

# ResultsPlus

Examiners' Report

June 2011

GCSE Business Studies 5BS05 01

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## Introduction

This was the first full run through of the Business Studies and Economics specification (although in 2010 a limited number of centres opted to sit 5BS05. 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) (i)

This question was targeted at students' knowledge and understanding of stakeholders. Responses varied from the traditional stakeholder model to applied examples, all of which were correct. A few students identified "shareholders", which although correct in the stakeholder model is not relevant to "public swimming pools" and, therefore, was incorrect.

(b) (i) Identify **two** stakeholders that might benefit from the Change4life project. (2)

- 1 Customers
- 2 Employees



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**Examiner Comments**

Here we have two examples from the traditional stakeholder model, both of which are correct.

(b) (i) Identify **two** stakeholders that might benefit from the Change4life project. (2)

- 1 The 18 and over ~~60~~ (user of swimming pool)
- 2 60 year olds and over



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**Examiner Comments**

In this response, two applied stakeholders are identified, but they are both examples of the same group i.e. consumers.

## Question 1 (b) (ii)

Explain questions are attempting to assess students' AO3 skills of analysis. In the previous question a relevant stakeholder has been identified and here we are looking for the benefit. There are *three* linked strands required that build the explanation for students to access all three marks.

(b) (i) Identify **two** stakeholders that might benefit from the Change4life project.

(2)

1 Citizens

2 ~~Business~~ Health services.

(ii) Explain how **one** of the stakeholders you identified in 1(b)(i) might benefit from the Change4life project.

(3)

Healthcare services might benefit from this subject because more people will be encouraged to adopt a healthier lifestyle and this may mean that less people will be overweight and will need treatment from the services. This will reduce strain on the health services and money can be spent elsewhere instead.



### ResultsPlus Examiner Comments

This response has two clear developed points following the identification of "healthier lifestyle": the points are "less people will be overweight" and "will need treatment from the services". The additional comments are, of course, relevant, but could be considered unnecessary as the full marks have already been accessed. This could impact later on as the student might experience timing issues.

(b) (i) Identify **two** stakeholders that might benefit from the Change4life project.

(2)

1 *Customers*

2 *Employees*

(ii) Explain how **one** of the stakeholders you identified in 1(b)(i) might benefit from the Change4life project.

(3)

*Customers will benefit from the change4life project by receiving the chance to save money, and swim for free, which means they are more healthy too. Old people are also encouraged to become more active which helps there heath and meeting new people.*



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**Examiner Comments**

In this example the student has identified the benefit "swim for free", but has then developed two consequences i.e. "save money" and "more healthy". There is no further development of the "save money", but there is of "more healthy" i.e. "become more active", therefore three marks were awarded.

## Question 1 (c)

This was a straightforward question for those candidates who understood the term "trade-off" and many accessed full marks.

(c) Describe **two** possible trade-offs the UK government might face in making a decision to fund projects like Change4life.

(4)

Healthcare doesn't get the funding, so hospitals, care homes and ambulances don't get replaced by newer technology which might save peoples lives.

Education also doesn't get the funding it could have done to build new schools and increase the education level.



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Examiner Comments

The first trade-off identified is "healthcare" and the point of development is made part of which is "----ambulances don't get replaced". The same is for education, therefore four marks.

(c) Describe **two** possible trade-offs the UK government might face in making a decision to fund projects like Change4life.

(4)

The government will have to decide if funding this project is the best option they have. As if they do fund it, they may not be able to spend more money on other important necessities like education, police, NHS etc.



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Examiner Comments

Here we have *three* trade-offs identified but no development of any, therefore two marks.

## Question 2 (b)

Again, this was a question designed to assess AO1, Knowledge and Understanding which many students found very accessible but some rather challenging.

(b) State **three** negative effects associated with economic growth. (3)

- 1 increased pollution through <sup>increased</sup> energy and waste
- 2 more local congestion and waste from less
- 3 degradation of natural local habitats through construction and pollution



### ResultsPlus Examiner Comments

In this response the student has stated "pollution", "congestion" and "degradation of natural local habitats", therefore accessing full marks. Again more was written than was necessary.

