

# Mark Scheme (Results) Summer 2010

**GCSE** 

GCSE Business & Economics(1171) Paper 2F



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## 1171/2F Mark Scheme June 2010

Question Number	Indicative content		
<b>1</b> (a)	(A01 = 2  marks)		
	(A02 = 2  marks)		
Common			
	A trade union is an organisation that works on behalf of a group of		
	employees in one industry or one profession. For example, the National		
	Union of Teachers. The evidence uses the example of Unite.		
	Award 2 marks for accurate definition.		
	Up to 2 marks for appropriate examples to demonstrate understanding. This		
	does not mean simply provide an example – e.g. 'NUT'. This would receive		
	1 mark not 2.		
	4 marks		

Question Number	Indicative content	
1(b)	(A01 = 2  marks)	
	(A02 = 2 marks)  Workers belong to unions for a number of reasons:	
	Protect pay – use of collective bargaining to negotiate with employers.	
	Conditions - unions work to ensure that members interests are protected and	
	that health and safety laws are implemented	
	Protect jobs – work with employers to try to safeguard jobs	
	Help at work - with grievances and disciplinary hearings. Unions offer	
	advice and legal support.	
	The list is not exhaustive: accept any valid response.	
	For example, unions today tend to offer more in terms of financial services	
	and insurance. They also provide training and re-skilling programmes.	
	Award 1 mark for identifying the reason and 1 mark for simple	
	development (x 2)	4 marks

Question Number	Indicative content	
<b>1</b> (c)	(A01 = 2  marks)	
	(A02 = 2  marks)	
Common		
	Possible answers might include:	
	Re-training	
	Use of Job Centre/Job Centre Plus	
	Enrol with a recruitment agency	
	Education	
	Relocate to areas where more work available	
	Award <b>1 mark</b> for the reason and up to <b>3 marks</b> for development. 3	
	development marks should be reserved for a response which includes	
	terminology and shows convincing understanding. For example:	

'Relocation (1 mark) – the individual may decide to move to an area where the demand for workers is greater. (1 mark) For example, the South East of England has more jobs available than many areas: (1 mark) this would improve chances'. (1 mark)
4 marks

Question Number	Indicative content	
1(d)	(A01 = 2  mark)	
	Strategies include:	
	Retraining/Training courses as being the most important method at government's disposal.	
	Benefits (such as Job Seekers' Allowance) can be provided to ensure unemployed workers can pay bills, buy necessities, etc.	
	Job Centres-used to help workers find new employment	
	Fiscal Policy to stimulate economic growth – unlikely response, but centres may have covered this type of method during the recession of 2008-9.	
	Award <b>1 mark</b> for each valid strategy (explanations are <u>not</u> required). This list is not exhaustive – reward any reasonable suggestion.	
	2 marks	

Question Number Indicative content		Indicative content	
1(e)		(A02 = 2 marks) (A03 = 3 marks) (A04 = 3 marks)  Candidates will have to make a judgement here and suggest which of their two strategies will be most appropriate. Look for the quality of the	
		argument being put forward as a guide to the place within the level being identified. To get to Level 2 there must be <u>direct</u> comparison.  8 marks	
Level	Level Mark Descriptor		
Level 2	5-8	Clear evidence of a judgement and a direct comparison is made, with reference to both points and an argument as to why one is more helpful than the other. For example, the candidate may suggest that retraining is more important that providing benefits, as this will enable unemployed workers to find another job, whereas benefits will only help in the short term. A one-sided response with some balance can achieve a maximum of 5 marks. For example, where a candidate identifies the strengths and weaknesses of one method, with no direct comparison.	
Level 1 Award 1 mark for a judgement. Responses in this level are likely to sided, for example by suggesting why one strategy might be useful.		Award 1 mark for a judgement. Responses in this level are likely to be one-sided, for example by suggesting why one strategy might be useful. A simple judgement with limited development will be awarded 2 marks. For example:	

	'Retraining (1 – judgement) is best as people can get a job (1 – simple development)'  Explaining two strategies but without any comparison as to which might be most helpful can achieve a maximum of 4 marks.
1	most neipiui can acmeve a maximum of 4 marks.

