

# ResultsPlus

## Examiners' Report June 2009

GCE

## GCE Business Studies 6BS01 / 6BS02

**ResultsPlus**  
Helping you to raise attainment  
[www.resultsplus.edexcel.com](http://www.resultsplus.edexcel.com)

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information, please call our GCE line on 0844 576 0025, our GCSE team on 0844 576 0027, or visit our website at [www.edexcel.com](http://www.edexcel.com). If you have any subject specific questions about the content of this Examiners' Report that require the help of a subject specialist, you may find our **Ask The Expert** email service helpful.

Ask The Expert can be accessed online at the following link:

<http://www.edexcel.com/Aboutus/contact-us/>



ResultsPlus is our unique performance improvement service for you and your students.

It helps you to:

- **Raise attainment** - by providing in-depth analysis of where your class did well and not so well, enabling you to identify areas to focus on/make improvements.
- **Spot performance trends** at a glance by accessing one-click reports. You can even choose to compare your cohort's performance against other schools throughout the UK.
- **Personalise your students' learning** by reviewing how each student performed, by question and paper you can use the detailed analysis to shape future learning.
- **Meet the needs of your students on results day** by having immediate visibility of their exam performance at your fingertips to advise on results.

To find out more about ResultsPlus and for a demonstration visit <http://resultsplus.edexcel.org.uk/home>

June 2009

Publications Code US021160

All the material in this publication is copyright  
© Edexcel Ltd 2009

## Contents

### *GCE Business Studies 6BS01 / 6BS02*

#### *6BS01*

General Comments	2
Section A	3
Section B	5

#### *6BS02*

Section A	6
Section B	18

## **6BS01**

### **General Comments**

Overall candidates' performance on this paper showed a sound grasp of business/ economics concepts and theory together with a good understanding of business behaviour. Answers suggested that candidates had, on the whole, been better prepared than in January for topics that in some case were quite a departure from traditional GCE specifications in Business Studies/Economics and Business, for example value added and enterprise capability.

## Section A

As with January, examiners were exposed to a full range of approaches, from what appeared to be candidates carefully coached how to handle supported multiple choice questions, to others where there still appeared to be little evidence of preparation. At GCE level, the use of supported multiple choice questions enables an awarding body to test more than straightforward recall. Indeed, the three explanation marks proved good discriminators, particularly for questions 1, 2, 3, 4, 6 and 8, which required candidates to explicitly analyse and evaluate.

### Question 1

The majority of candidates answered this question correctly, though some explanations in part (b) often lacked clarity. Resilience in some cases was a characteristic clearly not understood, despite the specific reference to this in the Specification in section 1.3.1, page 18. Better answers tied their response to characteristics of successful entrepreneurs and to the stem, ie the television show 'The Apprentice'.

### Question 2

Clearly a number of candidates misread the phrase in D 'to reduce capital' as 'to release capital' and so went on to explain that this was the correct response because selling a business will provide its owners with finance. Those who correctly identified A as the correct response explained that this was most likely given that owning your own business will be very time consuming and involve a great deal of decision-making and responsibility which the owners Mike and Claire may have wanted to relinquish.

### Question 4

Candidates generally struggled with the financial/economics concepts; few used an explanation of demand theory. Stronger candidates for this particular question were able to explain that if the price of bread increases, demand will fall. This will result in a loss in revenue which could lead to the bakery closing down if overheads are not covered. Close substitute products like pasta or rice may face an increase in demand as a result of the increase in bread prices continuing. Again, better candidates were able to dismiss one distracter such as if overheads decrease then the bakery should be more profitable and so would stay open rather than close.

### Question 5

On the whole, this question was tackled easily by candidates. Most were generally clear on the contrast between primary and secondary research and the better candidates applied this grasp to the Social Trends context. It was expected that in part (b) to gain full marks candidates were able to say that the census is not collected by a specific business or user but by the government. Taking part (a) and (b) together, this was the best answered supported multiple choice question.

### Question 6

A question answered reasonably well by candidates, with many recognising that lower interest rates would make borrowing more attractive for the small electrical retailer to purchase fixed assets like shop fittings or a delivery van, for example. Some candidates focused their answers on the likely consequences for *customers* of electrical products and so argued that their borrowing would increase and so identified A 'spending on stock increases' as the correct answer. In such cases an analytical mark was awarded in part (b) of the question.

### **Question 7**

This was a very accessible question, generally answered well by most candidates. Many showed a good knowledge of the contents of business plans and cash flow forecasts, and in many cases dismissed other options easily and accurately.