(b) State **three** negative effects associated with economic growth. (3)

- 1 can cause environmental problems
- 2 businesses ~~and~~ can end up selling similar things
- 3 less competitiveness so ~~less~~ prices higher for consumers



### ResultsPlus Examiner Comments

The candidate was awarded one mark for "environmental problems" No mark was awarded for the third point. If the candidate had just said "inflation" or "higher prices" then that would have been merited, but the answer given "less competitiveness" is incorrect.

## Question 2 (c) (i)

This question was very accessible to the whole cohort.

Economic growth is one way to measure the standard of living of a country.

(c) (i) Identify **one** method a government might use to increase the standard of living.

(1)

By investing and improving education services.



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**Examiner Comments**

One of the more popular correct responses.

Economic growth is one way to measure the standard of living of a country.

(c) (i) Identify **one** method a government might use to increase the standard of living.

(1)

Welfare State - benefits



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**Examiner Comments**

Although this would be an incorrect answer for a developed country, the question does ask the candidate to "Identify one method a government etc." and, therefore, this would be correct if applied to a less developed country such as Chad. Therefore, one mark was awarded.

## Question 2 (c) (ii)

Explain questions are attempting to assess students' AO3 skills of analysis. In the previous question a relevant method has been identified and here we are looking for the "help to increase the standard of living". There are *three* linked strands required that build the explanation for students to access all three marks. Too often students only offered two strands, the third consequence being given as "standard of living" which is not acceptable as it is in the question.

Economic growth is one way to measure the standard of living of a country.

(c) (i) Identify **one** method a government might use to increase the standard of living.

(1)

~~that~~ decreasing the VAT

(ii) Explain how this method might help to increase the standard of living in a country.

(3)

Decreasing the VAT will make a standard living in a country because there will be more consumers, more products being bought and use and it would be better in economic problems.



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Examiner Comments

The only point of development in this response is "more products being bought" which is a consequence of "decreasing (the) VAT". Therefore, one mark was awarded.

Economic growth is one way to measure the standard of living of a country.

- (c) (i) Identify **one** method a government might use to increase the standard of living.

(1)

Spend more money on education.

- (ii) Explain how this method might help to increase the standard of living in a country.

(3)

If the government spend more money on education, men children of future generations will be better educated meaning there will be lower unemployment rates and a higher GDP as more people will be earning lots of money from well-paid jobs.

(Total for Question 2 = 8 marks)



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**Examiner Comments**

One mark is awarded for education and there are three clear linked statements i.e. "better educated", "lower unemployment rates" and "higher GDP" with the reason why.

### Question 3 (b)

(b) Identify **three** possible ways a business like Ticketmaster can develop through **internal** growth.

(3)

- 1 They can work to develop more products.
- 2 Quality of services can be improved.
- 3 They can afford to expand their branch numbers.



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**Examiner Comments**

The student was awarded three marks because the responses are in context to Ticketmaster and are all relevant.

(b) Identify **three** possible ways a business like Ticketmaster can develop through **internal** growth.

(3)

- 1 Price - having the most competitive prices
- 2 Promotion - having the ~~best~~ most effective campaigns.
- 3 Product - having the best tickets for sale.



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**Examiner Comments**

The three responses are all variations of the same correct answer i.e. "change the marketing mix". In such instances the maximum mark to be awarded is two.

### Question 3 (c)

Explain questions are attempting to assess students' AO3 skills of analysis. Students are required in this question to identify a benefit of the proposed merger and then to make two linked statements/consequences to access all three marks. Too often students only offered one strand and there were numerous responses where there were the links but these were interspersed with other benefits and development points, thus causing students to spend unnecessary time on the question.

(c) Explain **one** possible benefit to Ticketmaster of the proposed merger.

(3)

They would have little competition therefore they can charge higher prices because they do not need to be competitive, meaning an increase in profits and better economies of scale, meaning a lower price per unit possibly.



