

# ResultsPlus

Examiners' Report

June 2011

GCSE Business Studies 5BS03 01

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## ***Introduction***

This was the first full run through of the Business Studies specification (although in 2010 a limited number of centres opted to sit 5BS03 before 5BS01 and 5BS02). Generally speaking the paper appeared to be accessible and the vast majority of candidates attempted all of the questions on the paper. There appeared to be a few candidates who found the timing of the examination tricky and struggled to reach the final questions on the examination paper. The culprit for this was writing to excess on the '*give, state, identify*' and '*explain*' questions. In some cases candidates wrote over of a page of writing for a 3 mark '*explain*' question, when it is possible to score full marks in three sentences, so long as those sentences demonstrate the appropriate skills. The other major issue was the use of context. If the question mentions the name of a specific business or is linked to some kind of small case-study at the start of a section, there will be marks allocated for the use of context. Context goes beyond simply mentioning the name of the business in the question and candidates should be encouraged to think about the nature of the product the business produces, the market it operates in, or the competitors the business competes against. As a result there were some '*at first glance*' excellent answers to some questions, but because application (AO2) had not been demonstrated within their response, candidates did not have the ability to access the full range of marks on offer.

## Question 1(b)

'Identify', 'state' or 'give' questions are designed to test knowledge. This is a lower order skill designed to test understanding at the bottom end of the grade range.

(1)

less mistakes as the correct message got through



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**Examiner Comments**

This response has been awarded 1 mark. This is because a benefit of good communication has been identified.



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**Examiner Tip**

The candidate could have scored 1 mark by simply writing 'less mistakes'. Candidates need to be wary of writing excessive amounts of text in this style of question, since a word or simple phrase is sufficient to gain the marks on offer.

## Question 1(c)

This is an example of an 'explain' question that does not require the use of context. This is because the question just refers to a generic 'business'. In an explain question, candidates need to highlight a problem and then make two connected statements that explain the problem identified. Explain questions will always be worth 3 marks, and marks will not be awarded for the definition of a key term at the start of the response.

(c) Explain **one** problem a business might face as a result of excessive communication.

(3)

Excessive communication will increase the likelihood of a communication error. This could result in employees not understanding their task or doing it incorrectly. In a production line this could mean ~~less~~ fewer products being made successfully and there would be more resulting wasted materials, time and money.



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**Examiner Comments**

The candidate has identified a problem of excessive communication in the first sentence by referring to 'communication error'. The second sentence then develops the problem 'this could result in employees not understanding their task or doing it incorrectly'. This is then developed further in the last sentence with reference to 'wasted materials, time and money'. This answer scores 3 marks.



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**Examiner Tip**

Candidates should recognise that 3 marks can be gained by writing as little as three sentences, so long as a problem has been highlighted and there are two further sentences that result from the problem identified.

One problem a business might face as a result of excessive communication is workers will be distracted more often by general conversation.

This would lead to less efficiency.



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#### Examiner Comments

This candidate has only gained 2 marks, since a valid problem has been identified 'workers will be distracted more often by general conversation' and there is one linked statement that comes from this 'this would lead to inefficiency'. Another link that could have stated 'as a result costs will increase and profit falls' would have elevated this answer to 3 marks.



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#### Examiner Tip

Candidates should be encouraged to use connective words and phrases in their answers such as 'because', 'therefore', and 'as a result'. If they use one of these words twice within their answer, it is likely that they will score full marks on this style of question.

### Question 1(d)

This question was of an identical style to 1 (c). Candidates needed to identify a benefit and then explain that benefit by writing two connected sentences.

### Question 2(b)

This is another example of an 'identify', 'give' or 'state' question. These questions target candidates at the bottom end of the grade range and should be accessible to all candidates.

Two elements of the marketing mix which Apple might change to improve its competitiveness is product and price.



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#### Examiner Comments

This answer scored two marks, but would still have scored two marks if the candidate had simply written the words 'product' and 'price'. The extra words were unnecessary and excessive writing in Section A resulted in some candidates not being able to finish the paper.

## Question 2(c)

This is an example of an explain in context question. Rather than refer to a generic 'business' as was the case in questions 1 (c) and 1 (d), this question refers to an actual company, in this case 'Apple'. This highlights that a contextualised answer is required to score full marks. Writing in context requires a candidate to go beyond simply using the name 'Apple' in their answers.

