



Pearson

# Mark Scheme (Results)

Summer 2017

Pearson Edexcel GCE  
In Business (6BS02)  
Unit 2: Managing the Business

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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.

Question Number	Answer	Marks
<b>1(a)</b>	<p>Nissan's UK car plant is the most productively efficient in the UK, manufacturing more than 500,000 vehicles a year. This productive efficiency is <b>most likely</b> because</p> <p>Answer: C (Nissan has a trained and skilled labour force.)</p>	1
<b>1(b)</b>	<ul style="list-style-type: none"> <li>• Definition of productively efficient e.g. producing goods and services for the lowest cost (1 mark)</li> <li>• A skilled labour force will be better/faster at their job (1)</li> <li>• And therefore may produce more cars /per shift (1)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong because if the technology had not changed in 25 years, Nissan may have fallen behind other manufacturers (1)</li> <li>• B is wrong because high labour turnover reduces productivity as new staff have to be trained and this is time consuming (1)</li> <li>• D is wrong as higher borrowing costs may make Nissan less inclined to invest (1)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3 marks</p> <p><b>(Total 4)</b></p>

Question Number		Marks
<b>2(a)</b>	<p>The NHS dentistry firm 'My dentist' charges £50 per patient and each dentist treats 50 patients a week. This price is expected to rise to £60 per patient with a price elasticity of demand of -0.2.</p> <p>What would be the new number of patients per dentist per week?</p> <p>Answer: A (48)</p>	1
<b>2(b)</b>	<ul style="list-style-type: none"> <li>• PED is the responsiveness of demand to a change in price, OR % change in QD/% change in price (1)</li> <li>• <math>x/20 = 0.2</math> therefore <math>x = -4\%</math> (1)</li> <li>• <math>50 \times -4\% = -2</math> therefore 48 patients per dentist per week (1)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• B is wrong because the -4 has been changed to +4 (1)</li> <li>• C is wrong because 46 is 8% less (1)</li> <li>• D is wrong because 54 is 8% more (1)</li> </ul> <p><b>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</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number		Marks
<b>3(a)</b>	<p>The Kingston Hotel keeps its labour costs under control by operating a system of flexible working. Which <b>one</b> of the following is <b>most likely</b> to achieve flexible working</p> <p>Answer: B (Staff hours are related to the level of demand)</p>	1
<b>3(b)</b>	<ul style="list-style-type: none"> <li>• Flexible working can mean being prepared to take on a number of different tasks OR being willing to work irregular hours, part-time or temporarily (1)</li> <li>• The Kingston Hotel may need more/less staff at some times than at others due to peaks and troughs in demand (1)</li> <li>• Therefore the number of staff and/or the hours worked by staff will match the demand (1)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong as flexible working requires an agreement between the hotel and staff. If staff choose their own hours there may be gaps in provision (1)</li> <li>• C is wrong as the hotel needs to make it clear to staff in advance what their hourly rate of pay is (1)</li> <li>• D is wrong as this is the opposite of flexible working. There is no account of the level of demand for the hotel's services (1)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number		Marks
<b>4(a)</b>	<p>In its first year of trading, SE Electricals had cash flow problems, even though it was making a profit. To correct this cash flow problem SE Electricals should</p> <p>Answer: C (reduce customer credit terms)</p>	1
<b>4(b)</b>	<ul style="list-style-type: none"> <li>• Customer credit terms are the length of time a customer is given to pay for goods/services OR cash flow is the difference between money coming in and money going out on a short-term/daily basis (1)</li> <li>• Reducing the time allowed for payment should reduce SE Electrical's cash flow problems as revenue is received quicker (1)</li> <li>• Faster sales receipts should reduce cash shortfalls as receipts and expenses are more closely matched (1)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong as allowing customers more time to pay could make things worse, i.e. cash would arrive more slowly (1)</li> <li>• B is wrong as banks would not offer loans to cover cash shortfalls as loans are usually only available for specific purchases (1)</li> <li>• D is wrong as paying suppliers more quickly would probably exacerbate the problem as outgoings speed up (1)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3</p> <p><b>(Total 4)</b></p>

Question Number	Answer	Marks
<b>5(a)</b>	<p>Apple, the iPhone producer, is facing increased competition from rivals, such as Samsung.</p> <p>The <b>most likely</b> way for Apple to stay ahead of its rivals is by reducing</p> <p>Answer: A (reducing its product development lead time)</p>	1
<b>5(b)</b>	<ul style="list-style-type: none"> <li>• Product development lead time (pdlt) refers to the length of time between the first emergence of the product concept and its launch on to the market (1)</li> <li>• The iPhone market is highly competitive and customers like to have the latest model (1)</li> <li>• By reducing the pdlt Apple can stay ahead of its rivals by getting a new iPhone model on to the market before competitors (1)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• B is wrong because reducing Apple’s retail outlets could lead to fewer opportunities for sales (1)</li> <li>• C is wrong as reducing the number of apps available for the iPhone may lead to reduced demand if rivals provide more apps (1)</li> <li>• D is wrong as reducing the amount spent on R &amp; D may allow competitors’ products to become more innovative (1)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3 marks</p> <p><b>(Total 4)</b></p>

