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Mark Scheme (Results)

January 2014

International A Level Business Studies
(6BSA2/01)

Unit 2A: 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.

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6BSA2/01 Mark Scheme

Section A Mark Scheme

Question Number	Question	Marks
1(a)	Sarah Pittendrigh owned a corporate events company. Sales revenue fell and her company failed. This is an example of: Answer: D (Changing market conditions)	1 mark
	Explain why this answer is correct: • Accurate definition of changing market conditions - the factors that alter the supply and demand for goods/services *or* sales revenue, e.g. price x quantity *or* business income • Identifies what causes market conditions to change e.g. recession, competitors (1 mark) • Therefore a fall in sales revenue could be due to either a fall in units demanded/sold or a decrease in the selling price of the products/service (1 mark) • Which may mean that Sarah's business may not be able to cover her costs and therefore fail (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong as performance related pay is not a factor determining demand for the product/service as it rewards employee performance (1 mark) • B is wrong as an increase in orders would increase the chance of the company doing well as demand rose (1 mark). • C is wrong as good management of cash flow is more likely to help the business continue as it enables the monitoring of cash flow movements (1 mark). **Any acceptable answer which shows selective knowledge/understanding/application and/or development** **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.	1-3 marks **Total 4 marks**

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Question Number	Question	Marks
2(a)	Google offers 'Innovation Time Off' to its employees, to spend on projects that interest them. In 2012 half of Google's new products came from this policy. According to employee motivational theory, this is an example of: Answer: (A) Self Actualisation	1 mark
2(b)	• Definition of employee motivational theory – ways to incentivise workers *or* identifies Maslow *or* describes/identifies Self Actualisation as the highest level of the hierarchy of needs (1 mark) • Achieved by giving more responsibility to employees (1 mark) • Which can therefore encourage employees to develop new ideas/ be creative/to innovate (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • B is wrong as hygiene factors need to be in place before employees are motivated/only prevent dissatisfaction (1 mark) • C is wrong as health and safety is a hygiene factor (1 mark) • D is wrong as Google employees are being offered more responsibility not a share of the profits (1 mark) **Any acceptable answer which shows selective knowledge/understanding/application and/or development** **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.	1-3 marks **Total 4 marks**

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Question Number	Question	Marks
3(a)	Paul Railton's company trains workers to lay road surfaces. His forecasted and actual sales revenue for one month (up to 5 working days per week) are shown below. Forecasted sales revenue - £28 000 Actual sales revenue - £14 000 In order to achieve forecasted sales revenue, Paul could do each of the following **except**: Answer: B – cut costs	1 mark
3(b)	• Definition of sales forecasting, e.g. the estimation of likely revenue/income in a period, given the trading conditions *or* defines sales revenue (1 mark) • Cutting costs is not a factor that increases demand as it is a supply factor (1 mark) • Cutting costs may lead to an increase in profit not an increase in sales (1 mark). **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong as advertising more should increase sales revenue as the service becomes better known/creates more demand/attracts more customers (1 mark) • C is wrong as discounting the training fee could give an advantage over competitors and therefore lead to more orders/increase in sales volume (1 mark) • D is wrong as offering training on more days of the week allows more training to take place and therefore more customers to be catered for (1 mark). **Any acceptable answer which shows selective knowledge / understanding / application and / or development** **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.	1-3 marks **Total 4 marks**

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Question Number	Question	Marks
4(a)	Tata Steel Europe own steel producing factories in the UK. In 2012, the factories operated at an average of 71% of their capacity. The most likely way for Tata to increase capacity utilisation is to: Answer: (B) attract demand from the expanding Chinese market	1 mark
4(b)	**Explain why this answer is correct:** • Definition of capacity utilisation – the percentage of a firm's potential output that it is currently used *or* provides valid formula such as: Capacity utilisation = Current output X 100 Maximum output (1 mark) • Candidates uses appropriate data to illustrate that capacity is not being fully utilised, e.g. 29% of capacity is idle (1 mark) • Additional demand from China will increase the use of Tata's production facilities because Tata will have to produce more steel (1 mark) • This increased output will therefore move Tata closer to its potential capacity (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong because expansion will increase potential capacity and therefore reduce capacity utilisation (1 mark) • C is wrong because if Tata increases its prices, demand is likely to fall, leading to a fall in capacity utilisation (1 mark) • D is wrong because reducing productivity of workers will make Tata less competitive as the labour cost of producing steel will increase (1 mark). **Any acceptable answer which shows selective knowledge / understanding / application and / or development** **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.	1-3 marks **Total 4 marks**