#### ResultsPlus Examiner Comments

Here the student was awarded three marks as follows "little competition"... "higher prices" and "increase in profits". The last part "better economies of scale" is a second benefit and is not required as the student has already shown the skills required and accessed full marks.

(c) Explain **one** possible benefit to Ticketmaster of the proposed merger.

(3)

It would start to stage its own concerts which would bring about more monopoly power as ticketmaster is a very well known company.



#### ResultsPlus Examiner Comments

The benefit identified is "stage its own concerts" and the development is "more monopoly power", therefore two marks were awarded.

### Question 3 (d)

This question proved to be challenging for all students. They had no problem in identifying a "disadvantage to consumers", but had greater difficulty in developing *two* linked strands. Higher prices was identified and the reason given for that i.e. no/little competition, but then students would too often say that consumers would then have less choice which is of course another disadvantage. The same can be said when less choice was identified.

(d) Explain **one** disadvantage of a monopoly to consumers.

(3)

monopolys could charge very high prices as there is noone they need to compete with for prices as they have a large percentage of the market power, this means consumers may end up paying large amount of money for something which is of bad quality.

(Total for Question 3 = 10 marks)



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Examiner Comments

The student was awarded three marks for the response. "High prices" is identified; "no one they need to compete with for prices" is the reason and the consequence is "paying large amount of money".

(d) Explain **one** disadvantage of a monopoly to consumers.

(3)

The economy is dominated by big name brands. Customers won't have a choice to buy other ones because big name brands have took over and own most of the market. Because of larger profits a monopoly can dominate the market.

(Total for Question 3 = 10 marks)



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Examiner Comments

Less choice is identified and the reason is given "big brands have took over etc." The last sentence is not relevant as the question refers to "consumers". Accordingly, two marks were awarded.

## Question 4 (b)

An accurate definition is required to access full marks. We are looking here for recognition of in "imports" and out "exports". Of course an imperfect definition which would merit one mark can be raised to two through a relevant, pertinent example.

(b) Define the term 'international trade'.

(2)

International trade is the buying and selling of goods between countries (import + exports) e.g. England could sell insurance to Spain and Spain could sell holidays to England.



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**Examiner Comments**

The response merits two marks as imports and exports are noted and a relevant example given.

(b) Define the term 'international trade'.

(2)

trade between two different nations for goods, services or currency.



**ResultsPlus**

**Examiner Comments**

Here we have an imperfect definition without an example. Therefore, only one mark awarded.

## Question 4 (c)

Explain questions are attempting to assess students' AO3 skills of analysis. Initially, a cost needs to be identified and then there are *two* linked strands required that build the explanation for students to access all three marks. Too often students only offered one strand and, again, there was interspersing of other costs and development which led to only two marks being awarded.

(c) Explain **one** cost to a less economically developed country (LEDC) of international trade.

(3)

LEDC's can often get into debt as the import goods but may not have enough money to buy certain goods + services. and so people in LEDC's may suffer as they can get the basics.



**ResultsPlus**

**Examiner Comments**

In this response one cost is identified i.e. "get into debt", but the development is not a development of getting into debt so only one mark was awarded.

(c) Explain **one** cost to a less economically developed country (LEDC) of international trade.

(3)

With international trade comes competition which drives prices down for products. A cost for LEDC countries is that they may not be able to export so many goods because countries can find a cheaper price for their product in a ~~MEDC~~ country another country. This means their GDP per year is lower than an MEDC.



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**Examiner Comments**

The cost identified is "competition". The consequences are "drives down prices" and in the last sentence "GDP is lower" which follows sound economic analysis. Therefore full marks were awarded.

### Question 4 (d)

This is the first question where students are asked to make a judgement i.e. evaluate. In order to do so they must show their knowledge and understanding of tariffs and quotas which the vast majority did and then to analyse how they "restrict free trade", which again many did. However, far fewer were able to make the judgement as to "most likely" and why.

(d) Tariffs and quotas are two ways LEDCs can restrict free trade.

Which **one** of these do you think is most likely to reduce imports to a LEDC and why?

