

Mark Scheme (Results)

June 2011

GCE Business Studies
(6BS02) Paper 01

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Publications Code US027500

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Question Number	Answer	Marks
1(a)	B	1
1(b)	<p>Accurate explanation of the term capacity utilisation/ productivity (1m). An increase in productivity will enable BAe to produce more components per worker (1m) output is therefore increased from the same facilities (1m).</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 max of 2 marks</p>	3

Question Number	Answer	Marks
2(a)	A	1
2(b)	<p>Definition: e.g. 'an extension strategy is a method used by a company to expand sales/prevent the decline of sales' (1m) Alternatively a knowledge mark could be achieved for defining objective. If the paper was to more than double its readership then more people would see the adverts (1m). This would more than likely attract more advertisers as a greater number of people would see their 'product' (1m).</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 max of 2 marks</p>	3

Question Number	Answer	Marks
3(a)	D	1
3(b)	<p>Accurate definition of ethical behaviour (1m). Increased public awareness of ethical/ environmental issues (1m) this can increase demand for businesses sharing ethical/ environmental concerns (1m). Accept, for 1 mark, that environmental objectives reduce carbon footprint and provides a reason why option b is incorrect.</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 max of 2 marks</p>	3

Question Number	Answer	Marks																				
4(a)	C	1																				
4(b)	<p>Definition of cash flow (1m). Any of the shaded changes 1 mark each maximum 3 marks. NB Although a mark is not awarded for the final figure of 0.35 net cash flow, candidates who show workings to achieve that figure should be rewarded with a mark.</p> <table border="1"> <thead> <tr> <th><u>Cash Inflow</u></th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Cash sales</td> <td>1.2</td> </tr> <tr> <td>Payment from debtors</td> <td>0.5</td> </tr> <tr> <td>Total cash inflow</td> <td>1.7</td> </tr> <tr> <th><u>Cash Outflow</u></th> <th>£m</th> </tr> <tr> <td>Labour</td> <td>0.25</td> </tr> <tr> <td>Materials</td> <td>0.6</td> </tr> <tr> <td>Overheads</td> <td>0.5</td> </tr> <tr> <td>Total cash outflow</td> <td>1.35</td> </tr> <tr> <td>Net cash flow</td> <td>0.35</td> </tr> </tbody> </table> <p>NB Wrong answer to (a) but otherwise logical response, award a max of 2 marks</p>	<u>Cash Inflow</u>	£m	Cash sales	1.2	Payment from debtors	0.5	Total cash inflow	1.7	<u>Cash Outflow</u>	£m	Labour	0.25	Materials	0.6	Overheads	0.5	Total cash outflow	1.35	Net cash flow	0.35	3
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5(a)	D	1
5(b)	<p>Variance equals difference; the difference between the plan and the actual, in financial terms (1m). The planned (budgeted) figure is 1 000 at £50 = £50 000 (1m). The actual sales were 900 at £52.50 = £47 250 (1m). Actual revenue is less than the planned revenue and a comment on the adverse variance of £2750 should be made (1m).</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 max of 2 marks</p>	3

Question Number	Answer	Marks
6(a)	B	1
6(b)	<p>Accurate definition of span of control/organisational structure (1m). A narrower span of control indicates fewer employees at each level (and presumably a greater number of levels) (1m), this means more managers are needed (1m), which will therefore increase management costs (1m).</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 max of 2 marks</p>	
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Question Number	Answer	Marks
7	<p>Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge: A niche marketing strategy is one that concentrates on a small section or sub-section of a larger market</p> <p>Application: New products such as this fan are often initially aimed at a small, often higher income, section of the market, willing to pay higher prices to be the first to have a product (1 mark). E.g. Selling this product at £199 rather than £18 (1 mark).</p> <p>Analysis: If Dyson was to make the product available to a wider section of the market he would have to use different distribution channels (1 mark) and varied pricing strategies (1 mark) in order to sell in each section. This may defeat the purpose of the original strategy (1 mark).</p>	<p>1</p> <p>1-2</p> <p>1</p>

Question Number	Answer	Marks
8	<p>Knowledge 2, Application 1, Analysis 1</p> <p>Knowledge: Aspects of the design mix are function, technology, aesthetics and economic manufacture. (2x1m for identification of these).</p> <p>Application: Gain of suction (function) coloured vacuums (aesthetics) innovative fan (technology) economic manufacture (Malaysia)</p> <p>Analysis: This gives Dyson competitive advantage. (1 mark).</p>	<p>1-2</p> <p>1</p> <p>1</p>

