Mark Scheme (Results)

Summer 2015

Pearson Edexcel GCSE
Business Studies (5BS05)

Unit 5: Introduction to Economic
Understanding

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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) AO1=1	A	(1)

Question Number	Answer	Mark
1(b) AO1=1 AO3=1	Reasons might include the following: • Number of substitutes available • Time that consumers have to buy a product/service • Not differentiated Any other relevant answer. E.g. if there are many similar products (1 mark), then consumers can choose the least expensive one (1 mark).	(2)

Question Number	Answer	Mark
1(c) AO1=2	1 mark for the identification of each example Possible examples include: • Loan • Sales • Grant • Interest	(2)

Question Number	Answer	Mark
1(d) AO1=1 AO3=2	For 3 marks, there will be **one** reason identified and **two** clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to…' 'because…' etc. Possible reasons include: • Cannot pay bills • Unable to pay wages/salaries • Unable to buy raw materials/goods • May become insolvent • Not being able to pay debts in cash when they fall due E.g. If the business cannot pay its bills (1 mark) the suppliers will no longer supply raw materials (1 mark) and therefore the business cannot make products to sell (1 mark). This answer would gain three marks since there are at least two relevant, linked points made, following the identification of a valid reason.	(3)

Question Number	Answer	Mark
2(a) AO1=1	C	(1)

Question Number	Answer	Mark
2(b) AO1=3	1 mark for each appropriate social problem identified. Possible social problems include: • Child poverty • Crime • Poor housing • Drug addiction • Unemployment • Gambling • Smoking • Littering Any other relevant social problem linked to people's attitudes and behaviours.	(3)

Question Number	Answer	Mark
2(c) AO2=2 AO3=1	For 3 marks, one method will be given and there will be at least **two** clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation **must be** in the binge drinking context if it is to secure all three marks. Possible methods include: • Raising tax on alcohol • Legislation • Health education Any other relevant method. E.g. If the government raised the tax on alcohol (1 mark) this would make alcohol more expensive (1 mark) and this could lead to people not being able to buy as much alcohol (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of a method. The answer is also rooted in the context of *binge drinking*. Without this use of context the answer can score a maximum of 2 marks.	(3)

Question Number	Answer	Mark
2(d) AO2=2 AO3=1	For 3 marks, one effect will be given and there will be at least **two** clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to…' 'because…' etc. The explanation **must be** in the binge drinking context if it is to secure all three marks. Possible effects include: - Less money spent on healthcare - Less crime - Less absenteeism from work - Less taxation revenue Any other relevant effect. E.g. With the quantity of alcohol falling by 12%, less money needs to be spent on alcohol related disease (1 mark). This would mean that more money can be spent on other illnesses (1 mark) and this could lead to more people being able to work for longer (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of a method. The answer is also rooted in the context of *reduced drinking*. Without this use of context the answer can score a maximum of 2 marks.	**(3)**

Question Number	Answer	Mark
3(a) AO1=1	B	**(1)**

Question Number	Answer	Mark
3(b)

AO2=1
AO3=1 | Reasons might include the following:
  • Protect jobs
  • Protect infant industries
  • Raise revenue
  • Preserving way of life

Any other relevant answer.

E.g. Egypt may restrict free trade to raise revenue from import taxes (1 mark), which it can spend to improve education (1 mark). | **(2)** |

Question Number	Answer	Mark
3(c)

AO2=2
AO3=1 | For 3 marks, there will be **one** disadvantage identified and **two** clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to…' 'because…' etc. The explanation **must be** in the context of *Toyota*/barriers to trade if it is to secure all three marks.

Possible disadvantages include:
  • Higher prices
  • Lower sales
  • Higher costs
  • Time delays

    Any other relevant disadvantage

E.g. *Toyota* will sell less cars (1 mark), because Egypt may have a quota on foreign cars (1 mark). This will lead to Toyota making less profit (1 mark).