(6)

A tariff is a tax on imports and exports. This will make the product more expensive to import so many put businesses off from importing it. However if a business is big and rich they may not care for a little percentage increase in price. A quota is a physical limit to the amount of goods & services you can import. Therefore this will limit the business in how much it can buy. On the other hand this does not stop ~~and~~ them from importing at all. In my opinion the best barrier to use is a tariff is think this because companies only trade with LEDCs to save money to maximise profits if a tax makes it more expensive the company won't use the LEDC's products as much.



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Examiner Comments

This response shows understanding of both terms. Consequences of both are analysed and there is balance i.e. evaluation/judgement backed up by analysis. This meets the criteria for the Level 3 descriptor and merits the full marks.

tax / limit  
(d) Tariffs and quotas are two ways LEDCs can restrict free trade.

Which **one** of these do you think is most likely to reduce imports to a LEDC and why?

(6)

Although quotas will put limit on the amount an LEDC can have as imports, I think tariffs will most likely reduce imports to an LEDC.

For example, if the UK drastically put the <sup>cost of</sup> tax on imports up at a high price, the LEDC's may find it difficult to pay for the product on top of the tariff and if the tariff is high, the LEDC's may choose to buy less thus meaning that the reduction of imports to an LEDC. The UK won't see a huge difference if imports lessen because they will have regained the money on tariffs so the LEDC will be spending just as much, if not more, because of tariffs but will receive less. (Total for Question 4 = 12 marks)



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**Examiner Comments**

In the first paragraph, the student has made a judgement "I think tariffs etc", but this is not backed up by any analysis at all. In the same paragraph, some understanding of quota is shown "limit". The second paragraph/remainder of the response shows that the student does not understand how a tariff operates and is not relevant, Therefore we have a judgement made with simple development (as outlined above) and therefore, this is Level 1, two marks.

## Question 5

This question is effectively an identify and explain question twice over. An element of the marketing mix needs to be identified and then three linked strands need to be analysed as to how it could contribute to the collapse of a retail chain store such as Woolworths. It was very surprising how relatively few candidates knew the elements i.e. the 4 Ps. Nevertheless, such students who did not know could still access marks if the analysis was relevant to the knowledge shown *AND* in context.

Woolworths (a retail chain store) closed its last high street store in January 2009. This meant 27,000 people lost their jobs at a time when unemployment was rising.

One of these workers was Kate Meredith who had worked for Woolworths since leaving school. On her last day at the store she said, "I only know working for Woolworths, it's been so long since I applied for a job that I'm not sure what to do. And then of course there's my wages!"

Many experts blamed this example of business failure on the lack of quality of Woolworths' products compared to other high street stores, and that customers could often buy the goods for lower prices elsewhere.

Some people also blamed the fall in demand in the UK economy during the recession of 2009 as a factor which contributed to Woolworth's failure.

- 5 Identify **two** elements of the marketing mix. For each element explain how it could contribute to the collapse of a business such as Woolworths.

Element 1

(1)

Promotion.

Explanation

(3)

Promotion could contribute to the collapse of a business such as Woolworths because if the business had not promoted its products and rival businesses did, this could mean that the rival businesses' products are more known by consumers, which will see it at a competitive advantage. If the rival business has a competitive advantage, this could mean that a business such as Woolworths could lose customers to its rivals and sell less goods.

Element 2

(1)

Price

Explanation

(3)

price could contribute to the collapse of a business such as Woolworths because if the business has a higher price, for example, it would mean that its ~~products~~ goods or services are more expensive than its rivals. This would set it at a disadvantage and would mean that

(Total for Question 5 = 8 marks)

it could lose customers to its rivals as their goods and services are cheaper. This could ultimately lead to a reduction in revenue for the business as it ~~is~~ will experience a lower volume of sales.



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**Examiner Comments**

In both parts of this question, the candidate has identified a correct element and there are three linked strands for both. Therefore, full marks were awarded.

Woolworths (a retail chain store) closed its last high street store in January 2009. This meant 27,000 people lost their jobs at a time when unemployment was rising.