Overtion Number	Indication content	
Question Number	Indicative content	
<b>1</b> ( <b>f</b> )	(A02 = 1  mark)	
	(A03 = 5  marks)	
Common	(A04 = 6  marks)	
	Award 1 mark for the perspective/mood (angry, pleased, disappointed, etc.) clearly expressed. Up to 3 marks for the quality of development. We are looking for a well-constructed answer with evidence of understanding of the perspective supported by economic and business knowledge. If the perspective identified is clearly incorrect or misses the point, but where there are supported elaborations some reward can be given. Answers which give viewpoints not supported by economic and business terms and concepts will be examples of poorer quality development.	
	(i) A trade union official at Honda's Swindon site. (4 marks) The role of a trade union is to protect the interests of members. As jobs are being lost the union official is likely to be angry/disappointed. On the one hand their role will be to try to work with the business to try to avoid or minimise the job losses. They will also have a role in helping members in terms of financial support and in finding alternative employment.	
	(ii) Supplier of car parts to Honda (4 marks)  The loss of such a major customer will be very damaging for any suppliers. In this case 50% of their trade was with Honda. However, this does mean that 50% of their sales is <u>not</u> with Honda. The evidence indicates that the business has been able to expand into new industries. On balance the decision by Honda is a bad thing, but is not catastrophic for this business.	
	(iii) Honda employee made redundant for a short period. (4 marks) These employees will be upset and disappointed by Honda's decision. Less work is likely to mean less disposable income, which could mean fewer holidays, less luxuries, etc. However, the evidence suggests that the impact might not be too bad for some people. Herein lies an important insight; not everyone will be affected equally badly.	

Question Number	Indicative content
1(g)	(A01 = 2  marks)
	(A03 = 2  marks)
	Introducing ICT can have many advantages, often resulting in efficiency gains for businesses. However, there are drawbacks. Problems include:
	Cost of initial investment
	Subsequent running/maintenance costs
	Training of staff
	Impact on the business if an ICT system breaks down. For example, loss of
internet resulting in inability to communicate.	
	The list is not exhaustive: accept nay valid problems.
	Award 1 for a problem identified, plus up to 3 marks for the development of
	this problem. Responses which make use of appropriate terminology when
	explaining the problem are likely to receive full marks. A problem
	identified with very simple development will be awarded 1+1. For example:
	'Training staff – this will cost the business a lot' (1+1)
	4 marks

Question Number	Indicative content	
1(h)	(A01 = 2 marks) (A02 = 2 marks)	
	Motivation is the reason why employees want to work hard and work effectively for the business. Examples might be used as part of this definition. For example:	
	' some workers work harder when they are paid more'	
	Award 2 marks for an accurate definition plus 2 marks for a valid example with simple explanation to demonstrate knowledge.	
	4 marks	

Question Number	Indicative content
<b>1(i)</b>	(A01 = 2  marks)
	(A03 = 2  marks)
	(A03 = 2  marks)
	Arguments in favour: businesses
	Business may gain from greater worker motivation and therefore higher
	productivity, could help to keep control of/reduce costs, in a global market,
	access to key personnel 24 hours a day rather than only 'office hours' –
	particularly important in a more global economic environment, helps
	businesses retain workers with scarce skills, allows the business greater
	flexibility in terms of how to use its workforce.

#### **Arguments in favour: workers**

Workers may be more productive and may prefer to work in the more familiar, relaxed environment of their own home. They will have less time spent commuting to work, which will mean less costs associated with getting to and from work

#### **Arguments against: businesses**

Setting up homeworking can be very expensive in terms of investment in ICT equipment and training, could mean the business loses 'control' over its workers who may not be as productive as they would be in a more traditional working environment, loss of corporate identity as workers attend the workplace less frequently.

