

Mark Scheme (Results)

January 2011

GCE

GCE Business Studies (6BS02/01)
Unit 2A: Managing the Business
Paper 01

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Question Number	Answer	Marks
1(a)	A	1
1(b)	<p>Accurate definition of PED, ie percentage change in QD/percentage change in P (1). Calculation: $\frac{?}{-15} = -2$ $\frac{+30}{-15} = -2$ (2). Any value of PED above 1 indicates a greater than proportionate increase in QD when price falls, therefore B cannot be correct (1). C and D are based on an incorrect formula (1).</p> <p>NB A maximum of 2 marks out of 3 can be awarded if the explanation is as to why the other responses are not correct.</p> <p>NB Wrong answer to (a) but otherwise logical response, award a maximum of 2 marks.</p>	3

Question Number	Answer	Marks
2(a)	B	1
2(b)	<p>TQM targets getting it right first time by setting quality assurance standards (1). This should result in zero defects if successful (1) as the product is checked at each stage of production.(1) Traditional forms of quality control such as final inspection will only spot defects at the end of the process. (1) There are likely to be increased wastage rates and reduced staff motivation if a final inspection method is used (1/2m).</p> <p>NB A maximum of 2 marks out of 3 can be awarded if the explanation is as to why the other responses are not correct.</p> <p>NB Wrong answer to (a) but otherwise logical response, award a maximum of 2 marks.</p>	3

Question Number	Answer	Marks
3 (a)	A	1
3 (b)	<p>Definition of product life cycle/decline stage (1). More and more people use digital photography methods and take pictures on their phone, often printing their photos via their own computers. As a result Kodachrome film has become obsolete, (1). It was withdrawn because the PLC could not be further extended (1). Kodak, a household name in photography, has always had a reputation for a quality product. (1) A lack of advertising is not the reason for the decline - the market place has changed (1). The brand Kodak has been built up over many years - its reputation for excellence precedes it (1).</p>	3

	<p>NB A maximum of 2 marks out of 3 can be awarded if the explanation is as to why the other responses are not correct.</p> <p>NB Wrong answer to (a) but otherwise logical response, award a maximum of 2 marks.</p>	
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Question Number	Answer	Marks
4 (a)	C	1
4 (b)	<p>Empowerment means giving more responsibility for workers to make decisions within a business (1). This may act as a motivator if the worker believes that his/her opinion is valued (1). Some appropriate reference to motivation theories (1). Bonus systems often encourage workers to perform better but are financial costs to any business (1). Similarly profit sharing and piece work are also financial costs.</p> <p>NB A maximum of 2 marks out of 3 can be awarded if the explanation is as to why the other responses are not correct.</p> <p>NB Wrong answer to (a) but otherwise logical response, award a maximum of 2 marks.</p>	3

Question Number	Answer	Marks
5 (a)	B	1
5 (b)	<p>Variance analysis involves trying to find reasons for the differences between budgeted figures and actual figures (1). Total budgeted costs £2.5m (1). Total actual costs £2m (1). Actual costs are lower than budgeted costs hence the favourable variance of £0.5m. (1)</p> <p>NB A maximum of 2 marks out of 3 can be awarded if the explanation is as to why the other responses are not correct.</p> <p>NB Wrong answer to (a) but otherwise logical response, award a maximum of 2 marks.</p>	3

Question Number	Answer	Marks
6 (a)	D	1
6 (b)	<p>Various consumer protection laws exist - goods must fit the purpose intended is enshrined in the Sale of Goods Act 1979. (1)</p> <p>These laws are designed to give consumers rights if goods purchased don't meet certain conditions. (1)</p> <p>As consumers could not have known about the fault they are entitled to a refund. (1)</p> <p>The price at which goods are sold is a matter for the retailer - it is not enshrined in legislation (A). (1) Similarly B and C don't meet requirements of consumer law.</p> <p>NB A maximum of 2 marks out of 3 can be awarded if the explanation is as to why the other responses are not correct.</p> <p>NB Wrong answer to (a) but otherwise logical response, award a maximum of 2 marks.</p>	3

