

Mark Scheme (Results)

Summer 2016

Pearson Edexcel GCE
in Business Studies (6BS02/01)

Unit 2A: Managing the 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 Mark Scheme

Question Number	Question	Marks
1(a)	Answer: A (increase, as demand is price inelastic)	1
1(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Definition of price elasticity of demand e.g. the responsiveness of demand to a change in price (1 mark) OR gives the formula: % change in quantity demanded/ % change in price (1 mark) OR a definition of revenue income from sales • LW matches are always sold out as demand exceeds supply (1 mark) • A rise in price is unlikely to have a significant impact on demand and therefore revenue will increase OR The % change in quantity demanded is less than the % change in price and so total revenue will increase (1 mark) <p>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • B is wrong because if demand was price elastic demand would fall and therefore revenue would decrease (there would be a more than proportional fall in demand if price rises) (1 mark) • C is wrong because revenue would increase, not decrease, if demand is price inelastic (as a rise in price is greater than a proportionate fall in demand) (1 mark) • D is wrong because if every ticket is sold at every match, this suggests that demand is price inelastic and not price elastic (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
2(a)	Answer B (a wide product portfolio that needs careful management)	1
2(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Answer B. The Boston Matrix is an attempt to analyse the product portfolio of a firm by placing products according to market growth and market share – (1 mark). • Reckitt Benckiser can categorise its wide range of products into star, cash cow, problem child and/or dog – (1 mark). • By doing this the firm is able to see which of its products is likely to contribute most to sales revenue in the future or needs development – (1 mark). <p>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong as problems finding the right distribution channels cannot be addressed by the Boston Matrix as the BM is a marketing technique relating to product. • C is wrong as RB has a range of products which will be at different points of growth and share of the market. • D is wrong the use of the BM would be of little benefit if RB's knew its sales were falling across the product range as the firm would be in danger of failing without the cash cows and rising stars normally identifiable. <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
3(a)	Answer C (mass marketing)	1
3(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Answer C. Marketing objectives are goals a business is trying to achieve through its marketing activities OR mass marketing is a strategy used by large business to maximise sales/market share – (1 mark). • As Ebac is a small scale manufacturer it is unlikely to afford the cost associated with mass marketing/produce at the mass marketing level – (1 mark). • As Ebac is a small firm it is likely to target a niche market (1 mark). <p>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A Market research is wrong because this is how Ebac will establish customers needs/preferences in order to market its products. • B Sales forecasts are wrong because they are used to predict the number/value of sales of each potential marketing objective. • D Profit forecasts are wrong because Ebac will forecast the impact on total costs and total revenue of their marketing objective. <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
4(a)	Answer D (Kaizen)	1
4(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Answer D. Kaizen is a form of continuous improvement – (1 mark). • It attempts to minimise waste/or improve production by finding better ways to perform tasks <p>OR</p> <p>it should lead to reduction in product lead times – (1 mark)</p> <ul style="list-style-type: none"> • Production workers carry out the process themselves and therefore are more likely to identify areas of improvement – (1 mark). <p>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong Taylor’s motivation theory because it is based around a premise that workers are mainly motivated by financial reward/pay rather than working conditions. • B capacity utilisation is wrong because capacity utilisation is a measure of how effective a business is at using its resources rather than reducing manufacturing time. • C stock control is wrong because stock control is a method of monitoring the availability of materials/goods and when they are needed rather than how it is used in manufacturing. <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
5(a)	Answer A (Function)	1
5(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Answer A. Function is an element of the design mix that ensures that a product is fit for purpose/ works – (1 mark). • A car with a faulty ignition is not fit for purpose because it may not start – (1 mark). • A faulty product could lead to sales of GM cars falling unless corrected quickly – (1 mark). <p>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • B Aesthetics is wrong as aesthetics is how a product looks. • C Economic manufacture is wrong as economic manufacture is primarily concerned with the cost of producing an item for as little as possible. • D Trademarks are wrong because they are not part of the design mix. <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number	Question	Marks
6(a)	Answer: D (inadequate market research)	1
6(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Definition of market research e.g. Information gathered about all aspects of the market such as customer wants and preferences (1 mark) • Inadequate market research may lead to the wrong smartphones being manufactured (1 mark) • This may result in large quantities of unsold stock (1 mark) <p>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because JIT is a technique that minimises stockholding because products are made to order (1 mark) • B is wrong because this will result in a quicker design period which means the stock is held for less time (1 mark) • C is wrong because using common components for various designs reduces the need to hold a wide range of stock (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Section B Mark Scheme