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Question Number	Question	Marks
5(a)	Lego sells toys, such as Harry Potter characters, made from plastic bricks. Each of the following is a product extension strategy which Lego could use **except**: Answer: C (Lego bricks)	1 mark
5(b)	• Definition of a product extension strategy – a marketing method which seeks to increase sales/extends the maturity stage/prevents decline in sales of an existing product idea *or* candidate draws relevant diagram identifying the product extension (1 mark) • Gives an example of product extension strategies, e.g. modification, re-packaging, re-branding • Lego bricks are the original products and therefore cannot be a product extension strategy (1 mark) • The original idea is unlikely to continue to increase sales over a period of time, without a further stimulus (1 mark). **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is incorrect as video games are an add-on to the original idea designed to prolong the product's life cycle (1 mark) • B is wrong as books are designed to raise the presence of the brand in order to increase the sale of bricks (1 mark) • D is wrong as the introduction of Lego clothing is designed as a complementary good (1 mark) **Any acceptable answer which shows selective knowledge / understanding / application and / or development** **NB Maximum of 2 additional marks for reason if part (a) is incorrect or only the wrong answers are focused on in the explanation.**	1-3 marks **Total 4 marks**

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Question Number	Answer	Marks
6(a)	In India, a country with a population of over 1 billion, the agricultural industry is labour intensive. This is **most likely** to be because: Answer: (C) There is no shortage of suitable workers	1 mark
6(b)	• Definition of labour intensive, e.g. a high proportion of output stems from physical workers not machinery/most costs are from paying wages to employees (1 mark) • India is a country with an abundance of cheap labour so it makes good economic sense to employ it (provides India with a competitive advantage) (1 mark) • India has an abundant supply of low skilled workers which should keep labour costs down (1 mark) • The agricultural industry is able to keep its costs down as wage levels are likely to be low (1 mark) **Up to two of the marks above can be achieved alternatively by explaining distracters, e.g.** • A is wrong as machinery used in agriculture is likely to be expensive *or* if machinery was cheap this would lead to capital intensive production instead (1 mark) • B is wrong because if finance is available to pay for technology it is more likely to be used (1 mark) • D is wrong as although some farming can be done by machinery, the nature of the tasks make it more suitable for labour (1 mark) **Any acceptable answer which shows selective knowledge / understanding / application and / or development** **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.	1-3 marks **Total 4 marks**

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Section B Mark Scheme

Question Number	Question	Marks
7	Explain **one** reason why delaying permanent job contracts might help Amazon reduce labour costs	4 marks
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/understanding: 1 mark** is available for a description of *or* identification of labour costs/reduced labour costs, e.g. the price of employing workers/wages/recruitment/training/redundancy pay OR shows knowledge of permanent job contracts, e.g. an agreement which provides continuous/long term employment to employees (1 mark). **Application: 1 mark is** available for identifying that Amazon employ all new workers on three months trial *or* stating that Amazon will make a decision on their suitability to get a permanent contract (1 mark) **Analysis: up to 2 marks are** available for EITHER explaining that the trial will enable Amazon to decide who is not suited to work for them (1 mark) and in doing so may save Amazon the cost of training such staff (1 mark) OR more productive/efficient staff can be kept (1 mark) in order to reduce unit labour costs (1 mark)	1 mark 1 mark 1-2 marks