Question Number	Answer	Mark
7	<p>Knowledge (2), Application (2)</p> <p>Knowledge: Up to 2 marks can be gained from explaining what an objective is or, more precisely, what a marketing objective is: a goal that a business is trying to achieve through its marketing.</p> <p>Application: Up to 2 marks can be gained by linking Marketing objectives to the context, ie GIVE. Setting a marketing objective of, say, growth provides a focus to concentrate on (1). It enables targets to be set and measured against, e.g. increasing sales by 'x' per cent (1). Students should set their explanation in a retail context.</p>	<p>2</p> <p>2</p>

Question Number	Answer	Mark
8	<p>Knowledge (1), Application (1), Analysis (2)</p> <p>Knowledge: 1 mark is available for explaining that a brand is a name, term, sign, symbol or other feature that allows consumers to identify and differentiate goods from those of competitors.</p> <p>Application: 1 mark is available for suggesting that a brand adds value as it becomes known to large numbers of customers - there will be brand awareness, or that customers will buy a particular brand rather than another - brand preference, or that they will get brand loyalty - repeat purchases. This should be in context.</p> <p>Analysis: up to 2 marks are available for realising that successful branding will ultimately enhance profits or that if a brand gets a poor reputation it will be difficult to erase this perception. (1)</p>	<p>1</p> <p>1</p> <p>2</p>

	For GIVE, of particular interest will be how the charitable aspect of the business will give it brand loyalty and repeat purchases. (1)	
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Question Number	Answer	Mark
9	<p>Knowledge (1), Application (2), Analysis (1)</p> <p>Knowledge: 1 mark is available for a definition of stock control/effective stock control.</p> <p>Application: Up to 2 marks is available for explaining why, in context, Effective stock control is important to GIVE. e.g. GIVE is a fashion retailer. It will not want to be left with excess unsold stock which may have to be sold at knock down prices, thereby reducing profit margins. (1) The range of clothing is limited - it is therefore important the correct number/size etc, of garment is available at each outlet. (1)</p> <p>Analysis: 1 mark is available for linking good stock control to profit or poor stock control to lack of profit.</p>	<p>1</p> <p>2</p> <p>1</p>

Question Number	Answer	Mark
10	<p>Knowledge (1), Application (2), Analysis (3)</p> <p>Knowledge: 1 mark is available for defining/explaining price elasticity, i.e. the responsiveness of demand to a change in price. A candidate who explains 'less price elastic', i.e. price inelasticity, should be equally rewarded.</p> <p>Application: Up to 2 marks are available for explaining why George Davies feels able to or willing to give away profits to charity. He may feel he would like to put something back into society - altruistic motives. (1) He may feel that being well off and with other income streams he doesn't need to make a profit. (1) Alternatively he may see it as a way to increase his profit. (1)</p> <p>Candidates may focus on how the USP gained from this unique concept helps the business gain inelasticity.</p> <p>Analysis: Up to 3 marks are available for linking price elasticity to GIVE's products with an explanation of how charitable donations may help achieve the desired goal, e.g. customers may purchase more often (and hence increase profits) if they think they are easing their social conscience (which they might not do if they bought from Primark) (1), or that the brand will get enhanced status for being linked to good causes. (1) Product loyalty is thus increased and any future increase in price will not bring about a proportionate fall in demand. (1)</p>	<p>1</p> <p>2</p> <p>3</p>

Question Number				Total Marks
11				8
Level	Mark	Descriptor	Possible Content	
1	1	A basic understanding of either sales forecasting/budgeting (value or volume) or historical information	Candidate may suggest that sales forecasting involves estimating value of sales over a period of time, or that historical information is looking at past records.	
2	2-3	Some application to the context of clothes retailing. There will be little insight or analysis shown	The candidate may suggest that data collection may be difficult or simply that they may look at other firms' figures.	
3	4	One idea developed to the extent that sales forecasting will be difficult without prior information. Correct use of toolkit to analyse degree of difficulty	Candidate may suggest that while difficulties exist there is secondary data available in the market place. Reward candidates who discuss budgets related to costs and suggest examining past data.	
4	5-8	Balanced evaluation will be necessary to access the higher marks.	Candidate may suggest that there could be initial problems but that Davies is an experienced operator in this market and will have monitored competitors' behaviour. He will also have his own stores past data to make educated forecasts for sales and costs.	