### **Question 8**

Although the majority of the candidates chose the correct option of part (a)(response B), the quality of responses in part (b) was poor. There is still a widespread incorrect assumption that market mapping is to do with location. Many candidates chose to list the options and not use them, for example 'Evaluating competition, market mapping and considering competitive advantage are all part of positioning, estimating profitability is not', which brings in no additional knowledge, understanding or application. Good answers argued that estimating profitability was something a business did either after the business was set up or after the positioning was analysed.

## Section B

The Shivani Patel/Fold case study appeared to be accessible to most candidates. Given the Edexcel support material and guidance provided to centres for this Unit through 'Getting Started' and other sources; it is clear that candidates were generally well prepared for the topics which featured such examples as exchange rate movements and factors which affect turnover and operating profit. One or two centres have commented that there may be a time issue with this paper, on the basis that candidates did not complete this section of the paper. Examiners did not find this to be a significant number of candidates.

### Question 9

This was answered well. Students applied their responses clearly to the context. In most cases marks of 4 were awarded, with analysis being the most likely marks to have been missed. Candidates need to explain why moving to the Fold might increase turnover, for example.

### Question 10

Candidates answered this well, with a good understanding of the difference between turnover and profit. In the main, a mark of 2 or 3 was awarded. The fourth mark was generally not achieved due to a lack of application in answers.

### Question 11

There was a big divide between those who knew what 'added value' was and those that did not. Those that did tended to answer in context quite well and so went on to achieve 5 or more marks, whereas others were stuck at very low levels. Furthermore, even strong answers tended to be one-sided, with candidates assuming that 'might be particularly important' meant that it was important.

### Question 12

Despite the dangers of candidates confusing appreciation with depreciation, a large number appeared to have understood correctly that importers would benefit. A large number of good marks were limited by a lack of application to Fair Trade/Co-op and also an assumption that evaluation came from looking at the effects on exporters, rather than looking at how Fair Trade/Co-op may actually not be affected by the exchange rate change because, for example, quality may be more important than price.

### Question 13

A large number of candidates achieved good marks of 8+, partly because of the way the mark scheme was ordered. Many candidates carefully analysed the effects on at least one business and were able to apply their answers well. There was a feeling that the question perhaps limited the ability of more able candidates to achieve marks significantly higher than the 'average' because of this. The addendum to the mark scheme helped to open up the evaluation marks to a wider number of candidates.

## 6BS02

### Section A

Performance on supported multiple choice questions varies considerably; from candidates who support their answers with well analysed and evaluated commentary to those who struggle to show basic knowledge of business concepts. A lack of sufficient business context to some of the questions, notably questions 2, 3 and 4 may have affected the candidates' ability to access analytical and evaluation marks. This issue will be addressed in future papers to support an improvement in achievement.

#### Question 1

This question discriminated well. A large number of candidates were able to answer correctly (market skimming) and explain well, whereas a significant minority argued for market penetration and others for cost-plus.

Answer

B

(b) Explain why this answer is correct.

Nintendo are already a highly recognised company therefore, it would not be necessary to penetrate the market with a low price. Skimming would be more appropriate as it looks over competitors prices and follows a similar trend, this would be better due to limited stock.



**ResultsPlus**

Examiner Comments

The question had a mark allocated to each of the 4 objectives. The answer was B – Market Skimming, and so the candidate scored an Application mark (P) for part a. A correct explanation of 'Market Skimming' would have gained a Knowledge mark (K). Note that if the candidate had done this successfully, (s)he didn't in this instance, then it would not be possible to score further K marks, say for instance, by defining/explaining 'Market Penetration'. This particular candidate realised that Nintendo, being a well recognised company, would not need to enter the market with a low price. This judgement enabled the candidate to score the Evaluation mark (E). Part of the last sentence of the answer is disputable but an Analysis mark (A) was awarded for linking the need for high prices when there were a limited number of games available initially, to the scarcity of a particular component. The candidate scored 3 marks.

Answer

C

(b) Explain why this answer is correct.

The games machine will be much harder to get hold of for customers, meaning that Nintendo will get away with charging a higher price for as customers will pay it for the exclusivity of owning one. It's like diamonds - they're only so expensive because there's a limited amount.

**ResultsPlus**

Examiner Comments

This answer provided an example of the candidate getting the initial answer incorrect but still managing to score 2 marks. Despite choosing 'Cost Plus', an incorrect choice, the candidate recognised that it would be much harder for customers to get the games machine and that Nintendo could charge a high price – a judgement made here (E) and then provided a general rationale, explaining the example of diamonds being expensive due to their scarcity. Two marks scored.

