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<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>What is meant by the term Corporate Social Responsibility?</td>
</tr>
</tbody>
</table>

**Answer**

**Knowledge up to 2 marks**

A definition of Corporate Social Responsibility e.g. The extent to which a business accepts social responsibilities over and above the legally required minimum.

Definition may include reference to ethics.

Examples might include: ‘Let it Grow scheme’; recycling of carrier bags; school voucher for £10 spent etc.

Note: 1 mark for partial explanation, but a valid extension or example will gain the second mark

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>2.</td>
<td>What is meant by the term ‘Capital Expenditure’? (Evidence A, line 12 )</td>
</tr>
</tbody>
</table>

**Answer**

**Knowledge up to 2 marks:**

A definition of Capital Expenditure e.g. Expenditure on Fixed Assets such as premises and machinery.

Spending over a year sufficient for one mark.

Examples might include: ‘IT services; store expansion’

Note: 1 mark for partial explanation, but a valid extension or example will gain the second mark
### Question 3.

Analyse how a conflict between two different stakeholder groups might result from the spelling errors outlined in additional evidence H.

<table>
<thead>
<tr>
<th>Answer</th>
<th>Mark</th>
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</thead>
<tbody>
<tr>
<td><strong>Knowledge up to 2:</strong></td>
<td></td>
</tr>
<tr>
<td>• Knowledge mark available for definition of a stakeholder</td>
<td></td>
</tr>
<tr>
<td>• Knowledge of one stakeholder group: customers; suppliers; employees; shareholders; managers; pressure groups etc.</td>
<td></td>
</tr>
<tr>
<td>• One mark for each appropriate stakeholder mentioned</td>
<td></td>
</tr>
<tr>
<td><strong>Application up to 2</strong></td>
<td></td>
</tr>
<tr>
<td>• Morrison’s customers will see the reputation of the store damaged Chinese suppliers may lose out on valuable contracts</td>
<td></td>
</tr>
<tr>
<td>• Managers and employees may face increased complaints</td>
<td></td>
</tr>
<tr>
<td>• Pressure groups (consumer groups) might get involved</td>
<td></td>
</tr>
<tr>
<td>• As a retailer Morrisons would be expected to give refunds</td>
<td></td>
</tr>
<tr>
<td>• Any other relevant information that relates to the pre-release or additional evidence</td>
<td></td>
</tr>
<tr>
<td><strong>Analysis up to 2</strong></td>
<td></td>
</tr>
<tr>
<td>• Sales are likely to suffer, so managers may be under increased pressure</td>
<td></td>
</tr>
<tr>
<td>• Customers will associate Morrison’s with poor quality and this may damage non-food sales</td>
<td></td>
</tr>
<tr>
<td>• Morrison’s may be forced to use alternative and possibly more expensive suppliers.</td>
<td></td>
</tr>
<tr>
<td>• Managers may face increased complaints increasing their stress levels</td>
<td></td>
</tr>
<tr>
<td>• Pressure (consumer) groups might see it as unethical to knowingly sell a faulty product.</td>
<td></td>
</tr>
</tbody>
</table>

Total (6 marks)
<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>In 2008 Morrison’s Capital Employed was £4,378m, and in 2009 it was £4,520m. Using this information and Evidence B, calculate the Return on Capital Employed for 2008 and 2009</td>
<td></td>
</tr>
</tbody>
</table>

**Knowledge up to 2**
- Correct ROCE formula (Operating profit/Capital Employed X100) (2 mark)
- Knowledge of Capital Employed (1 mark)

**Application up to 2**
- ROCE = 14% (13.97%) in 2008 - £612m/£4378mX100
- 15% (14.8%) in 2009 - £671m/£4520mX100

**Notes:**
- Two correct answers, no working/no formula - 4 marks
- Missing % cap at 3 marks
- Correct answers, years inverted - 3 marks
- Correct calculations based on Gross Profit: £818m in 2008 (19%) and £913m in 2009 (20%) - cap at 2 marks
- Correct calculations based on Profit/Loss for period: £554m in 2008 (12.6%) and £460m (10.1%) in 2009 - cap at 2 marks

Total (4 marks)
<table>
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<tr>
<th>Question Number</th>
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</thead>
<tbody>
<tr>
<td>5.</td>
<td>In 2008 Morrison’s Gearing figure was 12%, and in 2009 it was 14%. Using this, and any additional relevant information, evaluate Morrison’s plans to open more stores in the South of the UK (Evidence A).</td>
</tr>
</tbody>
</table>

**Answer**

**Application up to 2**
- Candidate uses appropriate figures and relates these to Morrison’s current situation e.g. Gearing is still ‘low’
- Candidate picks out other financial information that might be relevant e.g. ROCE; Profit etc.
- Candidate applies other relevant information e.g. takeover of Co-op stores
- Expansion plans may have increased gearing (no explanation)