Question Number	Question	
7	Explain one way in which a business such as the Co-operative Group can improve its cash flow.	
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 1, Analysis 1)</p> <p>Knowledge/understanding of cash flow: up to 2 marks e.g. the movement of money coming into and going out from a business on a day-to-day basis (1 mark), e.g. Improved by selling assets/cutting costs/using or extending credit terms - (1 mark).</p> <p>Application: 1 mark is available for contextualising the response, e.g. the selling of profitable farm land/ pharmacy chain/closing bank branches/cutting more staff - (1 mark).</p> <p>Analysis: 1 mark is available for explaining why cash flow might improve e.g. selling of assets will provide an inflow/cutting staff will lower the wage bill and reduce outflow - (1 mark)</p>	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">(4 marks)</p>

Question Number	Question	
8	Explain one reason why the appointment of an experienced Human Resources Director to the Co-operative Group's Main Board may lead to lower costs of recruitment.	
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 1, Analysis 1)</p> <p>Knowledge/understanding: up to 2 marks are available for what is meant by recruitment, e.g. the selection of employees (1 mark) and for identifying there are costs attached to recruiting e.g. advertising, interviewing, appointing, training (1 mark).</p> <p>Application: 1 mark is available for contextualising the response, e.g. some members of the Co-op's Board of Directors have little experience of management (1 mark).</p> <p>Analysis: 1 mark is available for explaining that by appointing HR directors who have experience of managing staffing levels at large organisations there is less likelihood of poor recruitment choices and this could save the Co-op the cost of repeat appointments (1 mark).</p>	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">(4 marks)</p>

Question Number	Question	
9	Explain one drawback of each of the following methods of contingency finance for the Co-operative Group (a) Loan (b) Supplier credit terms	
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/understanding: up to 2 marks are available, e.g. Contingency finance is a funding stream which is available to meet cash shortfalls (1 mark):</p> <ul style="list-style-type: none"> a) A loan is a fixed sum of money over an agreed period of time (1 mark). The payment of interest is a drawback (1 mark) b) Supplier credit terms are agreed arrangements/periods for delayed or suspended payment of goods with suppliers (1 mark). The withdrawal or amendment to credit terms is a drawback (1 mark). <p>Application: up to 2 marks are available for contextualising answers, e.g. due to Co-op's £2.5 billion losses because:</p> <ul style="list-style-type: none"> a) There is no guarantee they will get access to loans (1 mark). b) Suppliers may only agree with less favourable terms for the Co-op (1 mark). <p>Analysis: up to 2 marks are available for giving a reason/cause/consequence e.g.</p> <ul style="list-style-type: none"> a) Therefore, they may be charged at a high interest rate because of greater risk (1 mark). b) Because they are worried about the Co-op's ability to pay them (1 mark). 	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1-2</p> <p style="text-align: center;">1-2</p> <p style="text-align: center;">(6 marks)</p>

Question Number	Question		Mark
10	Assess whether or not the Co-operative Group's ethical trading stance will enable it to avoid business failure.		8
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge and understanding of what is meant by ethical trading/stance and/or business failure, or giving an example of an ethical trading practice.	e.g. Ethical trading refers to treating workers well and involves acting responsibly in business activities, e.g. business failure is when a firm is unable to continue trading because of losses made.
2	3-4	Available for contextualising the response by using ethical trading examples from the text and/or showing evidence of how the Co-op is ethical	e.g. not funding companies involved in manufacturing or selling weapons. e.g. having strong links with the Fairtrade movement/ human rights/animal welfare. e.g. the Co-op is 'widely respected' for its ethical stands
3	5-6	Analysis must be present. Candidates should be able to explain why ethical trading may help the Co-operative Group avoid business failure. IF NOT IN CONTEXT LIMIT TO 5 MARKS	e.g. This increase in customers may enable Co-op to avoid making further losses as revenue increases e.g. The Co-op has been voted amongst the most trusted of businesses by consumers. Therefore some consumers will shop or bank with the Co-op because of its backing for Fairtrade causes.
4	7-8	To argue that business failure may occur despite strong ethical principles. ONE SIDE ONLY IN CONTEXT LIMIT TO 7 MARKS	e.g. Ultimately a loss of over £2.5bn, half of it from banking, will deter investors therefore increases the chance of business failure. e.g. The Co-op's Board of Directors lack business expertise and this will not help prevent business failure despite the increased custom gained from their ethical stance.

