

Mark Scheme (Results)

June 2011

GCSE Business Studies (5BS03)
Paper 01

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information, please call our GCE line on 0844 576 0025, our GCSE team on 0844 576 0027, or visit our website at www.edexcel.com.

If you have any subject specific questions about the content of this Mark Scheme that require the help of a subject specialist, you may find our **Ask The Expert** email service helpful.

Ask The Expert can be accessed online at the following link:
<http://www.edexcel.com/Aboutus/contact-us/>

Alternatively, you can contact our Business Studies Advisor directly by sending an email to Business Studies specialist on BusinessSubjectAdvisor@EdexcelExperts.co.uk.

You can also telephone 0844 372 2187 to speak to a member of our subject advisor team.

(If you are calling from outside the UK please dial + 44 1204 770 696 and state that you would like to speak to the Business Studies subject specialist).

June 2011

Publications Code UG027509

All the material in this publication is copyright

© Edexcel Ltd 2011

- 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

Section A:

Question Number	Answer	Mark
1(a) AO1=1	D	(1)

Question Number	Answer	Mark
1(b) AO1=1	<p>1 mark for any appropriate benefit identified.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Lower costs. • Improved efficiency/productivity. • Fewer mistakes. • Increased motivation. • Business becomes more responsive to change. • Improved customer satisfaction/branding. 	(1)

Question Number	Answer	Mark
1(c) AO1=1 AO3=2	<p>For 3 marks, there will be one problem identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. Development will clearly show how excessive communication could cause a problem for a business.</p> <p>Possible problems include:</p> <ul style="list-style-type: none"> • Confusion/mistakes. • Poor productivity. • Poor motivation. • Higher unit costs. <p>E.g. Workers will become de-motivated since they will not be sure what they have to do (1 mark). This will cause lower productivity (1 mark) and the unit costs will increase (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a problem.</p>	(3)

Question Number	Answer	Mark
<p>1(d)</p> <p>AO1=1</p> <p>AO3=2</p>	<p>For 3 marks, there will be one benefit identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. Development will clearly show how excessive communication could cause a problem for a business.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> • Higher levels of profit. • Higher productivity. • Improved customer service. • Enhanced branding. • Lower unit costs. <p>E.g. More motivated workers can help increase productivity (1 mark). Therefore output per employee will increase (1 mark). This leads to unit costs falling (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of a benefit.</p>	<p style="text-align: right;">(3)</p>

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

Question Number	Answer	Mark
2(b) AO2=2	<p>1 mark for each appropriate element identified.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Price. • Product. • Promotion. • Place. <p>Candidates referring to variables related to the 7 Ps whilst not on the specification can be rewarded e.g. people, process and packaging.</p>	(2)

Question Number	Answer	Mark
2(c) AO1=1 AO2=1 AO3=1	<p>For 3 marks, the description will make three relevant points associated with why strong branding might be important to <i>Apple</i>. Development will clearly show the importance of strong branding to <i>Apple</i>.</p> <p>Possible reasons include:</p> <ul style="list-style-type: none"> • Makes the business stand out from its competitors (differentiation). • Increases the chances of repeat purchase. • Enables the business to add value. • Allows the business to charge higher prices with limited loss of demand. • Makes it harder for new businesses to set up in competition. <p>E.g. Branding allows Apple to differentiate its products in the market (1 mark). This makes its products, such as the iPod; stand out from its competitors who make cheaper MP3 players (1 mark) and this can lead to an increase in sales (1 mark).</p> <p>This answer would gain three marks since there are at least two relevant points made, and there is a clear use of context.</p>	(3)

Question Number	Answer	Mark
<p>2(d) (i)</p> <p>AO1=1</p>	<p>1 mark for an appropriate response.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Questionnaires/surveys. • Focus groups. • Consumer panels. • Internet. <p>The question is asking for the identification of a method of qualitative market research. Any response is valid so long as it could provide non-numeric data. Be wary of rewarding candidates who offer methods which could only generate numerical data. E.g. competitor's sales figures.</p>	<p>(1)</p>