## **Arguments against: businesses**

Workers may find that the lack of social contact is a drawback. They may feel a lack of identity/belonging, and perhaps feel unconnected to the decision-making process

The focus is perhaps on the positive; certainly the growth of broadband means that homeworking is far more commonplace than once was. Be prepared to reward valid arguments. The quality of these arguments is key to a candidate getting into the top of Level 2/Level 3.

Level	QWC
Level 3	
Candidate is able to offer at least	Very good written
one advantage and disadvantage	communication. Candidates
to businesses and workers, and	will present relevant
develops the discussion in a	information legibly and in a
coherent manner showing good	form that is completely
understanding of the concepts	suitable for purpose. It will
involved. Responses which	feature almost faultless
provide a conclusion should be	spelling, punctuation and
rewarded. For example, one	grammar, and an excellent
which suggests that workers	structure of writing.
benefit more than businesses.	
(7-8 marks)	
Level 2	Good quality of written
Candidates shows some ability to	communication. Candidates
analyse and evaluate, with	will present information in a
answers which may be all positive	form reasonably well suited
or lack the depth of those in Level	for purpose. It will include
3. Level 2 answers will show	occasional errors in spelling,
some evidence of balance in the	punctuation and grammar and
response. For example, where a	a fair style and unity of
candidate considers the	structure.
advantages and disadvantages for	
just one group, then a maximum	
of 5 marks to be awarded.(4-6	
marks)	
Level 1	Poor quality of written
Answers in this level will be	communication. Candidate
purely one-sided/single focus.	presents information

For example, a response which deals with the advantages for workers only will be in Level 1. Here, the response will show a fair knowledge, but will not offer	indifferently with number of errors in spelling punctuation and grammar. The style of writing will not be entirely appropriate.
evaluation. (1-3 marks)	.(8 marks)

Question Number	Indicative content	
2(a)	The private sector includes all organisations that are owned by individuals or shareholders. For examples accept any reference to clearly private	
common	businesses – from PLCs to sole traders.	
	Award 2 marks for accurate definition. A definition worth 1 mark will offer a simple insight, or be minimalist. For example, 'owned by individuals'. Award up to 2 marks for an example which is used to demonstrate understanding.	
	4 marks	

Question Number	Indicative content		
<b>2(b)</b>	Fixed costs are those costs of production which have to be paid regardless of		
	the level of output.		
	Award 2 marks for the definition. A definition which does not refer to the		
	level of output should be awarded 1 mark. For example, 'costs which stay		
	the same'.		
	Award a further 2 marks for use of an example which confirms		
	understanding. Examples include rent, administration costs, insurance, etc.		
	4 marks		

Question Number	Indicative content		
2(c)	BAA wants to expand Heathrow's capacity for a number of reasons. These		
	include:		
common	To generate higher sales revenue		
	To increase profits		
	To take advantage of economies of scale		
	Accept any valid suggestions. Award 1 mark for a reason, with up to 3		
	marks for development. Development needs to make use of accurate		
	concepts/terminology to be awarded the full 3 marks. For example:		
	'To increase revenue by more people using the airport' (1 mark)		
	'To increase revenue more airlines will be able to use the airport which		
	means that more air passengers will pass through' (2 marks)		
	4 marks		

Question Number	Indicative content	
2(d)	(Effects include:	
	Noise pollution	
	Air pollution	
	Increased traffic	
	Sipson (the village) being 'knocked down'	
	More jobs	
	Award 1 mark for each valid strategy (explanations are <u>not</u> required). This	
	list is not exhaustive – reward any reasonable suggestion.	
	2 marks.	