Question Number	Answer	Marks
9	<p>Knowledge 2, Application 1, Analysis 1</p> <p>Knowledge: Definition of investment or identification of risk.</p> <p>Application: Natalie Ellis's business, being new and untried will entail significant risk; insufficient demand for bowl due to small market. (1 mark)</p>	<p>1-2</p> <p>1</p>

	Analysis: Therefore the Dragons weighed up potential risk against potential benefits and decided it was too risky; Natalie wasn't experienced enough; the business plan was ambitious (up to 1m)	1
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Question Number	Answer	Marks
10	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: Definition of contingency finance planning (1mark). Candidates should be familiar with loans and overdrafts. A loan is a sum borrowed for a fixed period of time with regular fixed and equal payments, which include a fixed interest amount (1 mark). Overdrafts, often bearing higher interest charges, allow borrowers to sign out cheques up to a pre-agreed upper limit. Interest is charged on a daily basis on the amount outstanding (1 mark).</p> <p>Application: Working capital, the amount of short term finance needed for the day to day running of a firm (1 mark), is important to Natalie, as it helps her pay her way, eg buying raw materials and paying expenses such as wages (1 mark). Candidates who examine extended credit terms (for Natalie Ellis's firm) should be given credit.</p> <p>Candidates who mention cash flow forecasts and link this to overdrafts should be rewarded with 1 mark.</p> <p>Analysis: It may be argued that an overdraft facility is the most appropriate form of contingency planning as it allows for borrowing as and when necessary, and helps facilitate fluctuations in the level of income (1 mark). Reward any logical explanation.</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question 11		Marks: 8	
Level	Mark	Descriptor	Possible Content
1	1	A basic understanding of one of the key terms is required, eg manufacture, or R & D, or labour force.	Candidate may identify that the physical making of the product is carried out in Malaysia but that other aspects are still carried out in the UK
2	2-3	Candidates should start to relate the answer to Dyson's business, perhaps suggesting that labour is cheaper in some foreign countries than in the UK.	Candidates may point out that there is no minimum wage in many foreign countries whilst one exists in the UK

3	4	In a competitive market it is important for firms to take cost factors into consideration.	Candidates may suggest that repetitive production tasks may be carried out relatively cheaply in countries where plentiful labour is cheap
4	5-8	Candidates should look to balance the cost factors against the innovative and quality factors. The evaluative function should be present.	Candidates may seek to explain that the expert R & D existing in the UK is costly but that the relatively cheap manufacturing process abroad enables the R & D function to prosper.

Question 12			Marks: 8
Level	Mark	Descriptor	Possible Content
1	1-2	A clear idea of what the marketing mix entails is required	Candidates should be able to identify the four Ps of price, product, place and promotion and to be able to explain one/two of them.
2	3-4	Application to Sir James Dyson's product must be available to reach this level.	The candidate may start to use the stem of the question to qualify his/her choices
3	5-6	Using the principal qualities of the product candidates should be able to explain which aspects of the mix may be more appropriate.	Given that the product is innovative and expensive expect candidates to concentrate on the product and/or price. Place may be a consideration.
4	7-8	Balanced reasoning, in context, must be present to reach this level	Candidates may suggest that ultimately a combination of product and price should be of equal importance with emphasis on how the aesthetic appeal of the product can justify the price.

Question 13			Marks: 12
Level	Mark	Descriptor	Possible Content
1	1-2	Knowledge of at least one aspect of motivational theory or practice must be evident here. 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	Candidates may address theories of Maslow or Herzberg. Alternatively they may suggest reward linking to pay.

		of writing.	
2	3-5	<p>A contextual response that examines at least one approach to one of the firms. It is unlikely that a candidate can reach above this level without relating to both businesses.</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>Candidates may suggest that the larger work force of Dyson may be suited to some form of piecework or that motivational theory can be used to assess what motivates the more technical nature of R & D.</p>
3	6-7	<p>Clear understanding of how to address the issue. Analysis should begin to contrast/compare the possible approaches used by each business.</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>Candidates may suggest that human nature is similar in different firms and in different countries and that similar approaches may be used by each firm. Alternatively look for different approaches, perhaps linked to size or function.</p>
4	8-12	<p>Evaluation which is well contextualised must be present to convincingly illustrate a balanced conclusion.</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>To reach this level candidates should realise that a variety of approaches within each firm may be appropriate. What works within one area of a firm may or may not work in another area; may or may not be appropriate in another firm and that what works now may need to be reviewed in the future.</p>

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Order Code US027500 June 2011

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