Answer

B

(b) Explain why this answer is correct.

Market Skimming is pricing a product high when it is introduced onto the market. In order to get the most out of their customers whilst still in 'fashion'. Market skimming would be the best pricing strategy as everyone will want one when they first come on the market, so by pricing them high they can make the most out of it.



ResultsPlus

Examiner Comments

This candidate not only made the correct selection for the P mark but also gave a clear explanation of the term in order to gain the K mark. (S)he then went on to explain why this was the best strategy in order to gain the A mark. Three marks.

Answer

B

(b) Explain why this answer is correct.

The product is new and advanced and therefore there is no competition in the market. This means that the retailer can charge a premium price for this product. Market skimming is pricing your product as a premium price at the top of the market. As supply of a necessary component is limited, a highly charged price will result in covering the cost of purchasing this part.



ResultsPlus

Examiner Comments

The candidate gains full marks here as not only does (s)he explain the concept but also goes on to explain that by charging a high price the cost of buying a component that is in limited supply is covered. The candidate also makes the judgement that market skimming would be the correct call as this is a new and advanced product enabling a premium price.

## Question 2

Answers to this question were overwhelmingly either (D) Maturity – the correct response, or (A) Growth. Many students made an attempt to explain why other options were incorrect. This approach is to be recommended but to say, for example, that in 'decline' profit will not be maximised because sales are falling is insufficient. An acceptable response would be along the lines of 'profit will not be maximised in the decline stage because (either) the firm will have stop promoting the product and hence sales will fall, or other products have superseded the current product causing sales to fall. An answer that says 'in decline the product is not being bought' is incorrect.

Answer

D

(b) Explain why this answer is correct.

Maturity is where the sales and demand of the product are at its peak ~~at~~ because of effective marketing and consumer satisfaction. <sup>max sales</sup> the stage after is decline.



**ResultsPlus**

Examiner Comments

This candidate answers correctly and the explanation, whilst brief, does enough to gain a further 2 marks. The candidate gains a K mark for stating that sales and demand are at their peak and (s)he offers a reason for this, ie because of effective marketing. This answer gained the Analysis mark available. As the question was not set in a particular context the mark for answering the initial question correctly is a K mark. The P mark for application could have been achieved if the candidate provided their own context – perhaps 'borrowing' the Nintendo example from the previous question, or if they were able to, draw and correctly label a plc diagram – a good number of students did this.

Answer

D

(b) Explain why this answer is correct.

The stages of the product life cycle (in order) are: Development, introduction, growth, maturity, Decline, extension / withdrawal. Maturity is the stage at which the products price is constant, and peripheral and related items will be selling more so than in other stages. After maturity, sales drop, meaning profits decrease. Before maturity the market is still being established, which is why the greatest profit is during maturity.

**ResultsPlus**

Examiner Comments

This candidate answers correctly to gain a K mark and shows enough understanding of subject matter during the explanation to gain the second K mark. (S)he then offers further explanation, the most relevant of which was that before maturity the market was still being established and thus was awarded an A mark.

### Question 3

Questions 3 and 4 concentrated on stock control.

3 (a) What is the re-order quantity?

- A 500 tonnes
- B 1 000 tonnes
- C 1 500 tonnes
- D 2 000 tonnes

Answer



The re-order level is ~~at~~ when stocks reached 1,500 <sup>tonnes</sup> (declining), ~~they~~ ~~are~~ The delivery of the stock takes a ~~short~~ <sup>few days</sup> so levels of stock have already reached the buffer stock at 1,000 tonnes by the time stocks are delivered. They order ~~ed~~ a total of 2000 as the maximum stock is 3,000 - 1,000 (buffer stock) = 2000 tonnes (reorder quantity).



**ResultsPlus**

Examiner Comments

Here the candidate answers correctly and goes on to gain full marks. The key to gaining these marks is to recognise that after stock has been re-ordered at 1500 units then 500 more units will be used before the stock is replenished. This candidate obtained 4 marks. The knowledge mark in this question can be gained from a simple explanation of the term re-order quantity, ie the number of units that the firm requires in order to replenish its stocks.

### Question 4

A large proportion of candidates managed to answer this question correctly but they then often had difficulty justifying their answer. Attempts to say why other answers were incorrect were not well explained. An answer which simply states that buffer stock is not wasted stock is insufficient to gain a mark; however an answer that states that buffer stock is stock held in case of emergencies such as in late arrivals of stock deliveries or of an unexpected surge in demand will gain a mark. Similarly option C – 'the firm experiences fluctuating demand', cannot be dismissed simply by stating it doesn't. Rather the candidate should refer back to the diagram which shows a pattern of sustained regular demand.