**Analysis up to 4**
- Gearing figure is increasing, but the business is still ‘low geared’, which makes it less vulnerable to interest rate increases on the cost side
- Low gearing ratio may make them more attractive to banks
- Return on Capital Employed figures are stable - Morrison’s could be looking at ways of improving this figure in the long-term through increased sales and therefore operating profit
- Overall profit for the period is down due to increased finance costs and taxation - this could be limiting if expansion is to be financed out of retained profit
- Pre-tax profit is up though
- Additional relevant information might include:
  - Aiming to increase market share
  - Competing with other supermarkets
  - Moving into new geographical markets
  - Purchase of Co-op stores

**NB**
Cap at 4 if only Gearing figure is used
(2 Application, plus 2 analysis)

**Cap at 4 if analysis present without reference to Gearing.**
(2 Application, plus 2 analysis)

**,2**

**Evaluation up to 2**
- Candidate looks at financial reasons for and against expansion - these are unlikely to be well-developed in such a short question
- Possible responses:
  - Gearing is low but overall profit down, so expansion is too risky
  - Gearing is low, so borrowing to finance expansion is an option
  - Return on Capital Employed is stable and relatively high, which may serve as a reason to avoid disruptive changes
  - Investors may see potential long-term financial gain from expansion

Total **4**
- ROCE not especially relevant to expansion decision
- Financial cost of expansion not discussed, but is hugely relevant. (8 marks)
<table>
<thead>
<tr>
<th>Level</th>
<th>Mark</th>
<th>Descriptor</th>
<th>Possible Content</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 1</strong></td>
<td>1-2</td>
<td>Candidate shows knowledge of Ansoff’s Matrix.</td>
<td>• Ansoff’s Matrix is a ‘box’ containing terms such as ‘diversification’, ‘market development’ and is used to explain business strategies • Drawing of Ansoff Matrix with appropriate labels - 2 marks</td>
</tr>
<tr>
<td><strong>Level 2</strong></td>
<td>3-4</td>
<td>Answers should be applied to Morrison’s.</td>
<td>• Morrison’s proposals are examples of ‘Market development’ - existing products to a new geographical market • Could also be argued to be ‘Market penetration’ - more of same to existing markets e.g. segments etc.</td>
</tr>
</tbody>
</table>
| **Level 3** | 5-6 | Candidate analyses the usefulness of Ansoff’s Matrix.  
*No context - cap at 5.*  
*For this level candidates must address the ‘use’ of Ansoff.* | • Ansoff is a clear, graphical representation of a corporate strategy • It can help to show/assess risk and potential reward for a given strategy • It is useful as a comparative tool • At this level limitations may be discussed without discussing uses. |
| **Level 4** | 7-8 | Low Level 4: 7marks. Uses and limitations explained in context.  
High Level 4: 8marks  
Expect to see convincing evaluative points with a conclusion. | • Ansoff may only be useful to managers and even then, to a limited extent • Its Generic nature may mean over-simplification • It’s a theoretical model and therefore its usefulness is limited • When applied to Morrisons it is not clear which strategy is being followed, so its use is limited |
## Question Number

<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>7.(a) QWC i-iii</td>
<td>a) 7(a)* Southern Counties Construction is a business contracted to build one of the new Morrisons stores. The information above shows a basic schedule and network for a project such as this. Assess the usefulness of this information to Southern Counties Construction and Morrison’s when planning and building a new store.</td>
</tr>
</tbody>
</table>

### Level Mark Descriptor Possible Content

<table>
<thead>
<tr>
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<th>Descriptor</th>
<th>Possible Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>1-4</td>
<td>Candidate shows knowledge and understanding To achieve a mark of 1 - 4 the candidate will have struggled to use business terminology legibly with frequent errors in SPG and / or weak style and structure of writing.</td>
<td>• CPA shows the quickest time that a project can be completed, while ensuring all activities are finished • Candidate shows knowledge of terminology such as Earliest Start Time, Latest Finish Time etc.</td>
</tr>
<tr>
<td>Level 2</td>
<td>5-7</td>
<td>Candidate applies information the network and/or schedule. Candidate uses some business terms but the style of writing could be better. There will be some errors in SPG. Legibility of the text could have been better in places.</td>
<td>• The network shows that it will take 51 weeks to fully complete the project • There are various activities with ‘Float’ e.g. A and be re-organised to take C • B,D,F,H,J are all critical</td>
</tr>
</tbody>
</table>
| Level 3 | 8-15 | Low level 3: 8 - 9 marks Narrower and or weaker analysis relevant to the question. This will focus on one of the uses outlined at the higher level 

*No context - cap at 8.* 

**Context relevant:**
- Use of information from CPA
- Reference to construction
- Reference to stores/supermarkets etc.

Medium level 3: 10 - 12 marks Expect to see a sound analysis based on two of the above management uses

