

# Mark Scheme (Results)

Summer 2015

Pearson Edexcel GCE  
in Economics & Business 6EB02  
Paper 01 Unit 2B: Business Economics

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Publications Code US041310

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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

**NOTE: If part (a) of the question is INCORRECT, then a maximum of 2 marks can be awarded for part (b)**

Question Number		Marks
1(a)	<p>In April 2013 the UK unemployment rate was 7.9%. Which <b>one</b> of the following activities is associated with structural unemployment?</p> <p>Answer: (B) Mining</p>	1
1(b)	<p><b>Explain why this answer is correct</b></p> <ul style="list-style-type: none"> <li>• Definition of unemployment e.g. when a person is willing and able to work but out of work/out of work but actively seeking work (1 mark)</li> <li>• Structural unemployment occurs when traditional industries decline due to long term changes in market conditions/technology/skills (1 mark)</li> <li>• Mining has declined in the UK because of cheaper imports/ high cost coal mines/alternative energy sources (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because catering would be more affected by the economic climate due to a drop in aggregate demand/or due to frictional unemployment when workers are between catering jobs (1 mark)</li> <li>• C is wrong because hairdressing is more likely to be associated with demand deficiency (cyclical) unemployment caused when there is less household income (1 mark)</li> <li>• D is wrong because tourism is likely to be associated with seasonal unemployment as demand for tourism fluctuates throughout the year (1 mark)</li> </ul> <p><b>NB. Allow demand deficiency/frictional unemployment for only one distracter (either A or C)</b></p> <p><b>Any acceptable answer which shows selective knowledge/application and/or development</b></p> <p><b>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number		Marks
<b>2(a)</b>	<p>Which one of the following is most likely to exist in an oligopolistic market, such as that for multiplex cinemas?</p> <p>Answer: (C) Non-price competition</p>	1
<b>2(b)</b>	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of oligopolistic market e.g. a market with a few firms (1 mark)</li> <li>• Cinema chains will not want to compete on price because prices will be similar (1 mark)</li> <li>• Cinemas will therefore use methods such as advertising and promotion to differentiate themselves (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because there are usually high barriers such as capital costs in oligopolistic markets (1 mark)</li> <li>• B is wrong because products/services may be differentiated by having different quality seats/ homogenous products are found in perfect competition where all products are the same (1 mark)</li> <li>• D is wrong because perfect knowledge is not found in an oligopolistic market (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/application and/or development</b></p> <p><b>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number		Marks
<b>3(a)</b>	<p>A Regus survey of 4,000 UK companies found that 80% of companies offered flexible working to their employees.</p> <p>Flexible working is <b>most likely</b> to lead to a decrease in</p> <p>Answer: <b>(C)</b> Labour Turnover</p>	1
<b>3(b)</b>	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of flexible working – employees have choice over how, when and where they work within company guidelines <b>OR</b> definition of labour turnover – the proportion of a workforce who leave within a year (1 mark)</li> <li>• This might make employees feel valued (1 mark)</li> <li>• Which would therefore reduce the number of employees who choose to leave (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because employee morale is likely to increase because employees have more choice over working conditions (1 mark)</li> <li>• B is wrong because productivity is likely to increase because employees will work harder when they are given more choice over their working conditions/more motivated (1 mark)</li> <li>• D is wrong because it gives employees more say/control/responsibility (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number	Question	Marks
4(a)	<p>Despite an uncertain economic climate, new car registrations in the UK increased year-on-year by 9.3% in July 2012.</p> <p>Which <b>one</b> of the following is <b>least likely</b> to reduce uncertainty for the car industry?</p> <p>Answer: (D) Fluctuating oil prices</p>	1
4(b)	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of uncertainty e.g. when businesses are unable to predict external shocks or future events (1 mark)</li> <li>• Fluctuating oil prices cannot be predicted because they are affected by external factors (1 mark)</li> <li>• Fluctuating oil prices may affect the demand for cars increasing uncertainty for the car industry (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because R&amp;D will enable the car industry to develop new cars which allow the industry to cope with uncertainty caused by changes in consumer demand (1 mark).</li> <li>• B is wrong because using macroeconomic indicators will enable the car industry to see what is happening to GDP/inflation/unemployment and react accordingly (1 mark)</li> <li>• C is wrong because planning will enable the car industry to make back-up plans if the economic climate changes (1 mark).</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/application and/or development</b></p> <p><b>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number		Marks
5(a)	<p>Employees of Weeks Agricultural Trailers only work from 8.00am to 4.00pm.</p> <p>In order to increase capacity utilisation it could implement which one of the following?</p> <p>Answer: <b>(A)</b> increasing working hours</p>	1
5(b)	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of capacity utilisation e.g. measures current output as proportion of productive capacity</li> </ul> <p><b>OR</b> gives formula for capacity (1 mark)</p> $\frac{\text{Current Output}}{\text{Maximum possible output}} \times 100$ <ul style="list-style-type: none"> <li>• Increasing hours worked enables production to be increased using the same resources (1 mark)</li> <li>• This will therefore lead to more trailers being made in the same Weeks factory (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• B is wrong because if prices for agricultural trailers increase, consumers may switch to cheaper rivals/results in less demand and a fall in capacity utilisation (1 mark)</li> <li>• C is wrong because this will only increase the maximum possible output/capacity to manufacturer agricultural trailers, not increase capacity utilisation (1 mark)</li> <li>• D is wrong because reducing stock levels may make it difficult to maintain production and therefore lead to a fall in capacity utilisation (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