Question Number	Question		Mark
11	Evaluate the merits of creating a centralised organisational structure for the Co-operative Group		10
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge/understanding of what a centralised organisational structure is	e.g. A centralised organisational structure is one where all decisions are taken at the HO, e.g. These decisions standardise processes and help reduce unit costs.
2	3-4	Available for contextualising the response by referring to the Co-op's structure	e.g. At present many decisions at the Co-op are made by area bodies at a regional level. e.g. A new, slimmed down, structure with experienced business people has been proposed.
3	5-7	Available for considering the impact on the Co-op of centralised decision making IF ANALYSIS NOT IN CONTEXT LIMIT TO 5 MARKS	e.g. Centralisation brings an opportunity to use senior managers at HO to devise whole business strategies making progress more likely. e.g. Decisions are likely to be made more quickly and accurately when an experienced Board is appointed at the Co-op. e.g. Centralised business decision making is more likely to give a uniformity and consistency to the business so all branches of the Co-op know what is happening leading to improved efficiency
4	8-10	Available for providing balance by showing the disadvantages of centralised decision making at the Co-op Group. LIMIT TO 8 MARKS IF ONLY ONE SIDE IN CONTEXT	e.g. employees may lack motivation as the Co-op ethos is based on a shared decision making culture. e.g. Sales might decrease as regional decisions may be more in tune with the needs of an area than centralised decisions. e.g. A centralised structure may not be suitable for the Co-op as it has a number of different types of retail outlets/ businesses and a one size fits all approach may be unsuitable.

Question Number	Question		
*12 (a)	<p>In 2013 the Co-operative Group made a number of its staff redundant.</p> <p>Assess how each of the following may help the Co-operative Group keep its remaining staff motivated.</p> <p>(a) Flexible working. (7 marks)</p>		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Candidates should be able to define flexible working.</p> <p><i>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.</i></p>	<p>e.g. Flexible working is when business employees are willing to engage in a range of tasks and/or accept a range of employment patterns, including part-time or temporary work, as well as varying hours.</p>
2	2-3	<p>Application must be present. i.e. the answer must be contextualised by referring to the Co-op Group.</p> <p>Low level 2 – just a simple reference to context High level 2 – a specific reference to context.</p> <p><i>QWC: To achieve a mark of 2-3 the candidate will use some business terms 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.</i></p>	<p>e.g. Staff might be allowed flexibility with regard to their hours in retailing and banking branches. e.g. Staff at its Somerfield supermarkets could be offered a range of job opportunities.</p>
3	4	<p>Analysis must be present. i.e. the candidate must explain the importance of flexible working in keeping Co-op staff motivated</p> <p>NB ANALYSIS NEED NOT BE IN CONTEXT</p> <p><i>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</i></p>	<p>e.g. With flexible working the staff at Co-op retail outlets may give better customer service because they have a better work/life balance.</p>
4	5 -7	<p>Low level 4 – 5-6 marks. Evaluation must be present to argue the case against flexible working as a way to</p>	<p>e.g. Giving bank staff different hours/roles will not keep them motivated if jobs are being lost because they remain uncertain about</p>

		<p>keep its staff motivated. High level 4 – 7 marks. A convincing and balanced answer throughout making good use of concepts and terminology.</p> <p>LIMIT TO 5 MARKS IF ONLY ONE SIDE IN CONTEXT</p> <p><i>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.</i></p>	<p>their future employment prospects. e.g. Staff who sell savings products at the Britannia Building Society may be motivated by monetary rewards so flexible working will have little impact.</p> <p>e.g. The Co-op may need to look at a more fundamental review of how it runs the business if it is to motivate staff.</p>
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Question Number	Question		
*12 (b)	Performance related pay. (7 marks)		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Candidates must be able to define PRP</p> <p><i>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.</i></p>	e.g. PRP is where part/all of an employee's pay is linked to how much they sell/produce.
2	2-3	<p>Application must be present. i.e. the answer must be contextualised by referring to how the Co-op might use PRP</p> <p>Low level 2: 2 marks – just a simple reference to the context.</p> <p>High level 2: 3 marks. A specific reference to the context.</p> <p><i>QWC: To achieve a mark of 2-3 the candidate will use some business terms 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.</i></p>	<p>PRP may be used in selling bank products.</p> <p>PRP could be used for managers in Somerfield store</p>
3	4	<p>Analysis must be present. i.e. the candidate must explain why PRP may be important in motivating staff</p> <p>NB ANALYSIS NEED NOT BE IN CONTEXT</p> <p><i>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</i></p>	e.g. If an employee feels that they are rewarded directly for selling loans to clients they may work harder in order to earn more money.
4	5 -7	<p>Low level 4: - 5-6 marks.</p> <p>Evaluation must be present to argue the case against PRP as an employee motivator at the Co-op.</p>	<p>e.g. Not all employees within the Co-op will be suited to this form of remuneration as it may be difficult to quantify their contribution.</p> <p>e.g. If an employee at the Britannia Building Society feels that a fellow team member is unfairly rewarded,</p>

		<p>High level 4: - 7 marks A convincing and balanced answer throughout making good use of concepts and terminology. LIMIT TO 5 MARKS IF ONLY ONE SIDE IN CONTEXT</p> <p><i>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.</i></p>	<p>they may feel demoralised. e.g.In harsh economic times it may not be possible for employees to earn good money from PRP as external economic factors are beyond the control of the business and the employees.</p>
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