Question Number	Answer	Marks
<b>6(a)</b>	<p>Amazon, the online retailer, announced record breaking sales over the Christmas period in 2015. This could be due to all of the following, <b>except</b>:</p> <p>Answer: D (A reduction in retailer purchasing power)</p>	1
<b>6(b)</b>	<ul style="list-style-type: none"> <li>• Definition of retailer purchasing power – the ability to purchase goods at favourable prices OR definition of sales – quantity sold x price (1)</li> <li>• A reduction in retail purchasing power might lead to higher costs for Amazon (1)</li> <li>• This in turn may lead to higher prices and thus a negative impact on sales (1)</li> </ul> <p><b>Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.</b></p> <ul style="list-style-type: none"> <li>• A is wrong as the increase in the use of smart-phones for shopping should help the online retailer Amazon to increase sales (1)</li> <li>• B is wrong as the introduction of a super-fast delivery service in 20 cities may encourage more people to shop online with Amazon (1)</li> <li>• C is wrong as a wider range of goods on offer is likely to increase the number of customers shopping at Amazon (1)</li> </ul> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p>1-3 marks</p> <p><b>(Total 4)</b></p>

Question Number	Question	
7	Explain <b>one</b> reason why retained profit might be important to Sports Direct.	
	Answer	Mark
	<p align="center"><b>(Knowledge 2, Application 1, Analysis 1)</b></p> <p><b>Knowledge/understanding: up to 2 marks</b> are available for a definition of retained profit e.g. a surplus between revenue and costs (1) which is held back for future investment (1) OR By stating a reason, e.g. to avoid paying interest (1) on an external source of finance (1)</p> <p><b>Application: 1 mark</b> is available for contextualising the response, e.g. profit has increased by 3.6% (1)</p> <p><b>Analysis: 1 mark</b> is available for explaining the importance of retained profit to Sports Direct e.g. to fund further expansion of stores (1)</p>	<p align="center">1-2</p> <p align="center">1</p> <p align="center">1</p> <p align="center"><b>(4 marks)</b></p>

Question Number	Question	
8	Explain <b>one</b> reason, why the promotion of trainers as used by Sports Direct in its stores, may not meet consumer protection legislation	
	Answer	Mark
	<p align="center"><b>(Knowledge 1, Application 2, Analysis 1)</b></p> <p><b>Knowledge/ understanding: 1 mark</b> is available for what is meant by consumer protection legislation, e.g. making the business accountable to its customers (1) <b>OR</b> making sure that goods are fit for purpose and accurately described (1)</p> <p><b>Application: Up to 2 marks</b> are available for contextualising the response, e.g. packaging – information on the shoes where one label is placed on top of another (1), e.g. all goods may not have been on sale at a higher price beforehand (1)</p> <p><b>Analysis: 1 mark</b> is available for explaining that a purpose of CP is to make sure information does not mislead, and the way Sports Direct products are labelled falls foul of this legislation (1)</p> <p><b>Any acceptable answer which shows selective knowledge/understanding/application and/or development</b></p> <p><b>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</b></p>	<p align="center">1</p> <p align="center">1-2</p> <p align="center">1</p> <p align="center"><b>(4 marks)</b></p>

Question Number	Question		
9	Analyse why Sports Direct has used mass marketing as a strategy for growth.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge and understanding of what is meant by mass marketing, or giving an example of it	<p>e.g. mass marketing is an attempt to appeal to an entire market with one basic marketing strategy.</p> <p>e.g. traditionally mass marketing has focused on the use of radio, TV, and newspapers to reach the broadest of audiences</p>
2	3-4	Available for contextualising the response by referring to examples from the text that show Sports Direct as a mass marketer	<p>e.g. Sports Direct has 440 UK stores and operates in 20 European countries</p> <p>e.g. Such events as the Olympics and European football championship offers Sports Direct an opportunity to appeal to a global audience.</p>
3	5-6	<p>Analysis must be present. Candidates should be able to explain why Sports Direct would use this strategy.</p> <p>IF NOT IN CONTEXT RESTRICT TO 5 MARKS</p>	<p>e.g. Mass marketing targets a broad audience and therefore enables potential huge sales</p> <p>e.g. Sports Direct is the UK's biggest sportswear retail group and because of this can afford to embark on a mass marketing campaign.</p> <p>e.g. The cost of a large campaign can be recouped by Sports Direct because of the scale of their operations and the sales/profits expected.</p> <p>e.g. Economies of scale can be achieved by Sports Direct as they can reduce its unit costs as they spread marketing spend over many units.</p>

Question Number	Question		
10	Assess the likely impact of Sports Direct's harsh disciplinary code on the motivation of its distribution centre workers.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge and understanding of what is meant by motivation	e.g. motivation is the internal drive that causes an individual to decide to take action. e.g. motivation in the workplace is what pushes a person to work harder
2	3-4	Available for contextualising the response by referring to the strict controls placed on workers at Sports Direct.	e.g. employees at Sports Direct may be demotivated by the strict regime of checking bags, stopping excessive chatting and time wasting.
3	5-6	Analysis must be present. Candidates will probably refer to a lack of motivation  IF NOT IN CONTEXT RESTRICT TO 5 MARKS	e.g. if employees feel they are being discriminated against or unfairly picked on their willingness to move boxes may be diminished. e.g. less willing workers may cause efficiency/productivity to fall leading to slower movement of stock.
4	7-8	Available for providing balance by looking at the positive aspects of firm management	e.g. some workers may prefer a strict disciplinary regime in which they are told exactly what to do. e.g. if all distribution workers are working hard there may be a reward in terms of higher pay.