(c) Explain **one** reason why a strong brand might be important to *Apple*.

(3)

Having a strong brand is important to Apple because having a strong brand increases the demand for the products on the market. For example, products like the iPod and iPhone are in high demand as it is new technology and everyone wants one. This will increase sales and gain an advantage of competitors. The products are unique that's what makes it a strong brand.



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**Examiner Comments**

The candidate highlights why branding is important by stating that it 'increases the demand for the products'. This is then developed in the last sentence by 'this will increase sales and gain an advantage of competitors'. Within the answer there is also an example based around Apple which contextualises the answer, allowing it to score 3 marks.



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**Examiner Tip**

Candidates have to write in context whenever they see the name of a company in the question. The company name will always be in italics to make this stand out to candidates. Candidates need to go beyond simply stating the name of the company if they want to contextualise their answer. Contextualisation could be achieved by considering the product the company makes, the company's competitors or the market the company operates in.

### **Question 2(d)**

This is another question similar to 2 (c). In 2 (d) (i) candidates had to identify an appropriate method to collect qualitative research. Virtually all candidates were able to do this. However in 2 (d) (ii), the question referred to '*Apple*' and large numbers of students only scored two marks because they failed to contextualise their answers.

### **Question 3(b)**

Candidates found this question difficult, even though this topic is explicitly highlighted within the specification in Section 3.3. Most candidates identified benefits of having good relationships with their suppliers rather than specifically '*favourable credit terms*', and were unfortunately unable to access any marks. Centres need to use the specification document rigorously since this document is root of this, and all subsequent examination papers.

### **Question 3(c)(i)**

A sizable minority of candidates could not distinguish between an internal or external source of finance.

### **Question 3(c)(ii)**

This question was similar in style to 2 (c). Most candidates scored 2 marks, but were unable to access the third mark due to a lack of context.

### **Question 3(d)**

This question proved to be accessible, although some candidates appeared to have not come across the term '*de-stocking*' despite it being explicitly stated in the specification. Again lack of context often prevented candidates from attaining all of the 3 marks available.

### **Question 4(b)**

This question required candidates to '*outline*' a consumer protection law for 2 marks. It was disappointing that large numbers of candidates were unable to identify the name of one consumer protection law. Those that did, then limited their scoring opportunities by not mentioning what the law entailed.

### **Question 4(c)**

This question was badly answered, since large numbers of candidates confused market research with research and development. Those candidates who did write about research and development then spoiled their answers by not using a *Marks and Spencer* context to access the third mark.

## Question 4(d)

This style of question will always appear at the end of Section A. Candidates are encouraged to make a choice between two options and then explain why they made their decision. In these questions there is no right or wrong answer, and a candidate can access the top of the mark scheme if they decide to just focus their response around one, rather than both of the two options.

Most candidates were able to score well on this question and access the top of level 2 (4 marks). To get into Level 3 candidates needed to contextualise their answer and include some kind of balance preferably in a conclusion at the end of the response.

If Marks and Spencer cut their prices of the products, it would mean producing a loss in profit. It would also mean that customers may be inclined to buy their products more often because they are cheaper. Decreasing prices of products, means decreasing the quality.

If they increased their advertising, it would probably be more effective. This means they could keep up the quality of the products, keeping customer loyalty. Advertising is expensive though, and they would possibly have to go into overdraft to afford it, without cutting into production money. It would probably be more effective though because if advertising is successful, it brings in more customers, and purchases. Bringing in cash again.



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#### Examiner Comments

This candidate scored 4 marks. In the first paragraph, the candidate identified 2 consequences of lowering prices 'loss in profit' and 'customers may be inclined to buy their products more'. At the start of the second paragraph the candidate makes a judgement 'if they increased advertising it would probably be more effective' and a consequence is identified 'advertising is expensive though'. However there is no balance in this response and the answer could relate to any business rather than specifically Marks and Spencer. Therefore the answer cannot access Level 3 (5-6 marks).