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Question Number	Question	Marks
8	Explain **one** reason why the use of computer software in Amazon's warehouses minimises the waste of resources.	4 marks
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/ understanding: 1 mark** is available for a description of resources – materials, labour/time, enterprise or capital that a firm possesses (any one from four for 1 mark). **Application: 1 mark** is available for identifying that Amazon employees are directed by hand held devices/find the shortest route to collect items/walk up to 15 miles a day/warehouse is size of nine football pitches (1 mark). **Analysis: up to 2 marks are available** for giving a reason/cause/consequence. Amazon is able to either employ fewer people to do the same amount of work *or* get more tasks performed by each worker *or* reduce errors/makes less mistakes (1 mark), thus making employees more productive/efficient (1 mark).	1 mark 1 mark 1-2 marks

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Question Number	Question	Marks
9	Analyse **two** reasons why Amazon decided to sell goods online rather than from high street shops.	6 marks
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding: up to 2 marks are available** for Identifying reasons such as reduced overheads, access to a wider market/market development, available/advertised 24 hours per day, many people use the internet/it is a more popular trend, more convenient for customers (up to 2 marks). **Application: up to 2 marks are available** for stating that warehouses are cheaper to rent or buy/high street shops are more expensive to rent or buy or build (1 mark) refers to HMV or Comet (1 mark) Amazon sells worldwide (1 mark). **Analysis: up to 2 marks are available** for giving a developed reason/cause/consequence, e.g. lower overheads should therefore lead to increasing profits (1 mark) selling worldwide should mean greater revenue (1 mark).	1-2 marks 1-2 marks 1-2 marks

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Question Number	Question			Marks
10	Evaluate Amazon's use of employment agencies to help recruit and manage its staff.			8 marks
Level	**Mark**	**Descriptor**	**Possible Content**	
1	1-2	Available for knowledge and understanding of what is meant by recruitment and management of labour.	*e.g. recruitment is the initial employment of staff.* *e.g. Managing is the way in which a business manages or keeps its staff*	
2	3-4	Available for contextualising the response by referring to the way that Amazon use employment agencies to recruit/manage staff.	e.g. hiring an outside agency allows Amazon to use the agency's expertise in selecting suitable employees/outsource this function e.g. after a 3 month period unsuitable applicants are not retained	
3	5-6	Available for explaining reasons/causes/consequences of the ways agencies can use their expertise to recruit and manage staff. Not in context cap at 5 marks	e.g. agencies have greater expertise in selecting the correct people for the jobs required which should reduce recruitment costs/mistakes/opportunity costs OR the process enables the inclusion of drugs and alcohol testing which will be more cost effective recruitment of labour e.g. trialling for 3 months should enable a better match to be made between job and candidate ensuring that the most suitable workers are more likely to stay/thus allowing Amazon to focus on its core distribution business.	
4	7-8	Available for providing balance as to the likely success of Amazon using the employment agency to recruit and manage staff. 7 marks if one side in context; 8 marks if both sides in context	e.g. employment agencies will add to employment costs - such as the administering tests for suitability - in order to maintain their own profit margin. e.g. employees on minimum wage may feel less loyal to Amazon, especially as they are being recruited directly by an outside agency.	

NB if evaluated but not in context, cap at 5 marks

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Question Number	Question			Marks
11	Evaluate the likely value to Amazon of using Kaizen			10 marks
Level	**Mark**	**Descriptor**	**Possible Content**	
1	1-2	Available for knowledge and understanding of the term Kaizen.	e.g. Kaizen means continuous improvement by looking at all working practices to make them more effective. e.g. It is an umbrella term using techniques such as JIT, zero defects, TQM	
2	3-4	Available for contextualising the response by referring to how Amazon might make use of Kaizen.	e.g. Amazon needs Kaizen to help process 35 orders a second/quick delivery of customer orders e.g. Amazon plans to use robots to replace humans in its warehouses.	
3	5-6	Available for explaining reasons/causes/consequences of why Amazon uses Kaizen. **Not in context cap at 5 marks**	e.g. because dealing with this rate of orders will encourage employees to suggest better ways of processing. e.g. robotics is more efficient than labour in the long term as robots can work for longer periods of time.	
4	7-10	Available for providing balance by evaluating the use of Kaizen. **7 marks one side in context** **8 marks if one side in context but TWO points** **9 marks BOTH side in context but at least two points** **10 marks if BOTH side in context but at least TWO points**	e.g. employees are unlikely to suggest better ways of processing as most staff are only temporary/paid the minimum wage. e.g. robots are not able to cope with unusual shaped items so there will always be a need for employees.	