Answer

A

(b) Explain why this answer is correct.

(3) 2 Q04b

The company uses 1000 tonnes of stock a week so if delivery was delayed the buffer stock consists of 1000 tonnes which would support a weeks demand.

**ResultsPlus**

Examiner Comments

The candidate answers correctly but doesn't offer any explanation or definition of the key term, ie buffer stock, so a K mark is lost. Although the candidate doesn't specifically refer back to the diagram there is enough here to convince that an understanding of usage in one week is conveyed. It is good practice to teach candidates that they should explain why one of the other options is incorrect.

Answer

A

(b) Explain why this answer is correct.

The gradient of the line shows that the firm will sell 1000 tonnes in one week. With this 1000 tonne buffer stock, if the delivery was late there would still be enough stock to last them through the week. Then the order will boost them back up to 2000, meaning they would need to order a larger quantity next time to fulfil the buffer stock.

**ResultsPlus**

Examiner Comments

The candidate answers correctly and although part of the explanation is flawed there is still enough understanding and application to gain a further 2 marks, ie there is reference to the gradient of the line in the diagram and a link made to the use of buffer stock should there be a delay.

**Question 5**

Very few candidates gave an explanation of the concept capacity utilisation or indeed increased capacity utilisation, even fewer got it right. The knowledge mark was therefore difficult to come by. A number of candidates, whilst getting into the right area, chose 'A', minimising total costs - failing to recognise that any additional item of production will incur further costs. Those candidates getting the correct answer 'B' often were able to display knowledge of fixed costs being spread over a larger unit production.

Answer

B

(b) Explain why this answer is correct.

Capacity utilisation is the amount of products a firm can produce with the resources it has at a given time.

When increasing capacity utilisation Toyota will be making more efficient use of their resources (e.g. machinery) so will produce more cars to sell.

The money brought in from these sales (revenue) will decrease the average costs.

**ResultsPlus**

Examiner Comments

This candidate answers correctly and gives a succinct explanation of the term capacity utilisation to gain the K mark. Here the candidate suggests that increasing capacity utilisation will be making Toyota more efficient and so they will produce more cars to sell, invoking shades of supply creating its own demand. Candidates could suggest that if Toyota had marketed a good product well it would receive more orders, increase output, thereby reducing unit costs and either passing these cost savings on to customers or taking an extra profit margin. The sentence 'the money brought in from these (increased) sales will decrease the average costs' was deemed too vague to gain an A mark. If the candidate had added 'due to the fact that fixed costs are spread over a greater number of units produced (or even sold) that mark would have been given. The candidate scored 2 marks.

Answer



(b) Explain why this answer is correct.

(b) Explain why this answer is correct.

(3) 1 Q05b

I think most of A-D come into the equation with this question. Capacity Utilisation is Output divided by capacity multiplied by 100%. Increasing this is important as it would produce more profit from sales as the output could increase. It would also minimise waste as this is only costing money so by minimising waste the business saves money so the turnover is higher. This is also minimising total costs as the manufacturing process becomes more efficient so less waste, total costs and more.

retained profit ←  
from sales.

Capacity Utilisation is  
all about efficiency. ~~Factors~~



ResultsPlus

Examiner Comments

Here credit is given for the formula to calculate capacity utilisation but the answer suggests that 'increasing capacity would produce more profit from sales as the output could increase', as though all the company needed to do to increase profit was to produce more. The best way to gain the 3 marks available here would be to explain the concept, show how average costs would be minimised by spreading fixed costs over increased production and then to discount one of the other answers, perhaps by stating that minimising average costs by itself is not enough to increase sales – there must be something that attracts extra buyers to the market.

### Question 6

Questions featuring the request 'which of the following is most likely?' should become familiar to candidates. These questions enable candidates to make a judgement and this means that marks can be awarded for all 4 objectives. Candidates do not need to know that Green & Blacks are makers of organic chocolate and thereby have a niche market although it was nice to see some candidates using this information to good effect. The question was worded in such a way that candidates could analyse the situation by using the word 'if', ie if G & B increased the price of products with price inelastic demand. There were some very good answers to this question but many candidates chose 'A' as their answer – the Boston Matrix.

Answer

~~A~~ D

(b) Explain why this answer is correct.

(b) Explain why this answer is correct.

(3) 2 00

Inelastic demand is how a product is described when demand does not change when prices are changed. If Green & blacks do have an inelastic demand then they can increase their price, therefore increasing their profit since the demand will stay the same.