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#### Examiner Tip

Candidates should be encouraged to write a conclusion in this style of question. In this conclusion they should aim to include some balance and evidence of the use of the context. For example: 'the effectiveness of the advertising depends on how many extra customers Marks and Spencer attract to buy their food and clothes. If few extra customers are attracted, the costs of the advertising will be larger than any increase in revenue. As a result, profits will fall.'

## Question 5(a)

'What is meant by the term' questions essentially require candidates to define a term. The only terms that appeared on this, and subsequent exam papers are those terms which are stated in the 'what students need to learn' column of the specification. Centres are encouraged to produce a tailored definitions list of all of the terms contained within the specification. This should enable candidates to access full marks in these style of questions in future examinations. There is no need to learn additional terms contained in textbooks.

(a) What is meant by the term 'stock'?

It is all the raw materials, finished products and products being made that a business holds. Every business will look to hold as little stock as possible. <sup>(2)</sup>



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**Examiner Comments**

This response scored 2 marks for an accurate definition.

(a) What is meant by the term 'stock'?

Stock is the quantity of produce a company owns. For Toy Box, it is the amount of Go-go handies they had at any given period of time. <sup>(2)</sup>



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**Examiner Comments**

This response also gained 2 marks. Although the definition is not as good as the previous answer, the candidate makes good use of the case study and provides an example in a retail context. This elevates the response to full marks.

### **Question 5(b)**

This question was straightforward, but a minority of centres appeared not to have taught bar chart stock graphs, despite the topic explicitly appearing on the specification.

### **Question 5(c)**

This question was answered well, but was more difficult than question 5 (b) because a simple calculation was involved. Centres should be aware that not all examinations will include '*calculate*' questions, since these are only appropriate for a small number of topics in the specification.

### **Question 5(d)**

This question required candidates to '*describe*' one possible disadvantage of the Saltash Toy Box holding a large stock of toys. In '*describe*' questions candidates can either make a developed point or a set of unrelated points to answer the question. One of these points can include a definition. As a result, almost all candidates scored two marks on this question. The third mark required the use of context, and whilst there were some excellent answers that considered the length of a toy's product life cycle, most candidates failed to show any evidence of context within their answer.

## Question 5(e)

In this question, candidates had to identify an advantage and disadvantage of Just In Time (JIT) to a small toy retailer (*Saltash Toy Box*). Most candidates found this question accessible. However many students failed to bring any context into their answer or simply repeated the advantage/disadvantage highlighted in the explanation section.

As a result of the decision to close its store, the *Saltash Toy Box* changed the way it held stock. It now uses a Just In Time (JIT) method of stock control.

\*(e) State **one** advantage and **one** disadvantage to the *Saltash Toy Box* of adopting a Just in Time (JIT) method of stock control. For each, explain one likely effect on the business.

(8)

Advantage They will only have to buy stock when they need it.

Explanation because with a small business like this one, there will not be a lot of business so there is no need to have a large buffer stock.

~~If something goes out of fashion or is no longer wanted~~ This will save the costs of the business. And if something goes out of fashion or is no longer wanted by consumers they won't have loads of ~~the~~ unwanted stock left around.

Disadvantage They might lose sales

Explanation because if a toy suddenly becomes popular, the business might only have enough stock for a couple of people. So the business might lose profit.



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**Examiner Comments**

This response was awarded 7 marks. The advantage highlighted gained 1 mark and the subsequent explanation 3 marks. This is because, 'no need to have a large buffer stock' is linked to 'save the costs' and the candidate has recognised that the business is a struggling one and has used the case-study, therefore putting the answer into context.

The disadvantage highlighted scores 1 mark, and the explanation a further 2 marks because 'not having enough stock' is linked to 'business might lose profit'. It was judged that just mentioning the word 'toy' was not sufficient to warrant the mark for context.

### **Question 6(a)(i)**

This question is identical in style to question 5 (a). It was worrying that after spending two years studying for a business qualification there are a minority of candidates who cannot define the term '*profit*'. In many cases a weak definition was elevated to full marks by the inclusion of a numerical example. Some candidates had trouble distinguishing between revenue - costs and net cash flows.

### **Question 6(a)(ii)**

This question was accessible to all and virtually any answer that could lead to an increase in profit was acceptable.

