

Mark Scheme (Results)

January 2012

GCE Business Studies (6BS01)
Paper 01

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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.

6BS01/6EB01 Unit 1 Mark Scheme

1. (a)	Answer - 33.3% (B)	1
1. (b)	<p>Explain your answer (show your workings)</p> <ul style="list-style-type: none"> - Accept a formula either operating profits are gross profits <i>minus</i> expenses <u>or</u> operating profits/ revenue x100 (1 mark) - $90\,000 - 50\,000 = 40\,000$ (1 mark only) - Operating profit margin is therefore $40\,000/120\,000 \times 100$ (2 marks if complete) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

2. (a)	Answer - Producing Apple iPhones had become more profitable (A)	1
2. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - Supply is the amount of goods and/or services a firm is willing to produce/provide at a given price (1 mark) - When prices increase, it implies that it becomes more profitable to supply more phones (1 mark) - as Apple is a profit maximizing company, quantity supplied will therefore increase (1 mark) - if costs increase, profits may fall if revenue stays the same, which will therefore not increase supply (1 mark) - VAT will increase prices for consumers and is therefore going to affect demand not explain supply (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

3. (a)	Answer - venture capital (B)	1
3. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - A limited company has limited liability (1 mark) - Profitable means that revenues exceed costs (1 mark) - External finance is obtained from a source outside the business (1 mark) - Expansion usually requires long term financing (1 mark) - Which in this case comes from an investor - venture capitalist (1 mark) - Trade credit and overdrafts are short-term methods of finance (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

4. (a)	Answer - A fall in demand (C)	1
4. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - The poor reputation of the buggies would cause consumers to switch to safer products (1 mark) - Prices may fall, not increase, once retailers recognised the fall in demand (1 mark) - It would be pointless if Maclaren or retailers were to increase supply as fewer, if any, would be sold (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

5. (a)	Answer - only passengers with discount cards were used in the sample (D)	1
5. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - Biased results are skewed towards a particular view/opinion (1 mark) - Sampling is when a small proportion of a population is selected for market research purposes (1 mark) - Discount card users are not representative of all ages of rail passengers (1 mark) - This can arise because of the way the questions are asked or because of the type of people questioned (1 mark) - Discount card holders would tend to be regular, loyal users and so may tend to have favourable views (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

6. (a)	Answer - producers can sell what they want (D)	1
6. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - Market orientation prioritises customer preferences (1 mark) - Therefore businesses cannot dictate what products will be sold (1 mark) - So by meeting customer preferences demand should increase (1 mark) - There would be less need to advertise as customers would feel that their needs are being met (1 mark) - Candidate recognises 'producers sell what they want' as product orientation (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

7. (a)	Answer - Reduction in real wages for production workers (B)	1
7. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - Inflation is a persistent increase in the aggregate/general level of prices in an economy (1 mark) - Which can cause the cost of living to increase because less can be bought for the same amount of money (1 mark) - So unless wages are increased in line with prices, consumer purchasing power will fall (1 mark) - Cost of supplies is likely to increase during inflation because the stock may be purchased from within the UK from suppliers charging higher prices (1 mark) - Exports may fall because UK goods may become less price competitive given inflation (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

8. (a)	Answer - pricing strategy (B)	1
8. (b)	<p>Explain your answer</p> <ul style="list-style-type: none"> - This will enable Neil to enter the market because it will be attractive to consumers (1 mark) - as it represents value for money (1 mark) - which is most likely to be necessary as his business is new (1 mark) - low margins of safety might occur as the business might only just break-even but this would not indicate 'successful entry' (1 mark) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>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.</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number	Question	Marks
9	Explain two ways Muddy Boots Foods Ltd could increase its operating profits	(6 marks)
	Answer	Mark
	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks are available, e.g. for describing what is meant by operating profits - turnover minus cost of sales and expenses OR for identifying two ways e.g. advertising, increase revenue, cutting costs, changing the packaging</p> <p>Application: up to 2 marks are available for relating the above to Muddy Boots Foods, e.g. if they sold their burgers at higher prices to Waitrose this might increase turnover</p> <p>Analysis: up to 2 marks are available for explaining the above with reference to both increasing revenues/turnover/income AND reducing costs/expenses, e.g. charging higher prices for burgers must be combined with cutting down on operating expenses by purchasing their goats cheese from a cheaper supplier.</p> <p>Both ways needed for full marks (max 3 marks for one way or 4 marks for one way plus definition)</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	Marks
10	Analyse one reason to explain why Miranda's 'paternalistic' leadership might be important to the long term success of MBF Ltd	(4 marks)
	Answer	Mark
	<p style="text-align: center;">Knowledge 1, Application 1, Analysis 2</p> <p>Knowledge: 1 mark for describing any aspects of paternalistic leadership, e.g. the boss takes decisions/is in control/ takes the welfare of her staff into account</p> <p>Application: 1 mark for applying in context, e.g. this leadership style might mean that the burger production staff would be well motivated to work</p> <p>Analysis: up to 2 marks are available for explaining the above, e.g. by stating that if burger production staff were not looked after they might leave the company which can add to costs (1) which may result in poor profitability/bad image of the company (1) NB: award 1 analysis mark for a consequence and the second mark for long term</p>	<p>1</p> <p>1</p> <p>1-2</p>