One of these workers was Kate Meredith who had worked for Woolworths since leaving school. On her last day at the store she said, "I only know working for Woolworths, it's been so long since I applied for a job that I'm not sure what to do. And then of course there's my wages!"

Many experts blamed this example of business failure on the lack of quality of Woolworths' products compared to other high street stores, and that customers could often buy the goods for lower prices elsewhere.

Some people also blamed the fall in demand in the UK economy during the recession of 2009 as a factor which contributed to Woolworth's failure.

- 5 Identify **two** elements of the marketing mix. For each element explain how it could contribute to the collapse of a business such as Woolworths.

Element 1

(1)

The lack of quality of Woolworths' products

Explanation

(3)

This giving a clear outline of the comparison of the different stores around, as their quality may be suited more to people's taste - meaning they will prefer to shop elsewhere.

Element 2

(1)

Recession.

Explanation

(3)

As recession had started from 2009  
I think Woodworths wanted to not only  
not get caught up in it from lost  
Sales, but to save itself from any  
more ~~products~~ wasted products ~~to be~~  
actually bought.



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Examiner Comments

Here we have an typical example of a student not knowing an element of the marketing mix. However in the first example "lack of quality", in the explanation, one mark was awarded for analysis (AO3) as a consequence was given "Meaning they will shop elsewhere".

## Question 6

The first part of this question was very accessible to the whole cohort. In the first part of this question a relevant effect has been identified and here we are looking for the explanation of it on employees such as Kate Meredith. There are *three* linked strands required that build the explanation for students to access all three marks. Too often students only offered two strands with the third consequence being linked to a different effect and thus the linkage was broken.

6 (a) (i) Identify **one** effect of the closure of Woolworths on employees such as Kate Meredith.

(1)

unemployment

(ii) Explain this effect on employees such as Kate Meredith.

(3)

Kate says she's 'only ever known working for Woolworths', unemployment means she may not have any <sup>money coming in</sup> ~~big enough wage~~ in which can mean she won't be able to pay bills, won't have any disposable income, and so could lose her house and her standard of living may ~~decrease~~ decrease.

(Total for Question 6 = 4 marks)



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Examiner Comments

Here we have three links i.e. "not have money", "won't be able to pay bills" and "could lose her house". Therefore, this response merits three marks with the effect identified giving the fourth mark.

6 (a) (i) Identify **one** effect of the closure of Woolworths on employees such as Kate Meredith.

(1)

They won't be getting paid so could lose everything

(ii) Explain this effect on employees such as Kate Meredith.

(3)

This will effect her as if she loses everything then

she will have less chance of finding another job which

means she will eventually have nothing



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**Examiner Comments**

The effect identified "won't be getting paid" has some development which is unnecessary for this part of the question. In the explanation this is reiterated i.e. "she loses everything". This was given the benefit of the doubt as a consequence of the effect highlighted so, overall, this candidate was awarded two marks. The rest of the response is not relevant to the effect given in 6(a)i.

## Question 7

This is another question where students are asked to make a judgement i.e. evaluate. In order to do so they must show their knowledge and understanding of "increase government spending" and "reduce taxation" which the vast majority did and then to analyse how they might "affect the economy", which again many did. However, far fewer were able to make the judgement as to "more likely to boost demand" and why.

\*7 Two methods the UK government might use to affect the economy are to:

- increase government spending
- reduce taxation.

In your opinion, which of these **two** methods is more likely to boost demand in the economy and why?

The reduction of tax. If tax were to be reduced more people would be able to buy more for their money. This would then lead to more spending as the items would be cheaper, and then a boost in the ~~UK~~ economy. As the tax were lower people could buy the same goods and save money and put it towards a big investment. They would then get taxed on the investment but it would be at a lower rate. If the tax on petrol and diesel dropped you may see more people using their cars again. ~~the~~ This would put money back into the economy and boost it. As the economy grew, ~~the~~ we could possibly see that England got stronger against other countries.