Question Number	Answer	Mark
<p>2(d) (ii)</p> <p>AO1=1 AO2=1 AO3=1</p>	<p>For 3 marks, the explanation will show how qualitative data can be used by <i>Apple</i> to improve its marketing mix. Within the answer there will be at least two clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...' 'because...' etc. To gain three marks there must be a clear focus on the use of qualitative data/<i>Apple</i> context (rather than just generalised market research data). An answer that does not have this focus can only gain a maximum of two marks regardless of the number of linked strands.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Improve brand. • Improve design of products. • Improve the range of distribution channels. • Change its pricing. • Make decisions on promotion. <p>E.g. Qualitative research will give <i>Apple</i> information about whether consumers find their computers attractive (1 mark). This will enable <i>Apple</i> to change their product design (1 mark), so that consumers will pay more (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is reference to qualitative data/<i>Apple</i> context. Do not award the AO2 mark if the candidate simply refers to the name <i>Apple</i>.</p>	<p>(3)</p>

Question Number	Answer	Mark
<p>3(a)</p> <p>AO1=1</p>	D	<p>(1)</p>

Question Number	Answer	Mark
3(b) AO2=2	<p>1 mark for each appropriate reason given.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Improves cash flow. • Delays cash payments to suppliers. • Can use capital elsewhere in business. • Lower costs due to less need to use loans. <p>Candidates can score 1 mark for any other valid reason.</p>	(2)

Question Number	Answer	Mark
3(c) (i) AO1=1	<p>1 mark for an appropriate source of finance.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Selling assets. • Profit. <p>Candidates can score 1 mark for highlighting any of the above. Do not reward the use of share capital or any other sources of external finance. Do not reward changing the price of the product, since this is not an acceptable source of finance.</p>	(1)

Question Number	Answer	Mark
<p>3(c) (ii)</p> <p>AO1=1 AO2=1 AO3=1</p>	<p>For 3 marks, the explanation will show how <i>The Range</i> will benefit from the use of internal sources of finance. Within the answer there will be at least two clearly identifiable linked strands of explanation which are in context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Cheaper. • Reduced risk. • Do not need to dilute the existing shareholders' ownership or control. • Difficult to get external finance. • Business has control over use (sets its own conditions). • Immediate access to capital. <p>E.g. Using internal finance e.g. retained profit is cheaper (1 mark). This is because there is no interest to pay (1 mark) so the costs to the business are smaller.</p> <p>This answer would gain two marks since despite there being two linked strands of explanation, there is no use of context, preventing a third mark from being awarded.</p>	<p>(3)</p>

Question Number	Answer	Mark
<p>3(d)</p> <p>AO1=1</p> <p>AO2=1</p> <p>AO3=1</p>	<p>For 3 marks, the explanation will show how de-stocking its summer products would benefit <i>The Range</i>. Within the answer there will be at least two clearly identifiable linked strands of explanation which are in context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Improve cash flow. • Increase profit. • Prevent excess stock. • Make way for new product lines. <p>E.g. De-stocking will improve cash flow (1 mark). This is because selling off summer products leads to a cash inflow (1 mark) and The Range does not have the costs of holding stock, which for The Range will be large, since few people want to buy products out of season (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the description and the answer is in context.</p>	<p>(3)</p>

Question Number	Answer	Mark
4(a)		
AO1=1	A	(1)

Question Number	Answer	Mark
4(b)	1 mark for the identification of a consumer protection law and one mark for some kind of elaboration.	
AO2=2	<p>Possible answers include:</p> <ul style="list-style-type: none"> • Trade Descriptions Act. • Sale of Goods Act. <p>E.g. Marks and Spencer must make sure it follows the Trade Descriptions Act (1 mark). This will involve making sure a shirt described as 100% cotton is not made out of nylon (1 mark).</p> <p>Candidates may suggest other consumer protection laws not on the specification. These should be rewarded appropriately.</p>	(2)

Question Number	Answer	Mark
<p>4(c)</p> <p>AO2=2</p> <p>AO3=1</p>	<p>For 3 marks, the explanation will clearly show how research and development will benefit <i>Marks and Spencer</i>. Within the answer there will be at least two clearly identifiable linked strands of explanation with the answer rooted in the <i>Marks and Spencer</i>/clothing context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • A method of differentiating. • Enhances the brand. • Allows the firm to stay ahead of the competition. • Allows the firm to charge premium prices. • Adds value. • Develops new products. <p>E.g. Research and development is a way of adding value (1 mark). This is because people will pay more for a suit that does not need to be dry cleaned (1 mark). This increases willingness to pay by more than the extra costs of changing the fabric (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation and there is clear reference to the context which earns the final mark.</p>	<p>(3)</p>