Question Number	Question		
11	Evaluate whether Sports Direct should rely on its own brand goods as a way of increasing sales.		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge and understanding of what increasing sales means and what own brand means/contributes	e.g. increasing sales is a measure of continued success as more units are produced and sold. e.g. own brand goods are those made by a business' own suppliers, or with the business' logo on them
2	3-4	Available for contextualising the response by referring to Sports Direct's own brands	e.g. Sports Direct supply own brand trainers, such as Sondico. e.g. Sports Direct own brand goods are often cheaper and are further discounted.
3	5-7	Analysis must be present. Candidates should be able to explain why Sports Direct prefer to sell own-brand goods  IF NOT IN CONTEXT LIMIT TO 5 MARKS	e.g. clothing and trainers with own-brand labels do not require extensive advertising so should be cheaper to market e.g. clothing/shoes such as Sondico trainers could be sold at lower prices leading to increased sales
4	8-10	Available for providing balance by showing the disadvantages of relying on own-brand goods  LIMIT TO 8 MARKS IF ONLY ONE SIDE IN CONTEXT	e.g. customers often prefer branded goods such as Slazenger as kudos is gained from the purchase (accept snob appeal)  e.g. customers may be prepared to pay a higher price for the branded good which, if Sports Direct was to stock more of them, should increase sales  e.g. European customers may be unaware of the own brand names and may shy away from them

Question Number	Question		
12	Evaluate how major sportswear retailers, such as Sports Direct, could use: (a) historical budgets to plan labour costs		
Level	Mark	Descriptor	Possible Content
1	1	Knowledge must be present. Candidates should be able to define historical budgets	e.g. historical budgets are forecasts for revenue and costs that are based on previous figures
2	2-3	Application must be present, i.e. the answer must be contextualised by referring to major retailers such as Sports Direct. Low level 2 – simple reference to context High level 2 – a specific reference to context	e.g. Sports Direct is an established business so will have historical labour budgets to refer to e.g. trading has been in line with management expectations which suggests budgets have been set
3	4	Analysis must be present, i.e. the candidate must explain why historical budgets are used	e.g. historical budgets can be useful for Sports Direct as labour cost budgets in distribution centres can be compared with actual figures and therefore used to plan more accurately
4	5-7	<b>Low Level 4:</b> 5-6 marks. Evaluation must be present, i.e. the candidate must explain the downsides of historical budgets for Sports Direct  ONLY ONE SIDE IN CONTEXT LIMIT TO 5 MARKS  <b>High Level 4:</b> 7 marks A convincing and balanced answer throughout making good use of concepts and terminology	e.g. historical budgets can be costly and time-consuming and gains from them may be small e.g. for Sports Direct, factors outside of their control such as an increase in minimum wage /economic slump may render such budgets inaccurate, especially with such a large workforce e.g. however, for large companies, such as Sports Direct the historical budget can highlight the differences between expectations and reality, and provide pointers as to what should be done next

Question Number	Question		
12	(b) zero based budgets to plan for the cost of installing a new computerised stock control system.		
Level	Mark	Descriptor	Possible Content
1	1	Knowledge must be present. Candidates must be able define/explain zero budgets	e.g. zero based budgeting means starting with no budget and requires each department/centre to justify its costs and needs
2	2-3	Application must be present, i.e. the answer must be contextualised by referring to the use of zero based budgets by Sports Direct for its stock control system  Low level 2 – 2 marks- just a simple reference to the context.  High level 2 – 3 marks – a specific reference to the context	e.g. zero based budgeting can be used as a starting point for this important area where no previous information is available
3	4	Analysis must be present, i.e. the candidate must explain why ZBB are appropriate for Sports Direct	e.g. using zero budgeting for a computerised stock control system will reflect current costs rather than relying on data which is less relevant/out of date
4	5-7	<b>Low Level 4:</b> 5-6 marks Evaluation must be present to argue the case that zero based budgets is difficult  ONLY ONE SIDE IN CONTEXT LIMIT TO 5 MARKS  <b>High Level 4:</b> 7 marks A convincing and balanced answer throughout making good use of concepts and technology	e.g. when budgeting for a technical project such as a computerised stock control system the zero budget could be difficult to predict in terms of cost as technology advances may be rapid e.g. each item of expenditure must be justified before it can be accepted and for Sports Direct this could be time consuming e.g. however, zero based budgets for Sports Direct's computerised stock control system should be worth it in the long run if it brings savings over a period of time. It forces the firm to examine each cost centre and that should be beneficial to careful and accurate budgeting