This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a disadvantage. The answer is also rooted in the context of *Toyota/barriers to trade*. Without this use of context the answer can only score 2 marks. | **(3)** |

Question Number	Answer	Mark
3(d) **AO2=2** **AO3=2**	For 4 marks, the description will make up to **four** relevant points associated with why Egypt might benefit from a multi-national corporation such as *Toyota* locating in Egypt. Four marks could also be achieved through focusing on **two** reasons plus some development. Possible reasons why Egypt might benefit from a multi-national corporation such as *Toyota* locating in Egypt • Employment • Taxation revenue • Skills transfer • Infrastructure improvements • Improved Balance of Payments E.g. If *Toyota* located in Egypt, jobs would be created in the electronics industry. (1 mark). This would mean Egypt spends less on the unemployed (1 mark) and can spend more money on housing for its large population (1 mark). This would lead to further economic growth in Egypt (1 mark). This answer would gain **four** marks since the candidate has provided a definition and developed one effect in context (through mentioning "*electronics industry*") and identified another ("*large population*").	**(4)**

Question Number	Answer	Mark
4(a) **AO1=1**	C	**(1)**

Question Number	Answer	Mark
4(b) AO2=2	1 mark for the identification of an example external to the UK. For the second mark must state the effect of the shock. Possible examples include: • Bad weather • war • earthquakes • floods • fire • industrial disputes • breakdown of machinery • Sudden increase in the price of oil • Appreciation/depreciation of foreign currency e.g. euro Bad weather in France (1 mark) increases the price of wine in UK supermarkets (1 mark). N.B. There must be application to "external" to the UK. Any other relevant reason	**(2)**

Question Number	Answer	Mark
4(c) AO2=2 AO3=1	For 3 marks, the explanation will give one reason why *Aurora* has increased its market share. Within the answer there will be at least **two** clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation **must be** in the stamps and autographs context if it is to secure all three marks. Possible reasons include: • Increase in sales/demand • Improved customer service • Offers wider range of stamps and autographs • An awareness of market conditions • Increased advertising/promotion • Mergers and takeovers Any other relevant reason E.g. *Aurora* may acquire autographs of celebrities in high demand such as Prince William (1 mark). Therefore Aurora becomes more attractive to autograph collectors (1 mark). As a result they take clients from competitors, thereby increasing their market share (1 mark). This answer would gain three marks since the candidate identifies the reason and offers two, linked consequences in context.	**(3)**

Question Number	Indicative content

4(d)
 	
AO2=2
AO3=4
	The aim here is for candidates to make a judgement as to which of the two methods will be more effective in continuing the profits of the business. There is no right answer and the candidate can argue that either method is more effective. Candidates might consider the following possible ideas as part of their answer:
	
	    Developing website
	
	• Bigger market
	• Keep control of business
	• Quicker to expand
	• Cheaper to expand
	
	    Merger with similar business in China
	
	• Large market
	• Rapid GDP growth in market
	• Demand for rare stamps/famous autographs growing
	• Better market knowledge
	
	To be evaluative and support the judgement made, the candidate might suggest (for example) that with mergers, profits have to be shared as well as decision-making.
	
	An alternate route to evaluation might come through the candidate examining just building a website and looking at both the good points and bad points of doing so.

Level	Mark	Descriptor
No mark	**0**	Non-rewardable material.
Level 1	**1-2**	A judgement or point is given as to which method is more effective in continuing the growth of the business. If there is just a simple judgement where the support shows misunderstanding 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
Level 2	**3-4**	A judgement/point is given on one or both issues with some development/support, which includes at least **one** reason/cause/consequence etc. At the top of this level this analysis will be relevant and linked to the judgement/point made.
Level 3	**5-6**	A judgement/point is given on one or both issues with some development/support, which includes at least **two** reasons/causes/consequences etc. **and includes some balance**. At the top of this level there will be a conclusion drawn from the analysis **and the answer will be in *Aurora/stamps* context**.