**ResultsPlus**

Examiner Comments

Although strictly speaking price inelasticity does not necessarily mean that demand will remain at the same level when price increases and that the perfect answer should be using phrases such as 'demand falls less than proportionately when the price rises', then it must be recognised that candidates are writing under pressure, often about subject matter which is new to them and that when an understanding is shown they should be rewarded for it. Here the candidate answers correctly and does enough to gain a K mark for an understanding of price inelasticity and an A mark for linking this to increased profit when price rises.

Answer

D

(b) Explain why this answer is correct.

(b) Explain why this answer is correct.

(3) 2 Q06b

Certain products like bread and milk will always sell no matter how much the price increases (with reason). If Green & Black have many products like this they can increase the price without risk of losing customers because the product is inelastic. Price does not affect demand for the item. To see if an item is elastic the equation is  $\frac{\text{Demand}}{\text{Price}}$  and if the answer is less than 1 the item is inelastic. Price greater than 1 is elastic.



ResultsPlus

Examiner Comments

Here again the candidate lacks precision but shows enough of an understanding to gain 3 marks. If the candidate had gone on to say, for example, that to cease advertising would be unwise as, although costs would be reduced, ultimately revenue would probably have been reduced further, a mark for evaluation could have been gained.

## Section B

On section B of the paper the underlying lesson for candidates to learn is use the case study to provide a context for your answer. Not only is the case study meant to help candidates with their understanding of the concepts involved, it is the simplest way to access higher level of marks for demonstrating analysis and evaluation. It should be noted that although marks from the four objectives are available throughout the paper the greater proportion of analysis and, particularly, evaluation marks are available on the higher mark questions in this Section.

### Question 7

The stem of the question provided an immediate context and although the actual question did not refer to Egg, candidates who used Egg as their context were able to access marks more easily. It should be noted that in the 4 mark questions there is likely to be at least one mark for K and candidates should look to start their answer with an explanation of the key concept in the question. In this question 2 marks were allocated to knowledge and although the mark scheme was widened to allow for marks for theoretical approaches to motivational ideas behind staff training as well as the types of training, a significant number of candidates found these marks difficult to come by. Most candidates gave fairly generic explanations of how staff training can lead to happy and motivated staff.

- Good Customer Service. If staff are friendly to customers and have a good attitude and are passionate for what they do this will work.

- If staff are taught more skills. This will boost their confidence levels and if they maybe get some authority with these new skills it could increase motivation.

- Through staff training, staff will have better relationships with one another. This will make a friendlier atmosphere in the workplace and make staff want to go into work.



**ResultsPlus**

Examiner Comments

This answer typified many of the responses linking training with skills and a greater feeling of confidence to do the job. The case study mentions Egg's intention of empowering the people but reference to this via training was infrequent with more candidates choosing to write about a friendlier atmosphere if staff completed training together. A mark for application (P) and for knowledge (K) was awarded to this candidate; although few candidates went on to show how Egg could benefit from this in terms of repeat customers and/or recommendations – the key way to gain the analysis mark.

Training staff can make an employee more confident and therefore more willing to perform well for Egg. If this willingness is present throughout the business then there will be motivated happy staff because the working atmosphere will be nice (Maslow's hierarchy of needs - social needs). Also training should teach staff what to do and where to go if they have a problem. This if done well could lead to Egg's staff being happy and motivated as it would give them a sense of being valued.

(Total for Question 7 = 4 marks) **3**



**ResultsPlus**

Examiner Comments

Here the candidate attempts to link Maslow's hierarchy of needs to happy staff through a link to social needs and is rewarded for it. An analysis mark was awarded here for linking confident staff being more willing to perform well for Egg. The idea that training not only teaches staff what to do but also gives them a route to getting help if things go wrong is also rewarded – a total of 3 marks.

### Question 8

The instruction to candidates here was specific but the main criticism of candidates is that many of them repeated text book techniques learnt, but not applied to Egg.

8 Other than by training, explain **two** ways Egg might unleash the power of its employees.

3 Q08

The company could include cash incentives for employees for example the collection department could get commission for obtaining payments from late customers. Another way is improving working conditions by installing fans and heaters they can ensure the employees are happy and can give better service etc a better job. because they are less worried about the comfort and are more focused.



**ResultsPlus**

Examiner Comments

This candidate put forward an example relevant to Egg (eg rewarding employees who obtained payment from late customers) thus setting the answer in context, and although the standard answer would have been to unleash power through job enrichment and delegating responsibility this answer was good enough to give the candidate 3 marks.