### **Question 6(b)**

This question proved troublesome to those candidates who did not have a clear understanding as to what productivity was. In a manufacturing context it involves producing more products per worker in a period of time. However in the case-study on the *Saltash Toy Box*, productivity was considered in a retail environment. Therefore it was perfectly acceptable for candidates to state that it involved giving the *Saltash Toy Box* the ability to sell more toys. Again as has been mentioned in previous comments, candidates tended not to score full marks due to the lack of context in their answers.

## Question 6(c)

This question was targeted at students at the top of the grade range, and as a result relatively small numbers of candidates were able to access the top level of marks. Those that did wrote to some excellent answers which fully developed and evaluated whether moving to e-retailing would benefit the *Saltash Toy Box*. The best answers recognised the fact that the business was small and that the possible benefits of doing this would not be 'automatic'. Other candidates simply repeated the case-study provided in their own words.

Closing down its retail store and focusing on selling through catalogues and its website has reduced costs at the *Saltash Toy Box* by 25%.

\*(c) Assess the effect of the change of focus on the competitiveness of the *Saltash Toy Box*.

(8)

the effect on the competitiveness of saltash Toy Box has probably reduced drastically because it is selling through catalogues this may be because ~~so so~~ shops it was competing with before. Like Toys R Us use big stores ~~that~~ therefore saltash toy box doesn't have such a big named brand competitor. The focus changed because they went online and now have a change of customer so they don't have to compete with Toys R Us this may increase their profits as they are not having to fight for customers with such a big name brand.



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**Examiner Comments**

This candidate scored 2 marks. It is a level 1 response. A judgement has been made that the *Saltash Toy Box's* competitiveness will be reduced and this is linked to the idea that there will be less competition in online markets. Most of the response however is paraphrasing what was provided in the examination paper.



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**Examiner Tip**

In extended writing questions, candidates should be encouraged to use paragraphs to structure their response. This will help them to generate balance since the first paragraph could explore benefits and the second paragraph could develop the drawbacks of such a move. This would then naturally lead into a third paragraph where a supported judgement could be developed.

The Saltash Toy Box's change in focus can help to increase their competitiveness. By changing its focus from being a toy shop where children can play with toys before buying them to being ~~an~~ a mail-order service, it reduces costs by 25%. This raises their profits as they pay less of their total revenue to cover costs. More profits makes the firm more competitive. The rise in profits also means that the Saltash Toy Box can lower their prices to compete with other toy shops, while still making a profit.

However, the change in focus ~~to~~ can also effect the shop negatively. The fact that The Saltash Toy Box was a shop in which children could play with toys before buying them could ~~be~~ be a unique selling point for the firm, as few of their competitors offer customers this opportunity. By changing their focus to being ~~an online~~ a mail-order retailer, the firm loses this USP, ~~while having still~~. This may make it hard for the firm to compete. The change in focus has also meant that the firm now has ~~more another~~ big competitors to compete with such as Argos. It would be easier to do so if it had a USP to attract customers.



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### Examiner Comments

This response was awarded 7 marks. There are two paragraphs, the first develops a reason why the change in focus would enhance the *Saltash Toy Box's* competitiveness since it would lower their costs and give them the ability to cut prices. The second paragraph provides some counterbalance to this, since there is a recognition that the benefit will not be automatic since the business will lose its USP and there are some very large competitors in the e-retailing market.



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### Examiner Tip

In 'assess' or 'evaluate' questions, candidates should be encouraged to use the 'it depends rule'. This should help their response to reach the top level on the mark scheme. For example, the success of *Saltash Toy Box's* move **depends on** how far they can cut their prices and it **depends on** the degree to which playing with toys gave the business a competitive advantage.

### **Question 7**

This was a straightforward question in an identical style to questions 5 (a) and 6 (a) (i). Large numbers of students attained full marks. Those that did not, defined the term '*wage*' or failed to mention that the minimum wage is a legal requirement or that it is set by the Government. Again, some imperfect definitions were raised to full marks as a result of an example or an elaborative sentence.

### **Question 8**

This question proved tricky for a significant minority of students. The problem stemmed from the use of the word '*remuneration*'. Remuneration is the total rewards package which is received by an employee. This includes monetary payments and fringe benefits. Most candidates listed bonuses and salaries. However many candidates listed elements of Maslow's hierarchy of needs and as a result scored no marks.