Section B:

Question Number	Answer	Mark
5 AO1=2 AO2=4 AO3=2	This question has a 2 x 4 mark split. There is one mark for identifying an element of the marketing mix up to a maximum of 2. The remaining two sets of 3 marks are for the explanation which will show how the element identified might have contributed to the growth of *Poundland*. Within the answer there will be at least **three** clearly identifiable strands of explanation **<u>and reference to the context</u>** for each. These may contain connective words such as, "this leads to…" "because…" etc. Elements of the marketing mix must be specifically mentioned - price/product/promotion/place (1 mark) Possible explanations include: • Low prices will attract consumers to *Poundland* • May be perceived as value for money • Range of household goods may have led to larger sales • Promotion targeted at correct market • Location of shops close to target market • Well known brands attracts customers E.g. Price (1 mark). *Poundland* has a reputation for being competitively priced for its healthcare products (1 mark) and customers may associate this with good value for money (1 mark). This has resulted in an increase in sales of goods such as shampoo (1 mark). This answer would gain 4 marks since an element of the marketing mix has clearly been identified and there are at least three linked strands that build the explanation with reference to the context. Two answers of this quality would gain the full 8 marks.	**(8)**

Question Number	Answer	Mark
6(a)(i) AO1=1	1 mark for identifying a benefit. Possible benefits include: • Possibility of employment • Possibility of spending less • Possibility of more income • Possibility of having more choice of shops Award any other valid benefit identified.	**(1)**

Question Number	Answer	Mark
6(a)(ii) AO2=1 AO3=2	For 3 marks, the explanation will show the benefit for Joan Driscoll. Within the answer there will be at least **three** clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to…' 'because…' etc. The explanation **must be** in context if it to secure all three marks. The points will clearly show the benefit upon people such as Joan Driscoll. Possible answers include: • The possibility of work for workers such as Joan Driscoll will provide more income and a better standard of living. • The possibility of spending less as a consumer means that Joan has more to spend on other goods and services. **Possibility of employment** E.g. She will gain more income (1mark). This might allow her to take her daughter on holiday (1 mark) and this could increase her self esteem (1 mark). This answer would gain three marks since there are at least three relevant, linked points made, following the identification of a valid effect and the answer is in the context of Joan Driscoll and *Poundland*.	**(3)**

Question Number	Indicative content

*6(b)
 	
QWC Strands (i), (ii) and (iii)
 	
AO2=4
AO3=4
	The aim here is for candidates to make a judgement as to which of the two methods will be more likely to help *Poundland* increase profit. There is no right answer and the candidate can argue that either opening more stores in the UK or Spain is more likely to increase profit. Candidates might consider the following possible ideas as part of their answer:
	
	      Opening more in the UK
	
	• Know the market
	• Has supply chains in place
	• Same language spoken
	• Communication systems in place
	• Has had profit growth
	• Same currency
	
	      Opening in Spain
	
	• Bigger market – 46 million population
	• Large potential market segment -1 in 4 unemployed
	• First mover advantage/little competition
	• Lower costs/economies of scale
	• Spread risks
	• Easy to recruit staff – high unemployment/youth unemployment
	
	To be evaluative and support the judgement made, the candidate might suggest (for example) that opening new stores in Spain is not really an option because of the different language/culture.
	
	An alternate route to evaluation might come through the candidate examining just opening new stores in the UK and looking at both the good points and bad points of it in the retail industry.

Level	Mark	Descriptor
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question. i.e. opening more stores in the UK will increase profit.
Level 1	1-2	Reference to **one** factor i.e. opening more stores in the UK is given with some weak development or two factors are given with limited or no development of either. If there is just a simple judgement/value attached to one of the factors, 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.
Level 2	3-5	Reference to **one** or **both methods is** given with some development of at least one at the lower end. A judgement/point is given at the lower end of the level with some development/support, which includes at least **one**

		reason/cause/consequence etc. At the middle of the level this analysis will be relevant and linked to the judgement/point made. Answers at the middle of this level will tend to assume that the method chosen will inevitably be more likely to help the business increase profit and, so, not recognise any downsides.
		At the top of the level there will be some evidence of **balance** to the point/judgement in the form of advantage/disadvantage, cost/benefit, pro/con or some counterbalancing factor. At the top of the level, candidates will attach some value/importance to one of the factors.
		There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.
Level 3	**6-8**	Reference to **one** or **both methods is** given with development of each. A judgement/point is given with some development which includes at least **two** reasons/causes/consequences etc. and possibly the use of the 'it depends' rule. Some balance will be given in the form of advantage/disadvantage, pros/cons, costs/benefits. The candidate will be able to show some appreciation that the methods are not 'inevitable' or 'automatic'. At this level, candidates will attach some value/importance to method being considered and the answer will be in context.
		The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.