The firm may use strategies such as job rotation, enlargement or enrichment. This could motivate the staff as they are delegated with new tasks and responsibilities. By enriching their jobs, it enables the staff to better themselves which again can relate to Maslow's hierarchy of needs with self actualisation and esteem. Another way could be to decentralise decisions. This would help the staff to feel valued and have the opportunity to voice their opinion.



**ResultsPlus**

Examiner Comments

This answer provides a good example of a candidate who understands the issues and has learnt the methods and the theory but fails to put their ideas into the context required. However appropriate the idea may be, if there is no context it is difficult for there to be any analysis. The candidate can not get more than half marks.

A decentralised decision making system would give employees powers to make important decisions without long arduous consultation with managers. Giving them control over their work.

Also, delegation to staff give responsibilities to employees making them feel important in the business and therefore make them want to work to their full potential!



**ResultsPlus**

Examiner Comments

Similar problems exist here. There are 2 marks for knowledge in this question but not all 4 mark questions have them. If only one mark had been for K this candidate, without any mention of Egg, would have struggled. As it is (s)he scored 2 marks.

They may offer a bonus at the end of the financial year if the business reaches or exceeds business objectives, so employees may work harder to meet the objective and achieve the bonus.

Egg may also give their employees fringe benefits which may include a higher interest rate on their bank accounts with Egg, longer trade credit on their Egg credit cards. This will make the employees feel appreciated and in return they may work harder.

**ResultsPlus**

Examiner Comments

The candidate here acknowledges this by writing about the objectives of the business and in the second paragraph succinctly explains, in context, how specific fringe benefits will help employees perform better on behalf of the company. The candidate is awarded full marks.

### Question 9

A number of candidates were unable to identify the elements of the marketing mix, however this was one of the better answered questions with many students being able to score half marks or more. Where candidates chose 'place' or 'promotion' within the context of the online credit cards, marks were readily accessible and gained.

growth. Price, product, place, promotion. 2 Q09

The marketing mix are factors in which a business considered when targetting and achieving goals. 'Place' could have contributed to its rapid growth. This is due to the efficiency of the internet, and how easily accessible internet has become. Egg was "set up in response to consumer demand for a more flexible approach to banking." Therefore as consumers were already seeking more efficient banking using the internet to offer loans, saving accounts and mortgages etc meant they were meeting the needs and requirements of their target market.

(Total for Question 9 = 4 marks) 2



**ResultsPlus**

Examiner Comments

This candidate was able to explain how one of the elements of the marketing mix, ie 'place' would be used by Egg. (S)he was able to place the response in context, referring to the internet in the explanation. Where additional marks could have been gained would have been from identifying the competitive advantage or USP of 24 hour banking and by commenting on the extra profits that could have been gained in these circumstances. Two marks were awarded.

The marketing mix or four P's (Place, Price, Promotion, product) are a great way of analysing a strategy for the future. I think the promotional mix developed by Egg was very important to their success. Under their promotion they had a great TV advertising campaign which gave great publicity and awareness to potential customers. Also they came up with some great promotional offers like fixed. (Total for Question 9 = 4 marks) 2

**ResultsPlus**

Examiner Comments

Again the candidate can identify the other elements of the marketing mix and relate them in context but does not move beyond this.

### Question 10(a)

Centres are always advised to teach candidates that a brief answer is always best supported by a relevant example. The stem of the question provides guidance referring as it does to Egg and its quality culture, and whereas the question itself then refers only to culture, candidates are reminded that the subject they are studying is business and that they do not need to know a wider explanation of the term. Where candidates have looked at a culture within a country, group, race or religion and then tried to link this to business they have been rewarded.

In this context it means the way the company operates and its values. It is for both employees and customers.



**ResultsPlus**

Examiner Comments

The mark scheme offers two ways of gaining marks here, either through a formal explanation revolving around 'norms, values and ethos' or a more informal 'the way we do things around here'. This candidate takes a bit from both and has been awarded both marks even though the answer is brief as it shows the necessary understanding of the concept.

'Culture' is the way in which employees work, the motivation, the morale, and standards they work in. This would be their culture, if the working culture is acceptable then the employees will work at high culture as they will be motivated to work in such standards.



**ResultsPlus**

Examiner Comments

There was some understanding but not enough for both marks.

'Culture' is the ethics of a firm, the way a company is run and what the principals are. For Egg, motivation is a main priority as they believe that everyone will be happier and more willing to spend and work if they are motivated. Also, customers buy from enthusiastic sellers as they see the workers are happy and believe in the company.

**ResultsPlus**

Examiner Comments

Here the candidate provides a full explanation and a context to accompany it and is awarded both marks.