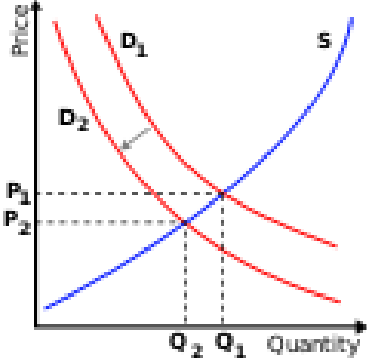


Question Number		Marks
6(a)	<p>In July 2012, ASDA cut the price of four pints of milk from £1.18 to £1, which was below the cost of production for dairy farmers.</p> <p>The <b>most likely</b> reason for ASDA to sell milk below the cost of production is to increase</p> <p>Answer: (B) market share</p>	1
6(b)	<p><b>Explain why this answer is correct:</b></p> <ul style="list-style-type: none"> <li>• Definition of market share e.g. the percentage of market sales accounted for by one business <b>OR</b> definition of cost of production e.g. the total cost to produce a product/service (1 mark)</li> <li>• It may be cheaper for consumers to purchase milk from ASDA rather than other outlets (1 mark)</li> <li>• This may lead to consumers switching to ASDA and increasing ASDA's market share (1 mark)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because this may lead to a decrease in the number of dairy farmers as lower prices may force dairy farms to close/move out of the market (1 mark)</li> <li>• C is wrong because this may lead to economies of scale for ASDA as it increases the amount of milk they purchase (1 mark)</li> <li>• D is wrong because this could lower the profitability of dairy farmers as they may be paid less for their milk by ASDA (1 mark)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/application and/or development</b></p> <p><b>N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

## Section B Mark Scheme

Question Number	Question	
7	Explain <b>one</b> likely reason why some small businesses on the high street can still survive despite the lack of economies of scale.	4
	Answer	Mark
	<p style="text-align: center;"><b>(Knowledge 2, Application, 1, Analysis 1)</b></p> <p><b>Knowledge/understanding:</b> up to 2 marks for defining or showing understanding of what is meant by economies of scale e.g. average unit cost decreases as output increases (1 mark)  <b>and/or</b> why a business can survive e.g. selling a unique product/having good customer service/niche market (1 mark)</p> <p><b>Application:</b> 1 mark for contextual answers e.g. small firms such as newsagents, hairdressers, corner shops , chemists (1 mark)</p> <p><b>Analysis:</b> 1 mark is available for giving a reason/cause/consequence of why small businesses can survive e.g.</p> <ul style="list-style-type: none"> <li>• may be able to give better customer service than a large organisation resulting in customer loyalty <b>OR</b></li> <li>• some consumers do not have access to the internet so will still have to use local shops <b>OR</b></li> <li>• small businesses have unique products which leads to higher sales compared to mass market retailers <b>OR</b></li> <li>• small businesses may have access to e-tailing (1 mark)</li> </ul>	<p>1-2</p> <p>1</p> <p>1</p> <p><b>(4 marks)</b></p>