Question Number	Answer	Mark
7(a) **AO1=2**	It is the amount of goods/services people can afford to buy with their income in a year. 2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests that the candidate has some understanding of the term. E.g. can be measured by mortality rates An imperfect definition (such as quality of life) can be raised to 2 marks through the use of an example or some kind of accurate elaboration.	**(2)**

Question Number	Indicative content
*7(b) AO2=3 AO3=5	The aim here is for candidates to consider the extent to which improving infrastructure can reduce absolute poverty in India. The command word invites the candidate to 'assess', so the candidate must develop some evidence of balance within their answer. This could take the form of recognition that investing in infrastructure is very costly. An alternative route to attain full marks could come through looking at the opportunity cost of spending on infrastructure or the use of the 'it depends' rule. Possible factors that reduce absolute poverty: • Encourages businesses to locate in the countryside, creating employment and boosting incomes • People in the countryside could access towns or cities to find work or improve their education • Better infrastructure in things like drinking water and sewage will lead to better health which will make them more employable • Products from the countryside will be easier to sell to wider markets outside their immediate area • Cheaper products from cities will be more accessible in the countryside • Communication will be quicker and more reliable encouraging more businesses to locate in India. Counterbalancing factors include: • Time – e.g. motorways take a long time to build • Cost a lot money – where does it come from, internal/external • Physical size of the country • Could be spent on education to raise literacy rates • Could be spent on training to improve workers' skills • Could be spent on machinery e.g. improve farming

Level	Mark	Descriptor
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question. i.e. improving infrastructure can reduce absolute poverty in India.
Level 1	1-2	Reference to **one** factor is given with some weak development or two factors are given with limited or no development of either. If there is just a simple judgement/value attached to one of the factors, 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.

Level 2	3-5	Reference to **two** factors are given, with some development of at least one at the lower end. A judgement/point is given at the lower end of the level with some development/support, which includes at least **one** reason/cause/consequence etc. At the middle of the level this analysis will be relevant and linked to the judgement/point made. Answers at the middle of this level will tend to assume that improving infrastructure can reduce absolute poverty in India. At the top of the level there will be some evidence of balance to the point/judgement in the form of advantage/disadvantage, cost/benefit, pro/con or some counterbalancing factor. At the top of the level, candidates will attach some value/importance to one of the factors and will be answered in context. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.
Level 3	6-8	Reference to **two** factors is given with development of each. A judgement/point is given with some development which includes at least <u>**two**</u> reasons/causes/consequences etc. and possibly the use of the 'it depends' rule. Some balance will be given in the form of advantage/disadvantage, pros/cons, costs/benefits. The candidate will be able to show some appreciation that the factors are not 'inevitable' or 'automatic'. At this level, candidates will attach some value/importance to the extent that improving infrastructure can reduce absolute poverty in India. In this level the answer must be in context. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.

Section C:

Question Number	Answer	Mark
8 AO1=2	Interest rate is the cost/price of borrowing or the returns received on savings. 2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests that the candidate has some understanding of the term for example "is what is paid on a loan". An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration.	**(2)**

