood of any business and is more important in the short run to pay for stock of groceries/electronics/clothing or for the wages of cashiers to enable the business to operate/remain solvent.

| 4 | 5 -7 | **Low Level 4:** 5-6   marks
Evaluation must be present to argue the case for and against the importance of cash to Tesco

NB if only one side is in context, limit to 5 marks
.

High Level 4: 7 marks
A convincing and balanced answer throughout making good use of concepts and terminology and referring to short-run and long-run

Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar. | e.g. cash may not be important for Tesco because they can obtain shorter term finance when needed through other methods such as bank loans

e.g. day-to-day cash may not be so important to Tesco to finance its purchase of 200 stores because they actually have large cash reserves

e.g. cash may not be as important to Tesco as other factors, such as maintaining a brand image or innovation of stores.

e.g. in a poor economic climate Tesco is still cash rich and able to have funds for spending, even when consumers are monitoring their own spending. |

Question Number	Answer		
12 (b)	profit		

Level	Mark	Descriptor	Possible Content
1	**1**	Knowledge must be present. Candidates should be able to define profit. *QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.*	e.g. profit is equal to total revenue minus total costs.
2	**2-3**	Application must be present, i.e. the answer must be contextualised by referring to Tesco. **Low Level 2: 2 marks** Just a simple reference to the context. **High Level 2: 3 marks** A specific reference to the context *QWC: To achieve a mark of 2-3 the candidate will use some business runs but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.*	e.g. Profits may have dipped but are still £3.8bn e.g. lower profits have an impact on share price which fell by 16% in 1 day
3	**4**	Analysis must be present, i.e. the candidate must refer to the importance of profit to Tesco. **NB- does not need to be in context** *QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg*	e.g. without investment funded by retained profits, Tesco's position as the long run market leader may be compromised as rivals like Lidl continue to invest.

| 4 | 5 -7 | **Low Level 4:** 5-6   marks
Evaluation must be present to argue the case for and against the importance of profit to Tesco

NB if only one side is in context, limit to 5 marks

High Level 4: 7 marks
A convincing and balanced answer throughout making good use of concepts and terminology and referring to short-run and long-run

Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar. | e.g. Tesco need cash to pay suppliers and retain their confidence in order to ensure their further deliveries in the short run

e.g. Tesco may have other objectives such as being perceived as environmentally friendly or a Fair Trade organisation which may be more important to customers than profits.

e.g. Despite its recent problems Tesco is the first choice of Warren Buffet and he expects to see good profits to pay dividends to shareholders in the long run. |