Question Number				Total Marks
12				8
Level	Mark	Descriptor	Possible Content	
1	1-2	Knowledge must be present. Some relevant understanding of the components of the marketing mix must be apparent.	Candidate may concentrate on one aspect of the mix or briefly explain all parts. Restrict to one mark for identification only.	
2	3	Application must be present, i.e. the answer must be contextualised.	Candidate may be able to see that certain aspects of the mix may be more appropriate to GIVE.	

3	4-5	Analysis must be present. The candidate must start to justify the chosen features.	Candidate may suggest that the product is the most important feature as GIVE is aiming at a niche market. Reward any coherent answer.
4	6-8	Evaluation which is well contextualised must be present to convincingly illustrate a balanced conclusion.	To reach this level the candidate needs to be able to marry aspects of the mix, relate to the evidence and justify the recommendation: e.g. GIVE should concentrate on product and price as the perceived quality will justify a higher price than rival products.

Question Number			Total Marks
13			2 x 6
Level	Mark	Descriptor	Possible Content
1	1-3	<p>Available for knowledge of the types of financial incentives or non financial motivators.</p> <p>Accept knowledge of external and internal recruitment (max 1 mark each).</p> <p>QWC: to achieve a mark of 1-3 the candidate will have struggled to use business terminology appropriately or to write legibly, with frequent errors in spelling and/or weak style and structure of writing.</p>	<p>Candidate may list options such as a salary package that may be bonus based. Alternatively (s)he may suggest empowerment as an attraction.</p> <p>Accept advertising campaign (external) or bringing in staff from other Davies stores (internal).</p>
2	4-5	<p>Available for contextualising the response by suggesting the type of system that might be relevant in the clothing industry.</p> <p>Accept promise of attractive working conditions.</p> <p>QWC: to achieve a mark of 4-5 the candidate will use some business terms but the style of writing could be better. There will be some spelling errors and the legibility could be better in places.</p>	<p>Candidate may suggest that to attract staff a good basic salary plus sales commission might be appropriate in view of other high profile store in Regent Street. The prestige of such posts may be seen as a way of retaining staff.</p> <p>Accept training, responsibility or promotion prospects.</p>

3	6-7	<p>There should be some awareness that methods used to attract staff may be different from those used to retain them.</p> <p>QWC: to achieve a mark of 6-7 the candidate will use business terminology quite well. The style of writing should be appropriate to the question and spelling should be sound.</p>	<p>Candidate may suggest that to attract staff from competitors the initial salary package should be good but that to retain them, non-financial incentives (e.g. empowerment) may need to be in place. At this level candidates should address both issues and start to realise that different approaches may be needed.</p> <p>Accept that externally recruited staff may be rewarded with different packages - eg; relocation.</p>
4	8-12	<p>Available for providing balance and for addressing both aspects of the question.</p> <p>Alternative responses may struggle to address both aspects. (Those that choose the external /internal route).</p> <p>For a mark of 8-9 a contextual answer with good use of terminology and toolkit which provides balance is needed. This may be on attracting staff or retaining them.</p> <p>For a mark of 10-12 the above is needed and both issues must be addressed fully.</p> <p>QWC: the candidate will use business terminology precisely and effectively. (S)he will provide a coherent and fluent response with good to excellent spelling.</p>	<p>Candidate may suggest that ultimately the level of financial reward is paramount for most staff but that according to Maslow (for example) the greater motivation may be in the fulfilment achieved. Bearing in mind the managerial nature of the posts reward candidates who look at the degree of responsibility afforded to staff.</p> <p>Accept that suggest external agencies and headhunters may be better placed to bring the type of managerial staff best suited for a period of time.</p>

- the usual caveats apply on the multiple choice questions, ie any acceptable answer which shows....., and

a max of 2 out of 3 can be awarded if explanation is as to why the other responses are NOT correct

Assessment Objectives

Q	Know	App	Analysis	Eval
1	1	2	1	-
2	2	1	1	-
3	1	1	1	1
4	2	1	-	1
5	1	3	-	-
6	3	1	-	-
7	2	2	-	-
8	1	1	2	-
9	1	2	1	-
10	1	2	3	-
11	1	2	1	4
12	2	1	2	3
13	3	2	2	5

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