**Question 10(b)**

A mark was available for the explanation of the concept 'shareholder value' which was flagged up both diagrammatically and in the text. Not many candidates were able or even tried to provide an explanation. There were 2 marks for application and these revolved around re-writing the items within the diagram. Many candidates just repeated the diagram, often verbatim. Only when the link moved on to profits, dividends and higher share prices could an analysis mark be considered.

By having happy staff this will lead to happy customers which in turn will lead to loyal customers who buy more products. These loyal customers will recommend Egg to their friends and family which will lead to more customers and the cycle continues. By having more customers there will be more profits which makes the shareholder value higher.


**ResultsPlus**

Examiner Comments

This response was typical of many. The link between happy staff and happy customers was taken as given rather than explained and the candidate then selected items from the text and diagram to provide a less than thorough answer. A mark for K and for P was awarded.

The link may be that if Egg have happy staff<sup>(4)</sup> they will then have happy customers, which will lead to customers who buy more products which will ~~also~~ also lead to them recommending Egg to friends and family and that will mean more customers. This will finally lead to an increase shareholder value.


**ResultsPlus**

Examiner Comments

A copy of the diagram, although the candidate referred to the evidence, so one application mark was awarded.

A happy staff you would expect to have a high productivity rate. This would therefore lead to an increase in sales and awareness of the product. This increased revenue and awareness can result in an increase of share value and this in turn would lead to a greater shareholder value.

**ResultsPlus**

Examiner Comments

There is some merit to this answer but the candidate failed to explain why, for instance, 'happy staff would be more productive'. There is just an assumption here; similarly that it would lead to more sales. One application mark was awarded.

### Question 11

Candidates are advised that should they come across questions that beckon them to consider 'to what extent' then it would be nice if they couched their answers to a 'greater or lesser extent', but that this is not always necessary. A significant minority of candidates did not appear to recognise that Egg was an online bank – despite evidence supporting this. They instead often wrote about going in to Egg's high street branches. Where a balanced response was provided candidates scored well. Although it could be argued that as an online bank customers would not be particularly upset by further automation, it was not necessary to take this view in order to score well. A range of responses can be accepted.

I think it would be mildly bad for the business. This is because the customer/consumer will feel they are not be treated in a fair way as they are talking to a machine not a person. This will make the consumer feel demotivated and therefore they will not wish to buy from this business. In the case of Egg, making more procedures automated will result in their bank losing a certain 'USP' (unique selling point) which other banks did not have, but now they have become the same as other banks and may lose out to customers. It will affect future relationships more because existing consumers will be less inclined to call and have already set up accounts with Egg, but new customers aren't so set up and therefore will see automated procedures as a bad sign for the business. It may be beneficial for Egg though as it can cope with more customers at once increasing the amount of people using the business.



**ResultsPlus**

Examiner Comments

This answer is worthy of 4 marks as it develops a response suggesting (mainly) that customer relationships will be adversely affected. It is quite well written but would have been better served by looking how customer relationships may have benefited positively as well.

Customer relations may get worse. As the customers try to do their desired transaction, they will be confronted by a computerised service and not an employee. These services do not always solve the specific problem to which the client. Some clients may feel the need to talk to someone to ensure that everything is going alright so it is quite possible that the relationships worsen as Egg is very computerised.

Customer relations may, however, get better. <sup>Customers</sup> may feel that it is more up to date and useful. ~~They~~ <sup>They</sup> can do this means that they can do banking from home and it is much more efficient than making Egg employees to go over their problems. It would be much easier for clients to use. As people are more <sup>prone</sup> ~~prone~~ to purchase buying ~~on~~ on the internet it could lead to higher profit margins and as a whole, increased shareholder value.



## ResultsPlus

### Examiner Comments

The candidate provides balance and starts to look at a range of possibilities. A mark of 6 is awarded. A stronger evaluative comment would have pushed the mark up further.

### Question 12

Where candidates recognised that organisational structure involved hierarchies, levels, delaying etc, and where they recognised that management styles referred to such examples as autocratic and democratic, then the responses were sometimes original and thought provoking. As with many of the other questions candidates forget to put answers into context. Answers that are knowledge based only, for example in this case don't refer to Egg, will struggle to gain marks.