Question Number	Question		Marks
11	Discuss the likely importance to Miranda and Roland of making the highest level of profits from Muddy Boots Foods Ltd.		(8 marks)
Level	Mark	Descriptor	Example
1	1-2	Knowledge/understanding must be present	definition of profit - e.g. total revenue minus total costs / profit is reward for entrepreneur taking risks
2	3-4	Application should be present, i.e. the answer must be contextualised	e.g. to give themselves an income from selling burgers
3	5-6	Analysis must be present i.e. the candidate will explain if making the highest level of profits is appropriate for Roland and Miranda	e.g. Muddy Boots Foods Ltd may be their only source of income and so high profits should enable them to have a lucrative form of income which they might expect as Bristol university graduates
4	7-8	Evaluation must be present and preferably in context, i.e. the candidate must present arguments for and against the aim of making the highest level of profits with reference to Muddy Boots Foods Ltd Note: Award 7 marks if evaluated but only ONE side of answer is in context; 8 marks if BOTH sides of answer in context.	e.g. there are other motives such as ethical stance, not for profit, to work independently, social purposes e.g. organic burgers e.g. but they have successfully pitched their burgers to Waitrose which they would not have done had they not been seeking to increase sales.

Question Number	Question		Marks
12	Evaluate the likely value of primary research methods to Muddy Boots Foods Ltd		(8 marks)
Level	Mark	Descriptor	Example
1	1-2	Knowledge/understanding must be present, i.e. of primary research	e.g. research undertaken first-hand, through interviews surveys
2	3-4	Application should be present, i.e. the answer must be contextualised	e.g. Miranda and Roland questioned loyal customers at their farmers markets
3	5-6	Analysis must be present (5 marks) and in context (6 marks), i.e. in this case the candidate must identify and explain the value of primary research in the context of MBF Ltd.	e.g. it should enable Miranda to maintain or increase the sales because she will take into account the tastes and preferences of customers for example what ingredients work, such as at farmers' markets
4	7-8	<p>Evaluation must be present and preferably in context, i.e. the candidate must present an argument for and against the value of the primary research method to Muddy Boots.</p> <p>Note: Award 7 marks if evaluated but only ONE side of answer is in context; 8 marks if BOTH sides of answer in context.</p>	<p>e.g. there is an opportunity cost involved because if they are talking to customers then they are not farming or making the burgers</p> <p>e.g. primary research has proved valuable in the past. The business is growing so it is unlikely that once Miranda and Roland start supplying Waitrose that they will have time to interview customers and they may need to rely on secondary research</p>

Question Number	Question		Marks
13	Assess the extent to which the continued success of Muddy Boots Foods Ltd might affect any TWO stakeholder groups.		(12 Marks)
Level	Marks Per stakeholder*	Descriptor	Example
1	1	<p>Knowledge and understanding of stakeholders must be present</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. a stakeholder is someone who has an interest in the business and its activities, e.g. customer, supplier, community
2	2	<p>Application must be present, i.e. the answer must be contextualised</p> <p><i>QWC: To achieve a mark of 2 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>	e.g. this could be John Ballard who is supplying the beef or Waitrose who are planning to purchase the burgers
3	3-4	<p>Analysis will apply to decision, i.e. candidate will explain how a stakeholder might be affected by continued success of Muddy Boots Foods Ltd.</p> <p><i>QWC: To achieve a mark of 3-4 the candidate will use business terminology quite well/style of writing is appropriate to the question/ reasonable to good spg.</i></p>	e.g. John Ballard might struggle to keep up with increasing demand for organic beef therefore he may face an increase in farming costs/working hours or lose the contract as a result
4	5-6	<p>Evaluation must be present, i.e. the candidate must present arguments to show how a stakeholder might be affected by Muddy Boots Foods Ltd positively and negatively OR short term compared to long term</p> <p><i>QWC: To achieve a mark of 5-6 the candidate will use business terminology precisely and effectively and will organise their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>	<p>e.g. John Ballard might increase capacity for beef production, but this might compromise quality</p> <p>N.B.. accept any valid stakeholder of Muddy Boots Foods Ltd (Roland and Miranda, Waitrose, friends and family)</p> <p>Take care with McDonalds being labeled as a competitor - they are not really a direct competitor as they sell fast food (cooked burgers): depends on point made</p>

* or 1 mark definition and 1 mark for textbook example

Jan 2012	Assessment Objective Mark Grid						
Question	Content	K/U	Applic	Analysis	Evaluate	Total	Marker
1	1.3.6a	1	3	0	0	4	
2	1.3.2a	2	1	0	1	4	
3	1.3.5a	1	1	1	1	4	
4	1.3.2b	2	2	0	0	4	
5	1.3.3a	1	1	0	2	4	
6	1.3.2b	1	1	1	1	4	
7	1.3.4	2	1	0	1	4	
8	1.3.6a	2	2	0	0	4	
9	1.3.6c	2	2	2	0	6	E
10	1.3.1c	1	1	2	0	4	E
11	1.3.1b	2	2	2	2	8	E
12	1.3.3a	2	2	2	2	8	E
13	1.3.3e	2	2	4	4	12	E
Total		21	21	14	14	70	

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