Question Number		Indicative content
2(e)		Candidates will have to make a judgement here and suggest which of their two strategies will be most appropriate. Look for the quality of the argument being put forward as a guide to the place within the level being identified but to get to Level 2 there must be direct comparison. To get to Level 2 there must be direct comparison.  8 marks
Level	Mark	Descriptor
Level 2	5-8	Clear evidence of a direct comparison is made, with reference to both points and an argument as to why one is more helpful than the other. For example, candidates might suggest that the biggest effect is the creation of new jobs, and that this is more significant than the level of noise pollution as this is something that people get used to. A one-sided response with some balance can achieve a maximum of 5 marks. For example, where a candidate assesses one effect, with no direct comparison to the other. Explaining two effects but without any comparison as to which might be most significant can achieve a maximum of 5 marks.
Level 1	1-4	Responses in this level will be one-sided and will not offer any comparison, but will make a judgement. For example, a response might suggest that the noise pollution is most important as this affects people's quality of life. A simple point made with some development will be awarded 2 marks. Greater development, for example by using appropriate terminology, will be awarded 3-4 marks. Examples will be provided at standardisation.

Question Number	Indicative content	
2(f)	Award 1 mark for the perspective/mood (angry, pleased, disappointed, etc.)	
	clearly expressed. Up to 3 marks for the quality of development. We are	
common	looking for a well-constructed answer with evidence of understanding of the	
	perspective supported by economic and business knowledge. If the	
	perspective identified is clearly incorrect or misses the point, but where there	
	are supported elaborations some reward can be given. Answers which give	
	viewpoints not supported by economic and business terms and concepts will	
	be examples of poorer quality development.	

Environmental groups such as Greenpeace (4 marks) Will generally be disappointed with the decision as the rise in air travel will lead to higher emissions of grennhouse gases. The third runway will encourage more air journeys to be taken. This will lead to more negative externalities.	l
UK government  The government supports the expansion of Heathrow and will be pleased that the go-ahead has been granted. More jobs will be created, which will benefit the local area and the UK economy. Additionally, the expansion will consolidate Heathrow's position as a key airport which will further benefit the UK economy. This may lead to higher economic growth in the longer term. In the short term there may be a cost in terms of how much the expansion will cost BAA and taxpayers.	.11
Air passenger who regularly uses Heathrow (4 marks) Will be generally pleased with the expansion plans as this will ultimately lead to lower waiting times. This may lead to higher productivity for businesses whose workers need to use Heathrow. Balance could be provided along the lines that passengers may be unhappy that the expansion will not be completed for many years.	1

Question Number	Indicative content
2(g)	Economies of scale are the reasons why the average costs of production may fall with increasing levels of output.
	The key for 3-4 marks here is the student recognising that economies of scale refer to average, or 'unit', costs. If the response either explicitly or implicitly refers to overall costs, then maximum of <b>1 mark</b> .
	Award 2 marks for accurate definition, plus up to 2 marks for an example. The example, if present, is likely to refer to purchasing ('bulk buying') economies. The example does not have to be in the context of Heathrow.  4 marks

Question Number	Indicative content	
2(h)	Candidates on this tier may approach this by referring to the fact that the	
	business is more difficult to manage. Accept this, as specific reference to	
Common	diseconomies of scale is likely to be rare.	
	Award 1 mark for the problem plus a further 3 marks based on the quality of	
	the development. Use of terms/concepts will provide the best indicator of	
	how many marks to award. Examples will be provided at standardisation as	
	to what type of response is worth 2, 3 and 4 marks.	
	4 marks	

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Question Number	Indicative content			
2(i)	The intention of this question is to get candidates to think about the scale the project and to identify – and evaluate – appropriate sources of finance As a topic this can be accessed by candidates of all abilities. The discriminators are found in how appropriate identified sources of finance are. Thus, some candidate will undoubtedly suggest that BAA should fur this expansion by, 'extending its overdraft'. Clearly inappropriate, althout in other contexts this is a valid source of finance. More reasonable suggestions are:  Bank loans Share issue Government investment Venture capital			
	Level	QWC		
	Level 3 Candidate is able to offers two valid sources of finance and provides some evaluation of the sources. This evaluation need not be extensive, but the candidate does to recognise that there are pros and cons associated with different types of finance. There is good understanding of the concepts involved.  (7-8 marks)	Very good written communication. Candidates will present relevant information legibly and in a form that is completely suitable for purpose. It will feature almost faultless spelling, punctuation and grammar, and an excellent structure of writing.		
	Candidates show some understanding of sources of finance. At the top of the level will be two valid sources, although lacking evaluation (i.e. not identifying the possible drawbacks of the type of finance). At the bottom of the level they will be two sources identified, but these are likely to be inappropriate (e.g. overdraft!) and/or lacking development.  (4-6 marks)	Good quality of written communication. Candidates will present information in a form reasonably well suited for purpose. It will include occasional errors in spelling, punctuation and grammar and a fair style and unity of structure.		
	Level 1 Candidates show little understanding of the concepts and provide brief or inappropriate answers. There is little development and a lack of evaluation in the answer. (1-3	Poor quality of written communication. Candidate presents information indifferently with number of errors in spelling punctuation and grammar. The style of writing will not be entirely		