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Question Number	Question		Marks
12a	Assess the importance of each of the following to the continuing success of Amazon. Amazon's brand		7 marks
Level	**Mark**	**Descriptor**	**Possible Content**
1	1	Knowledge and understanding must be present. Candidates should be able to define branding. *QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.*	e.g. branding is creating a recognisable identity for a product or service e.g. a trademark
2	2-3	Application must be present, i.e. the answer must be contextualised by referring to Amazon. *QWC: To achieve a mark of 2 the candidate will use some business terms but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.*	e.g. Amazon has a huge range of products such as the Kindle e.g. Amazon sells to over 164 million customers/is world-wide
3	4	Available for explaining reasons/causes/consequences of why branding is important to Amazon. NB Does not have to be in context *QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg*	e.g. to differentiate itself from other online retailers which enables Amazon to gain good reputation and/or to increase sales.

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4	5-7	**Low Level 4:** 5 marks. Evaluation must be present with one side in context, **Medium Level 4:** 6 marks Evaluation must be present with both sides in context **High Level 4:** 7 marks A convincing and balanced answer throughout making good use of context. *Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.*	e.g. branding involves extra costs for such things as logos, websites, letterheads, business cards which may reduce Amazon's short term profitability. e.g. customers are not buying the Amazon brand but rather the branded products which they can buy cheaper than on the high street. e.g. Amazon's success depends more on its pricing strategies for its continued success than its brand image

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Question Number	Question			Marks
12b	Assess the importance of each of the following to the continuing success of Amazon. A niche marketing strategy (for Amazon)			7 marks
Level	**Mark**	**Descriptor**	**Possible Content**	
1	1	Knowledge and understanding must be present. Candidates should be able to define niche marketing strategy. *QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.*	e.g. a niche marketing strategy targets a distinctive/specific/small segment of a market.	
2	2-3	Application must be present, i.e. the answer must be contextualised by referring to Amazon. *QWC: To achieve a mark of 2 the candidate will use some business terms but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.*	e.g. Amazon has over 164 million customers worldwide. e.g. Amazon receives 35 orders a second e.g. Amazon supplies the Kindle	
3	4	Available for explaining reasons/causes/consequences of why niche marketing is important to Amazon. NB Does not have to be in context *QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg*	e.g. the number of items available and the number of customers buying necessitate a niche marketing campaign in order to target specific groups of consumers.	

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4	5-7	**Low Level 4:** 5 marks. Evaluation must be present with one side in context. **Medium Level 4:** 6 marks Evaluation must be present with both sides in context **High Level 4:** 7 marks A convincing and balanced answer throughout making good use of context. *Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.*	e.g. Amazon customers with similar profiles may be best targeted by mass marketing. e.g. it may be more cost effective for Amazon to use mass rather than niche marketing strategies because they are able to target more of their 164 million customers. e.g. Amazon may actually make use a combination of marketing strategies in order to meet the specific needs of its range of customers e.g. niche marketing may be less profitable because costs per unit may be higher e.g. electronic goods in particularly do change over time which suggest that niche marketing may be more appropriate than mass marketing to avoid otherwise high costs

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Assessment Objectives

QUESTION	Content	Knowledge	Application	Analysis	Evaluation	Total
1	2.3.	2		1	1	4
2	2.3.	1	2		1	4
3	2.3.	2	1		1	4
4	2.3.	2	1	1		4
5	2.3.	2	2			4
6	2.3.	1	2		1	4
7	2.3.	1	1	2		4
8	2.3.	1	1	2		4
9	2.3.	3	3	2		8
10	2.3.	2	2	2	2	8
11	2.3.	2	2	2	2	8
12a	2.3.	1	2	1	3	7
12b	2.3.	1	2	1	3	7
TOTAL		21	21	14	14	70

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