

Mark Scheme (Results)

Summer 2012

PL Business, Admin & Finance
(BA309)
Paper 01

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Publications Code DP031838

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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	Mark
1	A	(1)

Question Number	Answer	Mark
2	C	(1)

Question Number	Answer	Mark
3	B	(1)

Question Number	Answer	Mark
4	C	(1)

Question Number	Answer	Mark
5	D	(1)

Question Number	Answer	Mark
6(a)	<p>They provide funds for schools and training centres \$132m(1) so locals can get access to better education and training to take up jobs (1) improving local standard of living (1). Medical facilities help reduce disease and illness in the local population and increase life expectancy (1) and economic wellbeing (1).</p> <p>By their diversity programme where they employ over 100000 local people in 90 countries (1). This helps the local economy grow (1) by improving wage rates in the local area (1). By employing local senior staff, aspirations of the local community are increased (1).</p> <p>Notes Accept any other suitable answer such as supporting local entrepreneurs, employing over half locals in senior posts in 37% of countries they operate, helping to develop new markets for locals and through providing mass transportation systems for locals.</p> <p>The development marks are for how the initiatives help the local communities, not how it benefits Shell</p>	(6)

Question Number	Answer	Mark
6(b)	<p><u>Economic issue</u> Just coming out of recession (1) and to help cut costs, Shell reduced the numbers of employees in 2009 by 5000 (1) to maintain competitive advantage (1). Reducing costs would help them to maintain investment in new technologies (1) but at a social cost of job losses (1). Or Employing locals will improve the local economy (1) and make development sustainable (1). Employing locals can also reduce employment costs (1) whilst projecting a positive image to the public and media (1).</p> <p><u>Health and safety issue</u> Accident rates down 22% and Shell have set a zero fatality target, and in 2009 saw their lowest ever injury rate amongst employees (1). Health & safety in many countries in which Shell operates is less of a concern than in the UK (1). Employee motivation should be increased if their health and safety is protected (1) and company should also face fewer compensation claims/legal costs if accidents are reduced (1).</p> <p>Note: Accept any other suitable provided it is linked to CSR. Do not accept pure economic arguments that have no clear link to CSR.</p>	(6)

Question Number	Answer	Mark
6(c)	<p>CSR helps Shell maintain its brand loyalty by demonstrating concerns for the environment, consumers and the workforce (1). Many of their workers are also consumers and would not have loyalty to a brand that showed no concern for their safety or wellbeing (1). Consumers are also concerned about the environment and would choose/stay with a brand that looks after the environment (1). Through the social projects that Shell are involved with, larger numbers of new consumers will develop loyalty to the Shell brand (1). 'Green' consumers will be attracted by/stay with the efficient fuel and transport systems and investment in low carbon bio fuels (1)</p> <p>Note: The question is about maintaining brand loyalty. Development marks not to be awarded</p>	(4)

	for identifying how this increases profits or dividends.	
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Question Number	Answer	Mark
6(d)	<p>Dealing with foreign governments means Shell have to be aware and take note of the laws within the country they are operating in (1). For example they need to make sure their financial dealings with agencies and individuals are open and transparent and that they cannot be accused of bribery, corruption or fraud (1) helps prevent damage to brand image (1) and loss of future contracts (1).</p> <p>Note: Accept any other suitable CSR related answer, which could include payment of taxes, political and/or human rights responses, or cultural/ethical differences. Do not accept simple operational issues such as needing to employ translators</p>	(3)

Question Number	Answer	Mark
7(a)	<p>Global business, need to have the right person for the job (1) by setting quotas on employing local people they may recruit people who do not have the necessary skills/experience (1) for a dangerous, complex industry. This could lead to more accidents/spillages (1) which could impact on health and safety targets (1), could lead to loss of life and subsequent legal action/compensation claims (1).</p> <p>Employing people without the required skills will lead to higher training and development costs for Shell (1).</p> <p>Employees may expect to paid wages higher than the local average (1) because they are working for a global company. This will impact on costs and profits (1). Employee expectations may be raised in relation to pay and promotion (1) that cannot be satisfied, leading to a demotivated workforce (1)/Job security expectations may not be met if Shell has to continue reorganisation and job cutting to meet economic conditions (1), leading to a demotivated workforce (1).</p>	(6)

Question Number	Indicative Content
7(b)	<p>Two issues the candidates could address are the environment and diversity, which are both covered in the stimulus material. They should identify the issue then discuss the positive and negative impacts on the business for example:</p> <p>Environment Positive impact of having policies in place to treat spills, considering the environment when starting new projects and the development of new cleaner fuels will improve the image of the business. It could lead to a greater market share as customers switch to Shell because of their record on helping the environment. The negative impact of an oil spill, or server noise and air pollution caused by Shells refineries could lead to a loss of confidence in local communities so relationships may deteriorate. Share holders may also decide not to keep investing in the business</p> <p>Diversity There is a positive impact for the business of employing a diverse workforce. Local people with local knowledge can be a benefit. The education and training provided can also have</p>

		<p>good benefits to the business and can improve local good will. The work of the Shell foundation will have good public relations benefits for the organisation and communities they help. This could lead to more sales from customers who feel strongly about such issues.</p> <p>On a negative side, there is a financial cost in running the foundation. Shell has spent over \$132 million on these schemes in 2009. Shareholders may feel this money could have been better used within the organisation or for higher dividends.</p> <p>Conclusion</p> <p>Having considered both sides of the issue and its impact on the business, the candidate should reach a conclusion as to the worth to the business of such policies.</p> <p>Candidates could cover other issues or answer the question in a different way. Award any suitable response that considers both the positive and negative impact on Shell.</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-4	Candidates identify a few relevant points from the stimulus but the work is in the main descriptive. The answer may only cover a positive or negative impact
2	5-7	Candidates identify the relevant issues and include both negative and positive impacts on the business. They should be starting to argue the case for or against value of CSR policies
3	8-10	<p>Candidate will come to a judgement about the benefit or otherwise of Shell having CSR policies and the degree of impact on the business. Judgements may not be well supported.</p> <p>For maximum marks the candidate must consider both sides of the argument and make sound judgment about whether the policies are a benefit to the organisation. They will have used the examples from the stimulus to fully justify their decision.</p>

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Order Code DP031838 Summer 2012

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