Question Number		Indicative content
4(d) AO2=2 AO3=4		<p>The aim here is for candidates to make a judgement as to whether increased advertising or lowering prices is more important in allowing <i>Marks and Spencer</i> to maintain its profits. There is no right answer and the candidate can argue that either method is better, depending on the circumstances. Candidates might consider the following possible ideas as part of their answer:</p> <p>Advertising:</p> <ul style="list-style-type: none"> • Increases the size of the market. • Target certain market segments. • Can add value. • Increases customer loyalty. • Allow <i>Marks and Spencer</i> to out-compete <i>Waitrose/Debenhams</i> etc. • Expensive. <p>Lower prices:</p> <ul style="list-style-type: none"> • Increases size of the market. • Will decrease profit per item. • Could change perception of quality. • Out-compete <i>Waitrose/Debenhams</i>. • Increased revenue/sales. <p>To be evaluative and support the judgement made, the candidate might suggest that the more effective method might be to lower prices since this should boost sales in the short term. In the longer-term, advertising may be more appropriate or some combination of the two e.g. heavily promoted 20% off sales days. An alternate route to evaluation might come through the candidate examining the drawbacks of cutting prices and/or increasing advertising, since there are possible implications for profit.</p>
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	A judgement or point is given as to which method is most likely to allow <i>Marks and Spencer</i> to maintain its profits. If there is just a simple judgement or where the support shows a misunderstanding of the concept 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
Level 2	3-4	A judgement/point is given on one or both issues with some development/support, which includes at least <u>one</u> reason/cause/consequence etc. At the top of this level

		this analysis will be relevant and linked to the judgement/point made.
Level 3	5-6	A judgement/point is given on one or both issues with some development/support, which includes at least <u>two</u> reasons/causes/consequences etc. and includes some balance. At the top of this level there will be a conclusion drawn from the analysis and the answer will be in context.

Section B:

Question Number	Answer	Mark
5(a) AO1=2	<p>Stocks are the raw materials, work in progress or finished goods that the business holds.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark. E.g. raw materials.</p> <p>An example of stocks taken from the evidence could raise an imperfect definition to 2 marks, as would an elaboration of an imperfect definition.</p>	(2)

Question Number	Answer	Mark
5(b) AO2=1	25 Hamsters. Candidates are to be awarded a mark even if they just state '25'.	(1)

Question Number	Answer	Mark
5(c) AO2=1 AO3=1	<p>There are three ways of calculating this answer and both methods give the same answer. Award 2 marks for the correct answer.</p> <p>E.g. Stock arrival date (8 weeks) - Re-order date (3 weeks) = 5 weeks.</p> <p>or</p> <p>Stock arrival date (18 weeks) – Re-order date (13 weeks) = 5 weeks.</p> <p>or</p> <p>Stock is ordered in week 3 and arrives in week 8. Therefore 8-3=5 weeks.</p> <p>Award the candidate 2 marks if they state '5' instead of '5 weeks'. 1 mark can be awarded if the candidate shows an understanding of how to calculate the answer but makes an error.</p>	(2)

Question Number	Answer	Mark
<p>5(d)</p> <p>AO1=1 AO2=1 AO3=1</p>	<p>For 3 marks, the description will make two relevant points or one developed point associated with the disadvantages of holding large stocks of toys. This answer must be rooted in the context of the toy retailing industry. Two marks are awarded for the points (including the identification of a disadvantage) and 1 mark is awarded for the use of context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • High stock holding costs e.g. extra storage, insurance, depreciation etc. • Can be left with lots of unwanted stock e.g. toys that go out of fashion. • Demand will fall rapidly after Christmas. • Makes it more difficult to compete on price due to stock holding costs. • Lower profits. <p>E.g. Holding stock is expensive (1 mark). The more toys they stock the higher the costs (1 mark). They will also have to find somewhere to store all of the toys (1 mark).</p> <p>This answer would gain three marks since there are at least two relevant points made including the identification of a disadvantage and there is reference to the context which earns the final mark.</p>	<p>(3)</p>