(Total for Question 7 = 8 marks)



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Examiner Comments

The student's response shows quite clearly the effect on demand of a reduction in tax. However, there is no balance either the downside of the reduction in tax or in comparison to increased government spending, Therefore, although the analysis is good, the evaluation is lacking. This meets the criteria for the level two descriptor and was awarded five marks.

\*7 Two methods the UK government might use to affect the economy are to:

- increase government spending
- reduce taxation.

In your opinion, which of these **two** methods is more likely to boost demand in the economy and why?

To some extent, increasing government spending is more likely to boost the economy because money could be invested in assets such as new machinery and technology which could bring the average cost of production down, meaning prices could be cheaper <sup>so demand will increase,</sup> and more people will buy the goods and services, therefore boosting the ~~economy~~ <sup>economy too.</sup> However, ~~the~~ the government may spend the money in the wrong places where a boost to demand may not be achievable. To some extent reducing taxation may be more likely to boost demand because it would mean that prices of goods and services would be cheaper and so the demand for them will rise. However, this may be a short-term answer and taxation may need to be altered in the future. In conclusion, I think

(Total for Question 7 = 8 marks)

an increase in government spending is more likely to boost demand because the investment will provide a long-term solution ~~which~~ which is permanent as production costs will be reduced, meaning prices are cheaper and demand is boosted.



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Examiner Comments

Straight away the student uses an evaluative phrase and we are not disappointed with the remainder of the answer, for there are all the requirements for a Level three response and this one merited the full eight marks.

## Question 8 (a)

An accurate definition is required to access full marks. We are looking here for recognition of "exchange" and "rate". Of course an imperfect definition which would merit one mark can be raised to two through a relevant, pertinent example.

8 During 2009 there was a weakening in the exchange rate of the pound against the euro.

Many high street retailers import the products they sell.

(a) Define the term 'exchange rate'.

(2)  
The Exchange rate is the amount of pound sterling we can exchange for most commonly currencies.



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**Examiner Comments**

Here we have an imperfect definition, i.e. one that shows some understanding, but there is no example to lift it to two marks.

8 During 2009 there was a weakening in the exchange rate of the pound against the euro.

Many high street retailers import the products they sell.

(a) Define the term 'exchange rate'.

(2)  
Exchange rate is the amount of money you get per pound sterling if you trade it for another currency.



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**Examiner Comments**

Here we have "for another currency" and "per pound sterling", therefore we have both requirements for two marks.

### Question 8 (b)

This is the first "assess" question and is focussing on AO3 skills. The context of high street retailers would have to be referred to either directly or indirectly in order for more than four marks to be awarded and this proved to be a stumbling block for many students who knew the transmission mechanism of "a weaker pound" and "profits" from a textbook, generic perspective, but did not apply it to the specific context of high street retailers.

\*(b) Assess the effect of a weakening pound against the euro on the profits of high street retailers.

(8)

A weak pound would mean consumers would buy less imports as they would be more expensive. This would mean retailers would have less demand for their products. ~~It~~ It would also mean they would have to raise their prices as it is also more expensive for them to import things from abroad. However, if ~~customers~~ <sup>retailers</sup> exported some of their products, this would be a good thing, as they could charge customers less which would increase demand making them a higher profit. Overall, I believe it would have a negative effect on high street retailers as interest rates would be higher and less people would be willing to spend more money as it would be more beneficial to save it. Therefore, companies would make less profit.

meaning that they may suffer from a decrease in demand. As most highstreet retailers import their stock from abroad and do not export it, they would get less for their money and it would be more expensive for both them and consumers.



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### Examiner Comments

The candidate here shows analysis and evaluation. The context is given in the last sentence "As most high street etc", so, according to the level descriptors, this is a Level three response and, given the constraints on students, we considered it merited the full marks. Although, the analysis re: interest rates is not relevant, we do not mark negatively, and, in fact, the student is self penalising by wasting time on this analysis.

\* (b) Assess the effect of a weakening pound against the euro on the profits of high street retailers.