Question Number	Question	
8	Explain, using the concept of the long tail, why there has been a decline in high street music retailers such as HMV.	4
	Answer	Mark
	<p style="text-align: center;"><b>(Knowledge 1, Application 1, Analysis 2)</b></p> <p><b>Knowledge/understanding:</b> 1 mark for defining or showing understanding of what is meant by the long tail e.g. retailing strategy of selling a large number of unique items with relatively small quantities sold of each (1 mark)</p> <p><b>Application:</b> 1 mark for contextual answers e.g. music is often downloaded from iTunes/ HMV sells music in physical high street retail shops (1 mark)</p> <p><b>Analysis: up to 2 marks</b> are available for giving a reason/cause/consequence e.g.</p> <ul style="list-style-type: none"> <li>• Online retailers can stock a wider range of music than a physical retailer (1 mark) therefore having a larger product portfolio of music (1 mark) <b>OR</b></li> <li>• lower overheads mean that online retailers can lower the prices (1 mark) leading to greater sales (1 mark) <b>OR</b></li> <li>• HMV failed to react quickly to online sales (1 mark) resulting in less demand for its products (1 mark) <b>OR</b></li> <li>• Online retailing is more convenient (1 mark) for consumers resulting in less buying from high street stores (1 mark)</li> </ul>	<p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1-2</p> <p style="text-align: center;"><b>(4 marks)</b></p>

Question Number	Question	
9	Fewer UK businesses want to open high street shops. Using a supply and demand diagram, illustrate and explain the likely effect of this on rental prices of high street shops.	8
	Answer	Mark
	<p data-bbox="368 376 1109 409"><b>(Diagram: 5 marks - Knowledge 3, Application 2)</b></p> <p data-bbox="288 443 1011 477">Correct diagram shifting the demand curve to the left</p>  <p data-bbox="288 904 1054 938">There should be a supply and demand diagram showing:</p> <ul data-bbox="336 940 1193 1164" style="list-style-type: none"> <li>• Correct labelling of axes (1 mark)</li> <li>• Supply and demand curves drawn and labelled correctly (1 mark)</li> <li>• Initial equilibrium shown (1 mark)</li> <li>• Shift in demand curve to the left (1 mark)</li> <li>• New equilibrium correctly showing decrease in price and quantity (1 mark)</li> </ul> <p data-bbox="288 1196 1161 1229"><b>Written Explanation: Application &amp; Analysis: up to 3 mark</b></p> <p data-bbox="288 1261 1166 1422">Rental prices have fallen due to a decrease in demand for high street retailers (1 mark). With supply remaining the same, this has forced down the equilibrium price/price for rental properties (1 mark) therefore landlords/owners are forced to lower the rent of their properties which would otherwise be vacant (1 mark)</p>	<p data-bbox="1278 992 1331 1025">1-5</p> <p data-bbox="1294 1350 1315 1384">3</p> <p data-bbox="1238 1541 1370 1574"><b>(Total 8)</b></p>

Question Number	Question		
10	Assess how retailers on the high street could be affected by a recession in the UK.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge such as identifying what is meant by recession	e.g. two consecutive quarters of negative GDP
2	3-4	Available for contextualising the response by referring to high street retailers	e.g. retailers such as pound shops, Dixons and HMV
3	5-6	Available for considering a one sided impact on high street retailers  <b>NB Analysis not in context 5 marks</b>	e.g. recession causes incomes to fall which may decrease demand for luxury products sold by high street retailers like M&S, Burberry, Apple
4	7-8	Available for providing balance e.g. showing a possible advantage <b>and</b> disadvantage on high street retailers of a double dip recession  Evaluation: Only one side in context award 7 marks; award 8 marks if <b>both</b> sides are in context	e.g. many budget retailers or retailers who sell inferior goods may see an increase in sales as the recession reduces the income of shoppers who switch to cheaper alternatives such as Aldi, Primark, Poundland  e.g. changes in revenue will depend upon the PED and/or YED of consumers because many luxury retailers like Mulberry may not experience any change in sales as consumers on higher incomes could continue to spend as they are not affected by recession  e.g. depends upon the duration of the recession and how deep the recession is as to the extent of the impact on high street retailers.