marks)	appropriate.	
		8 marks

Question Number	Indicative content	
3(a)	(A01 = 2  marks)	
common	(A02 = 2  marks)	
	Competition refers to a situation where a firm is in a position where it faces rival firms and thus consumers are able to exercise choice in the products and services they buy.	
	Examples could include any aspect where two or more firms are offering goods or services of similar quality, but we might expect the evidence to be used.	
	Award 2 marks for the definition and 2 for an appropriate example. A definition which lacks precision will be awarded 1 mark. For example, one using the term 'compete':	
	'Where firms compete together' (1 mark)  4 marks	

Question Number	Indicative content	
<b>3(b)</b>	(A01 = 2  marks)	
common	(A02 = 2  marks)	
	Monopoly is a situation where one firm has sufficient market power to exert control over a market. This is considered to be where a firm has 25% or more of market share in an industry. Monopoly is also a situation where there is just one firm in an industry. Examples include BT, Microsoft, etc.	
	Award 2 marks for an accurate definition – the essence is that the candidate understands the dominant effect and the ability to control the market. A 1 mark definition will refer in a simple sense to 'one large firm'. Award 2 marks for an appropriate example.	
	4 marks	

Question Number	Indicative content	
3(c)	(A01 = 2  marks)	
	(A02 = 1  marks)	
	(A03 = 1  marks)	
	This question is essentially asking students to identify methods by which businesses can expand. External growth such as merger and take-over are not required by the question. Valid methods include:	

Changing the marketing mix
Increased advertising/promotion
Product development
Take-over
Merger
Innovation
Improved customer service
Charitable activity

The list is not exhaustive. Accept any valid suggestions. Award 1 mark for the reason, with up to 3 marks for development. Full development marks will be for those responses which include appropriate terminology and use of concepts. Examples of 1,2 and 3 development marks will be provided at standardisation

4 marks

Question Number	Indicative content	
3(d)	(A01 = 2  marks) $(A02 = 3  marks)$	
	(A03 = 2  marks)	
	(A04 = 1  marks)	
	The problems associated with monopolies are that they can charge excessively high prices due to the lack of competition. Secondly, they do not have a pressure to provide a quality service, as the absence of competitors removes this pressure. Finally, monopolies do not need to develop improved products/customer service.	
	Against this charge sheet is the advantages which monopolies can give rise to. As large businesses they can afford to buy in bulk – economies of scale – and therefore charge lower prices. Additionally they make high profits and can invest these in developing new products. Smaller firms – with smaller profits – would not be able to afford this type of investment.	
Award 1 mark for an advantage and 1 mark for a disadvantage. For each of these award up to 3 marks for development, Exempla provided at standardisation.		

Question Number	Indicative content
3(e)	(A01 = 2  marks)
	Reasons include:
	Share ideas/product development
	Reduce costs

Take advantage of economies of scale
Because of rising competition
To gain a monopoly position in a market
Award 1 mark for each valid strategy (explanations are <u>not</u> required). This
list is not exhaustive – reward any reasonable suggestion.
2 marks