(8)

When the exchange rates are high then it is good for exports but bad for imports and when the exchange rates are low then it is good for imports but bad for exports.

During high ~~interest~~ exchange rates we can earn more money through exports and pay ~~less~~ more for imports whereas during low exchange rates we earn less money through exports and pay less for imports.



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Examiner Comments

What the student has written here is indeed correct but not relevant to the question posed. Therefore, the student did not answer the question and was awarded no marks.

## Question 9

An accurate definition is required to access full marks. We are looking here for recognition of "competitive" and "advantage". Of course an imperfect definition which would merit one mark can be raised to two through a relevant, pertinent example.

Justino is a cocoa farmer from Belize, a less economically developed country (LEDC) in Central America. Up to 2002, he worked long hours but could not earn enough money to afford the basics in life due to the low price offered by chocolate companies for his crop.

In 2002, he signed a contract with the UK chocolate producer Green & Blacks which promised to buy all locally produced cocoa for the next three years at a much higher price than the farmers were used to. This gave farmers like Justino the confidence to expand, employ more people and help improve the quality of life for their families.

Green & Blacks is proud to display the Fairtrade Foundation logo on its products. It sees socially responsible production as a measure of success.

However, some people argue that the only reason businesses consider their social responsibilities is because it can give them a competitive advantage over their rivals and the opportunity to increase sales.

9 State what is meant by the term 'competitive advantage'.

A advantage a business has over its rivals, something that is unique and hard to copy (defensible).



**ResultsPlus**

**Examiner Comments**

This response was awarded the full marks as the definition has all that is asked for.

Justino is a cocoa farmer from Belize, a less economically developed country (LEDC) in Central America. Up to 2002, he worked long hours but could not earn enough money to afford the basics in life due to the low price offered by chocolate companies for his crop.

In 2002, he signed a contract with the UK chocolate producer Green & Blacks which promised to buy all locally produced cocoa for the next three years at a much higher price than the farmers were used to. This gave farmers like Justino the confidence to expand, employ more people and help improve the quality of life for their families.

Green & Blacks is proud to display the Fairtrade Foundation logo on its products. It sees socially responsible production as a measure of success.

However, some people argue that the only reason businesses consider their social responsibilities is because it can give them a competitive advantage over their rivals and the opportunity to increase sales.

9 State what is meant by the term 'competitive advantage'.

competitive advantage is when two businesses or companies are competing for the same customers and one of the businesses/companies has a positive advantage which in turn makes it more competitive.

(Total for Question 9 = 2 marks)



**ResultsPlus**  
Examiner Comments

One mark was awarded here for an incomplete definition. The word "positive" shows some understanding for what is otherwise a repeat of the term.

## Question 10

This question is effectively an identify and explain question twice over. A method that governments could use needs to be identified and then three linked strands need to be analysed as to how it could contribute to the development of LEDCs such as Belize. There was great scope for students to identify two methods as the question asks for "governments" so this could apply to any government not specifically governments in developed countries. Again marks were lost through unlinked statements.

10 Identify **two** methods that governments could use to help the development of LEDCs like Belize. For each method, explain how the LEDC might benefit.

Method 1

(1)

Invest in Education

Explanation

(3)

By investing in education, people in LEDCs will be able to gain the right qualifications and knowledge to look after themselves as well as having the knowledge for them to get a proper job that pays well meaning an increased standard

Method 2

of living. If they are educated, they can help the country develop quicker.

(1)

Invest in technology/machinery

Explanation

(3)

By investing in technology and/or machinery, people in LEDCs will be able to produce more products in a given time therefore they have a higher yield of, e.g. crops and so they can produce more in a shorter time so more is sold meaning an increase in

(Total for Question 10 = 8 marks)

profit quickly and so more money means a country can develop and turn into a more economically developed country.



**ResultsPlus**

Examiner Comments

In both parts of this question, the candidate has identified a correct method and there are three linked strands for both. Therefore, full marks were awarded.

**10** Identify **two** methods that governments could use to help the development of LEDCs like Belize. For each method, explain how the LEDC might benefit.