**If evaluation but no context, restrict to top Level 3 - 6 marks maximum**

Question Number	Question		
11	Evaluate the view that Hilco should manage HMV using a centralised structure.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge such as identifying what is meant by a centralised structure.	e.g. centralised structure is when all decisions are taken at the top of an organisation.  e.g. centralised structure is where there is little or no role for regional offices
2	3-4	Available for contextualising the response by referring to Hilco and HMV's need for a centralised structure.	e.g. Hilco already own HMV in Canada  e.g. Hilco will save 141 HMV shops
3	5-6	Available for considering the advantages of a centralised structure  <b>NB Analysis not in context 5 marks</b>	e.g. decisions such as purchasing could be centralised leading to economies of scale  e.g. experience of Canadian operations can be used to manage and make HMV more effective in terms of sales and profits
4	7-8	Available for providing balance e.g. showing the limitations of Hilco using centralised structure to manage HMV  Evaluation: Only <b>one side</b> in context award 7 marks; award 8 marks if <b>both</b> sides are in context	e.g. a decentralised structure may be better suited to music retailing as local shop managers may understand local market conditions for music better than a centralised structure  e.g. experience of HMV in Canada might not be relevant to UK music market conditions  e.g. centralised structures can lead to less motivation and empowerment as decision making is not delegated to lower employees

**If evaluation but no context, restrict to Level 3 - 6 marks maximum**

Question Number	Question		
12	Mary Portas has made many recommendations to stop the decline of UK high streets. Evaluate the impact of this decline on  (a) Consumers		
Level	Mark	Descriptor	Possible Content
1	1	Knowledge must be present. Some awareness of what is meant by consumers  <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>	e.g. people who buy products/services
2	2-3	Application must be present, i.e. the answer must be contextualised by referring to  <b>Low Level 2: 2 marks</b> Just a simple reference to the context  <b>High Level 2: 3 marks</b> A specific reference to the context  <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>	e.g. Dixon's is reducing the number of high street stores from 650 to 450  e.g. consumers such as the elderly
3	4	Analysis must be present, i.e. the candidate must give reasons/ causes/ consequences of a decline of the high street on consumers  <b>Answers will be one sided and need not be in context</b>  <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>	e.g. closing shops such as Dixons will lead to less choice for consumers who cannot access online shopping  e.g. there may be less variety in the number and type of shops which are available on the high street  e.g. consumers who want to buy products such as clothing may find it harder to shop online compared to shopping on the high street shop

	5-7	<p><b>Low Level 4:</b> 5 marks. Evaluation must be present and in context on one side only, i.e. the candidate must present an alternative for the impact on consumers</p> <p><b>High Level 4:</b> 6-7 marks A convincing and balanced answer throughout making good use of concepts and terminology.</p> <p>NB A mark of 5 is awarded when only one side is in context; award 6-7 marks for both sides 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>e.g. vacant shops in Eccles may become available for new businesses to enter the high street which may give greater consumer choice</p> <p>e.g. there may be competitive prices between the existing retailers as seen in Eccles in Evidence A which may lead to lower prices for consumers.</p> <p>e.g. high street retailers such as M&amp;S may use non-price competition to attract shoppers</p> <p>e.g. many consumers already use the internet for their shopping and accounts for 17% of total retail sales (Evidence A) so will be largely unaffected by the closure of some high street shops</p>
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Question Number	Question		
12	Mary Portas has made many recommendations to stop the decline of UK high streets. Evaluate the impact of this decline on  (b) retailers		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Some awareness of what is meant by retailers</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. firms or organisations that sell products/service to consumers
2	2-3	<p>Application must be present, i.e. the answer must be contextualised by referring to the decline of the high street on retailers</p> <p><b>Low Level 2: 2 marks</b> Just a simple reference to the context</p> <p><b>High Level 2: 3 marks</b> 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>e.g. up to 40% of shops may close on the high street</p> <p>e.g. Dixons have already started to close many of its stores</p>
3	4	<p>Analysis must be present, i.e. the candidate must give reasons/ causes/ consequences of a decline of the high street on retailers</p> <p><b>Answers will be one sided and need not be in context</b></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. retailers with just high street shops may see a reduction in their sales as consumers switch to online shopping</p> <p>e.g. many high street retailers such as Halfords may have to close even more stores in order to survive</p>

	5-7	<p><b>Low Level 4:</b> 5 marks. Evaluation must be present and in context on one side only, i.e. the candidate must present an alternative for the impact on retailers</p> <p><b>High Level 4:</b> 6-7 marks A convincing and balanced answer throughout making good use of concepts and terminology.</p> <p>NB A mark of 5 is awarded when only one side is in context; award 6-7 marks for both sides 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>e.g. costs of renting may fall as vacancy rates increase allowing new businesses to enter the market</p> <p>e.g. many products such as clothing and/or low value items still will be bought on the high street as consumers want to try before they buy therefore sales on the high street may not fall</p> <p>e.g. many online retailers such as Not on the high street, Amazon, ASOS will benefit as consumers switch to online shopping as the high street declines</p>
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