**NB weak context limit to Medium level.**

High Level 3: 13 - 15 marks

• Morrison’s can see how long the project will take and the Critical Activities within it 
• Southern Counties can arrange the delivery of resources and labour efficiently, reducing waste and therefore price to customer 
• Parallel activities can allow time to be reduced - crucial in a project that aims to be finished quickly 
• Southern counties reduce the capital tied up in waiting resources, again helping to reduce...
<table>
<thead>
<tr>
<th>Level 4</th>
<th>16-20</th>
<th>Low Level 4: 16 - 17 marks</th>
<th>High Level 4: 18 - 20 marks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Some evaluative points are made, based on analysis of the information provided in the paper and pre-release.</td>
<td>Works to convincing evaluation on the usefulness of project planning and network analysis, with a sound conclusion. This conclusion will consider the Market Objectives, Product, Situation of Morrisons/Southern Counties Contextualised conclusion needed for this level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One balanced argument 16; two 17.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>The information is based on estimates that are subject to a huge range of external factors e.g. weather, unreliable suppliers, industrial action etc.</td>
<td>It should be used as a starting point in the decision-making process, but it cannot be relied upon for accurate predictions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Without it though, decisions on resource management etc. would be even less accurate.</td>
<td>It is useful in the business environment in which Morrison’s operates, where speed of access to the market is crucial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Only 10 of the planned stores will actually be built from scratch</td>
<td></td>
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<tr>
<td>Question Number</td>
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<tr>
<td>7.(b) QWC i-iii</td>
<td>Evaluate the likely importance of staff benefits (Evidence C) in improving Morrison’s Human Resource Competitiveness</td>
<td></td>
<td></td>
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</tbody>
</table>

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<th>Mark</th>
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</tr>
</thead>
</table>
| **Level 1** | 1-2  | 1 - 2 marks | Candidate shows knowledge of Human Resource Competitiveness.  
Written communication may be poor with frequent errors in spelling, punctuation and grammar and a weak style and structure of writing. There may be problems with the legibility of the text | • Knowledge of Labour Turnover  
• Knowledge of (Labour) Productivity  
• How either/both can be calculated  
• Knowledge and Understanding of Evidence C is shown, with some basic links to motivation outlined. |
| **Level 2** | 3 - 7 | Low level 2: 3-4 marks | Candidate applies knowledge of Morrison’s staff benefits  
High level 2: 5-7 marks | Candidate applies knowledge of Morrison’s staff benefits to Human Resource competitiveness | • 10% staff discount (or any other example from Evidence C) is identified.  
• Examples of Evidence C will be linked to Human Resource Competitiveness, but without analysis of why there might be a link. |
| **Level 3** | 8 - 15 | Low level 3: 8 - 9 marks | Candidate analyses some causes, costs or consequences of Morrison’s using fringe benefits (Evidence C) to improve Human Resource Competitiveness.  
One or two links at best.  
No context - cap at 8 | • Nature of work in Morrison’s may lead to low motivation: pay, boredom, insecurity etc.  
• Benefits and Opportunities aimed at providing fringe benefits: e.g. discounts, access to pensions etc.  
• Benefits may improve motivation, which reduces need to leave and may encourage workers to work harder  
• May help to reduce staff turnover which is quite high and generally high in this industry |
|         |       | Mid level 3: 10 - 12 marks | Candidate analyses a range of effects of these policies, firmly in context.  
Three links explained. |
|         |       | High level 3: 13-15 marks | Four plus links.  
Candidate will use business terminology well / style of writing is appropriate to the question /
| Level 4 | 16-30 | Threshold Level 4: 16-17  
The candidate makes a limited number of arguments about the benefits *not* being the only factor *in* improving HRC.  
One Internal or External (not both).  
Low Level 4: 18-19  
Candidate evaluates by looking at a number of reasons for these policies *not* being the only factor improving HRC.  
Two or more factors Internal or External (not both).  
Mid Level 4: 20-24  
Candidate evaluates by looking at a number of internal and external factors that may affect Morrians’ HRC.  
Three plus Internal or External.  
Or: At least one Internal and one External.  
High Level 4: 25-30  
Balanced conclusions and recommendations based on sound discussion of the Market, Objectives, Products, Situation Morrians operates within.  
Answers must show a clear understanding of the components of Human Resource Competitiveness (Labour turnover and Labour Productivity)  
Answer is clear, and the candidate makes good use of terminology and toolkit. Candidate uses business terminology fluently with good spelling, punctuation and grammar. | • Candidate makes basic judgements about whether these benefits alone will improve HRC  
• HRC is about much more than improving motivation  
• Other *Internal* factors such as access to promotion, staff training, good management are all factors that are often over-looked.  
• *External* economic and local factors have a big impact on retention and motivation e.g. likelihood of securing an alternative job; recession may have reduced staff turnover.  
• External economic and local factors have a big impact on retention and motivation  
• It would be useful to have access to information about schemes offered by other supermarkets  
• Even if employee turnover is high, this may be due to unavoidable leavers  
• The difficulty with accurate measurement of labour productivity in a service sector business.  
• Current expansion plans may prove motivating for staff as opportunities may be seen to grow. |