## Question 9

This question proved to be the most poorly answered on the question paper. Large numbers of candidates drifted off the question and turned the question into 'what are the benefits to a business of motivating workers'. Only a small number of candidates picked up on the fact that the context was low-skilled workers, and as a result this meant wages were a very important motivator because there were relatively few other options to use. The best candidates made accurate and applied use of Maslow within their response and counterbalanced their answers by examining other motivational options applicable to low-skilled workers.

- 9 Discuss the importance of increasing wages as a method of motivating workers employed in low-skilled industries.

Increasing the wages paid to low-skilled workers has advantages and disadvantages. It is an advantage as it is helping to keep employees motivated ~~with~~ which means they are likely to produce more as they know they are getting paid ~~for~~ more. However this could be a disadvantage as because wages are a fixed payment which could result in de-motivation as the employees know they have to get paid the fixed amount.



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This response was typical of a large number of candidates. The candidate has not answered the question. The candidate scores 1 mark because there is some recognition that paying more wages will make people work harder in the second sentence. The final sentence is incorrect since wages are not a fixed amount.

## Question 10

The final question will always be targeted at students aiming for grades at the top end of the range. The question will always be based around some evidence provided in a small case-study at the start of Section C. The aim is to test the higher order skills of application and evaluation. The question proved to be accessible to a significant majority of students, and there were a large number of high quality answers that demonstrated the required skills. To reach the top of level 3, candidates need to develop a sophisticated evaluation in their conclusion and should aim to make use of the 'it depends rule' as referred to in the Examiner's Tip box below the 8 mark exemplar.

\*10 Using your knowledge of business, assess whether it was right for the government to increase the national minimum wage to £5.80 per hour.

In some respects increasing minimum wage was a good idea as you make low ~~end~~ skilled employees feel more valued. Also means that that they can become more independent as they can afford to buy things for themselves and enriches the employees.

However there are other reasons why people come to work other than just make some money. For example people may come into work as they feel like they have belonging in the business and can socialise with other people and work together. Also their self esteem goes up as they are being trusted to do tasks by managers and makes them feel more important to the business. ~~also by~~ If a business could enforce more effective training then workers will become much better at what they're doing and maybe enjoy it too.

~~So by improving upon~~  
In conclusion by improving upon

these factors employees will have more incentive to work harder. But pay too is important as they need to buy food, water and a place to live etc.



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### Examiner Comments

This response scores 2 marks. The marks are awarded for two simplistic points in the first paragraph, which justify increasing the national minimum wage. However after the second paragraph, the candidate starts to drift off the set question.



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### Examiner Tip

Candidates need to ensure that they understand what the question is asking before they start their response. This candidate started answering the question, but then drifted into examining factors that can cause a worker to become more motivated.

\*10 Using your knowledge of business, assess whether it was right for the government to increase the national minimum wage to £5.80 per hour.

The reason the government increased the NMIN was to help the lowest paid workers to secure a living. This is important because these workers are vital to the economy as they provide basic services without which the economy would cease to function.

A benefit of this <sup>increase</sup> is that the workers may feel more financially secure; and although £p it does not seem like much, in the long run it can motivate workers to work longer hours and therefore contribute to the economy.

However this means that the costs of

employing a worker to a business are much higher too; this is a disadvantage as it can cause firms to close down due to losses, therefore stunting economic ~~to~~ recovery.

Alternatively, if this had not been raised, some workers would resort to the benefits system, which can have a detrimental effect on the economy as it increases outflows.

To conclude, I believe, it was right of government to increase NMW as it boosted motivation levels on the whole.



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#### Examiner Comments

The candidate was awarded 8 marks for this response, which allows them to enter level 3 on the mark scheme. Two reasons/causes/consequences of the increased national minimum wage are considered and there is clear evidence of balance and use of the case-study context. The conclusion is rather thin, which prevents the response progressing further up the level.



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#### Examiner Tip

To reach level 3 candidates should aim to try and make use of the 'it depends rule' or place a size or speed on the reason/causes/consequences. For instance, to enhance evaluation the candidate could have considered the degree to which costs would increase by or that the impact of the national minimum wage depends on the what percentage of total costs come from the employment of workers.

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