Method 1

(1)

International aid

Explanation

(3)

international <sup>aid</sup> is where all different countries help together to improve LEDC's.

This is a good way to raise money because all countries are helping and so each country can give a bit to make a lot.

Method 2

(1)

Charitable aid such as comic relief

Explanation

(3)

is very popular because it means actually getting people to feel they ~~are~~ got up and done something about it.

Millions of people take part which can raise millions of pounds, all the money can be put towards different projects to help LEDC's.

(Total for Question 10 = 8 marks)



**ResultsPlus**  
Examiner Comments

In method 1, one mark was awarded for International aid, but the explanation was just a definition of international aid and did not address the question. In method 2, charitable aid is incorrect as the question asks for "governments". However, one mark for development was awarded for "put towards different projects", because the candidate has shown skills of analysis.

## Question 11

This is the second and final "assess" question and is focussing on AO3 skills. The context of social responsibility in developed countries" would have to be referred to either directly or indirectly in order for more than five marks to be awarded and this proved to be a stumbling block for many students who knew the concept of "social responsibility" from a textbook, generic perspective, but did not apply it to the specific context of a measure of a business's success in developed countries.

\*11 Using the evidence that is given in Section C, and your knowledge of economics and business, assess the strength of the case for regarding social responsibility as the most important measure of a business's success in developed countries.

It is an extremely important aspect of the business because it is how <sup>the Business</sup> it is seen by potential customers which could be the difference of someone buying your chocolate bar or a rivals.

However I wouldn't agree it's the most important measure of a businesses success because lots of businesses make a huge profit and are very successful but ~~are seen as~~ have a negative social image for example Mc donalds make a profit every year but are still seen as unhealthy.

A purpose of a business is to make a profit, if regarding social responsibility as it's most important aspect stops that, it isn't successful. However if someone started a business to help people social responsibility is most definitely the most important measure of it's success.

Green and Blacks ~~costs~~ costs would have gone up when they turned fairtrade however if because of fair trade they sold more their profit wouldn't have been affected. However if there their sales stayed the same they would have lost profit.

Sometimes there is an ~~an~~ trade-off between bigger profits and helping third world farmers, if the aim of the business is to make money ~~and~~ they will mostly go for the bigger profits. Whereas some companies ~~do~~ benefit from both as their profit has gone up due to sales increasing but they still give a fair price to farmers

(Total for Question 11 = 10 marks)

TOTAL FOR SECTION C = 20 MARKS  
TOTAL FOR PAPER = 90 MARKS



**ResultsPlus**

**Examiner Comments**

This response has all the ingredients and requirements for a Level three answer. The answer is drawn together, but there is insufficient strength of evaluation for full marks to be awarded, therefore this candidate was awarded nine marks.

\*11 Using the evidence that is given in Section C, and your knowledge of economics and business, assess the strength of the case for regarding social responsibility as the most important measure of a business's success in developed countries.

It is very important for businesses to consider social responsibility as the most important measure of a business's success in developed countries, but in my opinion ~~that~~ I think it is the most important measure.

In today's society, it is very important to consider ethical attributes in other countries, as well as our own. Nowadays, people like to buy products with a fairtrade logo on it as ~~the~~ the consumer knows that they are making a difference to someone's ~~life~~ life. A business is more likely to do well if they advertise and promote that they help farmers in LED's and gives them a good price.

Consumers are more willing to spend the extra money on products which focus on the ethical side of production, ~~rather than~~ as well as the quality and efficiency.

This is ~~the~~ the most important measure as people in developed countries want good ethical trading as well as quality and a low price. There is always an issue in today's media about how some companies use poor working conditions abroad to make our products so ~~it~~ it is vital that everyone can buy products which are from a company which looks after its ethical trading and workers abroad.



**ResultsPlus**

**Examiner Comments**

This response has plenty of judgement, in fact at least seven statements, but only two are backed up with reasons. Therefore, this must be placed in Level two as it meets the descriptor requirements. However, there is no context, therefore this response must be awarded five marks.

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