Being heavily computerised and capital intensive means the company will need less employees. Therefore delaying of an organisational structure is necessary. This may lead to managers having more subordinates and a wider span of control. This would improve communication in the business and would give employees more responsibilities. This could be the external needs in Maslow's hierarchy of needs. Taylor's Scientific management approach would not be appropriate as ~~there~~ ~~would~~ the employees that may be only motivated by money i.e. to secure the safety need has been replaced by computer already. Therefore it is an assumption that Egg would use Maslow's 2 higher motivational needs or Maslow's hierarchy of needs. It is also important to remember that when the company has more computerised employees are going to be worried about losing their jobs. If Job security is a hygiene factor and low in the hierarchy of needs.



**ResultsPlus**

Examiner Comments

Answers rarely fit the exact nature of the mark scheme. Here the candidate is rewarded for trying to apply knowledge of organisational structure to Egg whilst at the same time trying to link the human effects of heavily computerised structures via motivational theory. It is incomplete and at times flawed but largely relevant and the analysis present enables a mark of 5.

### Question 13

Some candidate read the question as suggesting that Egg were to employ more people. Again a number of students were drawn to the word 'flexibility' and wrote at length about workers coming and going as they pleased. An element of flexibility may include shift patterns and/or working from home, and in this way improve the work-life balance but often the key issue of staff functions was ignored. Where this issue was addressed carefully candidates were able to display good knowledge about staff roles and the impact on the firm.

Flexible labour can benefit Egg in many ways. Firstly, it can mean that staff are trained to be able to do several different jobs, which makes job rotation possible.

Job rotation would hugely benefit Egg because it can motivate their workers as they find their job less boring if they change and don't do the same job all day. This would make staff perform better, so would therefore benefit Egg in the long term.

Also, having a flexible workforce <sup>would</sup> make it easier for Egg to cover for holiday absences, without causing disruption for the business, so its productivity is not effected. This would help with Egg's ethos of being concerned with work-life balance as it makes it easier for ~~both Egg, and~~ the employee to take holiday.

~~And~~ However, having flexible staff can mean that Egg would employ periphery workers. These are workers who are part-time and not central to the business like core workers. Having periphery workers could negatively impact Egg because they may

not give the same excellent service that core workers do, as they are not as loyal to the company, and don't care about it as much as a full-time core worker would.



**ResultsPlus**

Examiner Comments

This answer addressed most of the areas clearly and showed balance. The last question on the paper tends to have the highest number of marks for evaluation and the only criticism of this response was that it was not strong enough in this area. However the answer was strong enough to reach L4 and a mark of 9.

The labour within egg would need to cover a 24 hour day, and I believe it may well be illegal to make someone work a 24 hour shift.

Egg claims that it is concerned about employees work-life balance and its diversity.

The diversity of suspect refers to a mixed, diverse culture workforce.

Diversity would be needed both legally and socially within the workforce.

A socially diverse workforce would contribute towards workforce moral and motivation, making workers happy.

The workers work-life balance is also taken into account. I assume that Egg would look to provide a diverse shift pattern to suit different workers. So maybe a student would not be given priority, but favouritised for hours more adequate for them, or a

Single mum given day shifts so she can work and cater for her child's nursery or schooling pattern.

Egg would try and provide a shift pattern

that would suit the individual, but the business's needs are greater in these aspects, so it may not always be possible for a 100% agreement to be met, so sacrifices may be made by the employee.

The labour within Egg may also be trained so that many employees can do many tasks, to allow for cover or shift swaps to be done - increasing flexibility.

**ResultsPlus**

Examiner Comments

There is just enough in this answer to take it into L2 where application is present in context.

labour flexibility could be a good move for Egg as it could increase the diversity of the workers. This could help improve the business as there would be a variety of different skills and working styles within the business which could be beneficial towards the company.

However increasing flexibility may mean that workers don't feel that they are part of the organisation and that they are just there to work and earn their money. This could damage relationships within Egg which could have a knock on effect with the relationship Egg has with its customers and they could lose customers and money due to this.

**ResultsPlus**

Examiner Comments

Although Egg is mentioned in this answer there is no real context as the business of online banking is not referred to. The candidate does show some understanding of flexibility and is awarded 3 knowledge marks.

**Statistics**

	Max mark	A	B	C	D	E
6BS01 Business Studies 1	70	46	42	38	34	31
6BS02 Business Studies 2	70	42	37	32	27	23



Further copies of this publication are available from  
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467  
Fax 01623 450481  
Email [publications@linneydirect.com](mailto:publications@linneydirect.com)  
Order Code US021160 June 2009

For more information on Edexcel qualifications, please visit [www.edexcel.com/quals](http://www.edexcel.com/quals)

Edexcel Limited. Registered in England and Wales no.4496750  
Registered Office: One90 High Holborn, London, WC1V 7BH

Ofqual  




Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