Question N	lumber	Indicative content	
(A01 = 1 marks) (A02 = 2 marks) (A03 = 2 marks) (A04 = 3 marks)  Candidates will have to make a judgement here and suggest which two reasons will be most appropriate. Look for the quality of the		(A02 = 2 marks) (A03 = 2 marks) (A04 = 3 marks)  Candidates will have to make a judgement here and suggest which of their two reasons will be most appropriate. Look for the quality of the argument being put forward as a guide to the place within the level being identified	
Level	Mark	Descriptor	
Level 2	5-8	For a Level 2 response candidate makes a judgement and has clear evidence of a direct comparison is made, with reference to both points and an argument as to why one reason is more important than the other. For example, a response might suggest that the main reason is to increase market share, and that this is more important than reducing costs as a bigger market share may mean greater brand awareness and therefore an ability to increase prices. A well written argument is likely to reach the top of the level whereas simple development will be at the bottom.	
Level 1	1-4	Responses in this level will be one-sided and will not offer any comparison, but will make a judgement. Where a simple judgement is made and simple development offered, award 2 marks. For example: 'To increase profits as this is what L'Oreal aim to do' The quality of development will be the key to achieving 2, 3 or 4 marks. Examples will be provided at standardisation.	

Question Number	Indicative content	
<b>3</b> (g)	(A02 = 1  marks)	
	(A03 = 5  marks)	
Common	(A04 = 6  marks)	
	Award 1 mark for the perspective/mood (angry, pleased, disappointed, etc.)	
	clearly expressed. Up to 3 marks for the quality of development. We are	
	looking for a well-constructed answer with evidence of understanding of the	
	perspective supported by economic and business knowledge. If the	
	perspective identified is clearly incorrect or misses the point, but where there	
	are supported elaborations some reward can be given. Answers which give	

viewpoints not supported by economic and business terms and concepts will be examples of poorer quality development.

## **Customers of The Body Shop**

(4 marks)

The Evidence suggests that some customers are not pleased by the merger, and are fearful of the possibility of The Body Shop's ethical stance being damaged by being associated with a business such as L'Oreal.

# Competitors of The Body Shop and L'Oreal Group (4 marks)

Will be opposed to the merger as this creates a very dominant market presence. This may be particularly pronounced for small independent retailers, as outlined in the Evidence. The effect may be to force these competitors to cut prices and accept lower profit margins.

#### **Shareholders of The Body Shop**

(4 marks)

Shareholders will have generally positive views of the expansion plans. In a growing market should lead to growth in revenue and hopefully lead to higher profits. This may be passed on in the form of higher dividends.

Question Number	Indicative content		
3(h)	(A01 = 1  marks)		
	(A02 = 1 marks) (A03 = 3 marks)		
	(A04 = 3  marks)		
	The merger can be viewed from a number of perspectives. For customers the merger will reduce competition which could lead to higher prices and worse customer service (the Evidence points to this). However, the Competition Commission did not believe the merger would be against the public interest. For shareholders of the L'Oreal the merger make a lot of sense from a profitability point of view, as well as from an image viewpoint. Ethics are increasingly important for businesses		
	Level	QWC	
	Level 3		
	Candidate is able to offer a	Very good written	
	balanced argument in a coherent	communication. Candidates	
	manner, recognising arguments in	will present relevant	
	favour and against. There is	information legibly and in a	
	good understanding of the	form that is completely	
	concepts involved.	suitable for purpose. It will	
	(7-8 marks)	feature almost faultless	
		spelling, punctuation and	
		grammar, and an excellent	
		structure of writing.	
	Level 2		

understanding of the issues involved and develop points made reasonably well. The answers may be all positive or lack the depth of those in Level 3. Level 2 answers will show some evidence of balance in the response. (3-6 marks)

communication. Candidates will present information in a form reasonably well suited for purpose. It will include occasional errors in spelling, punctuation and grammar and a fair style and unity of structure.

#### Level 1

Answers in this level will be purely one-sided/single focus. Candidates show little understanding of the concepts and provide brief or irrelevant answers. There is little development and a lack of detail in the answer.

in the answer.
(1-3 marks)

Poor quality of written communication. Candidate presents information indifferently with number of errors in spelling punctuation and grammar. The style of writing will not be entirely appropriate.

8 marks

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