Question Number	Indicative content
9a **AO1=1** **AO2=2** **AO3=1**	There is one mark each for identifying an effect on *Sytner*. The remaining 3 marks each are for the explanation which will show the effect of the low interest rate on the *Sytner*. Within the answer there will be at least **three** clearly identifiable strands of explanation **and reference to the context** for each. These may contain connective words such as, "this leads to…" "because…" etc. Possible effects on *Sytner* include: • more sales revenue • more profit • lower costs on existing loans • opportunity to expand as loans now cheaper e.g *Sytner* will sell more BMWs (1 mark) Consumers can now borrow money more cheaply (1 mark). BMWs are expensive and most car buyers will need to take out a loan (1 mark). Therefore more people will go to a *Sytner* dealership to buy a BMW (1 mark). This answer would gain 4 marks since an effect has clearly been identified and there are at least three linked strands that build the explanation with reference to the context. An answer of this quality would gain the full 4 marks.
9b **AO1=1** **AO2=2** **AO3=1**	There is one mark each for identifying an effect on Arthur Lee. The remaining 3 marks each are for the explanation which will show the effect of the low interest rate on the Arthur Lee. Within the answer there will be at least **three** clearly identifiable strands of explanation **and reference to the context** for each. These may contain connective words such as, "this leads to…" "because…" etc. Possible effects on Arthur Lee include: • lower interest payments (e.g. loans, mortgages, credit cards) • less income from savings • need to return to work • lower standard of living E.g. Less income from savings (1 mark). This means Arthur has less disposable income (1 mark), because the interest rate has fallen from 5.75% to 0.5% (1 mark). This will mean that Arthur will have a lower standard of living (1mark). This answer would gain 4 marks since an effect has clearly been identified and there are at least three linked strands that build the explanation with reference to the context. Two answers of this quality would gain the full 4 marks.

Question Number	Indicative content
*10 QWC Strands (i), (ii) and (iii) AO2=5 AO3=5	The aim here is for candidates to make a judgement as to the extent to which a car dealership such as *Sytner* will be affected by a strengthening of the pound. To demonstrate the evaluative skill, candidates could consider the degree to which *Sytner's* costs will fall through cheaper import prices in pounds. For instance each new Z4 will be cheaper to import, increasing *Sytner's* profit. Some candidates might argue that it will have limited impact on *Sytner* because due to the state of economy it is selling more used than new cars. There is no right or wrong answer to this question, but candidates should aim to make a judgement which is supported. Candidates may consider the following ideas as part of their answer: Benefits to *Sytner* may include • cheaper import prices • higher profits • the ability to lower the price of new cars • gaining a competitive advantage over dealers that import from outside Europe Counterbalancing arguments • Would depend on the level of change • Whether *Sytner* would lower the price on a BMW depends on price sensitivity • Other economic conditions • Degree to which *Sytner* relies on new cars

Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-4	One relevant point is identified with some development – there can be a maximum of 4 marks if the links to the point are relevant – one mark per link (up to a maximum of 3). An alternative route to the marks could involve a judgement being given; at the lower end of the level no support will be provided. At the top of the level some support will be given. A list of bullet points will gain up to a maximum of three marks, assuming they are all relevant. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.

| Level 2 | 5-7 | Candidates consider the degree to which *Sytner* is affected by the strengthening of the pound and offer **two or more** reasons/causes/consequences etc. in support.

At the lower end of the level no value will be attached to these reasons whilst at the top of the level there will be some recognition of the value of the points made to assess the strength of the case which may be in the form of offering a counterbalancing point, identifying an advantage and disadvantage, cost/benefit, pro/con etc.

At the middle of the level a judgement/conclusion will be made but with no support and merely re-states the question. There will be some reference to the context.

At the top of the level candidates may offer at least one other factor to balance out the answer. At the top of the level a judgement/conclusion will be made with some support given although not drawn from the analysis and there will be reference to the context.

There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter. |
| --- | --- | --- |
| Level 3 | 8-10 | Candidates consider the degree to which *Sytner* is affected by the strengthening of the pound and offer **two or more** reasons/causes/consequences etc. in support.

At the lower end of the level some value will be attached to these reasons whilst at the top of the level there will be clear recognition of the value of the points made to the government, identifying an advantage and disadvantage, cost/benefit, pro/con etc. or using the 'it depends' rule. At this level candidates are likely offer at least one other factor to balance out the answer.

At the middle of the level a judgement/conclusion will be made with some support drawn from the analysis.

At the top of the level a judgement/conclusion will be given clearly drawn from the analysis representing a coherent argument and will refer to the context.

The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology. |