Question Number	Answer	Mark
<p>5(e)</p> <p>QWC strands (i), (ii) and (iii)</p> <p>AO2=4</p> <p>AO3=4</p>	<p>This question has a 2 x 4 mark split. There is one mark for identifying an advantage/disadvantage. The remaining 3 marks are for the explanation which will show how the advantage/disadvantage will affect the <i>Saltash Toy Box</i>. Within the answer there will be at least two clearly identifiable strands of explanation and reference to the context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> • Lower levels of stock. • Higher profit. • Lower costs. • Excellent relationships can help overcome problems easier. <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> • Not being able to meet demand. • Suppliers not being reliable. • Damage to brand. • Cannot respond to changes in the market. • Requires excellent relationships with suppliers which are not easy to maintain. <p>E.g. Disadvantage: Damage to brand (1 mark).</p> <p>If the Saltash Toy Box runs out of stock, customers may not get their toys on time (1 mark). This means that they will be late for Christmas/birthdays etc. (1 mark). Customers will then be reluctant to make repeat orders (1 mark).</p> <p>This answer would gain 4 marks since a disadvantage has clearly been identified and there are at least two linked strands that build the explanation and there is reference to the context which earns the final mark. Two answers of this quality (an advantage and a disadvantage) would gain the full 8 marks.</p>	<p style="text-align: right;">(8)</p>

Question Number	Answer	Mark
<p>6(a) (i)</p> <p>AO1=2</p>	<p>Profit is the difference between total revenue (turnover/sales/income/ money from sales etc.) and total costs (money used to pay costs) in a period of time.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for answer that suggests that the candidate has some understanding.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of elaboration.</p>	<p>(2)</p>

Question Number	Answer	Mark
<p>6(a) (ii)</p> <p>AO2=1</p>	<p>1 mark for an appropriate method. It is likely that almost all candidates will offer an answer worthy of a mark in this question.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Improve quality. • Increase revenue. • Increase/decrease prices. • Advertising. • Lower costs. • Increased productivity. 	<p>(1)</p>

Question Number	Answer	Mark
<p>6(b)</p> <p>AO2=2</p> <p>AO3=1</p>	<p>For 3 marks, the explanation will show how improved productivity will benefit <i>Saltash Toy Box</i>. There will be one mark for identifying a benefit and a further two clearly identifiable strands of explanation rooted in the <i>Saltash Toy Box</i>/toy context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> • Workers will sell more in a period of time/efficiency. • Increased profit. • Lower unit costs. • Improved reputation. <p>E.g. Improved productivity will mean profits will increase (1 mark). This is because workers will be packaging up toys much more quickly (1 mark). This means the Toy Box's costs per toy will fall (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation (including the identification of a benefit) and there is reference to the context which earns the final mark.</p>	<p>(3)</p>

Question Number		Indicative content
6(c) QWC Strands (i), (ii) and (iii) AO2=3 AO3=5		<p>The aim here is for candidates to consider whether changing the 'place' element of the marketing mix will improve the <i>Toy Box's</i> competitiveness. The question asks the candidate to 'assess', so the candidate must develop some evidence of balance within the answer. This could take the form of disadvantages which reduce the size of the benefits to the <i>Saltash Toy Box</i> of closing down its retail store, or through a consideration of the extent to which it is likely to be a successful strategy.</p> <p>Benefits of switching to catalogues/internet:</p> <ul style="list-style-type: none"> • Lower costs/overheads. • Opportunity for lower prices. • Greater ability to compete on price with <i>Toys R Us</i>. • Wider market can be targeted rather than just a small town. • Increased profit margins. <p>Drawbacks of switching to catalogues/internet:</p> <ul style="list-style-type: none"> • Will still not be able to compete on price with <i>Toys R Us</i>. • Will lose its reputation for customer service. • Loss of USP since children cannot now play with toys before purchase. • Could lower profits. • Damage to the brand/loss of local custom. <p>It is likely that evaluation will be demonstrated by a consideration of the drawbacks of the strategy and the scale of those drawbacks. Some outstanding candidates might consider that the drawbacks may be of a different size over different time periods, therefore it is difficult to judge whether it is likely to be a success.</p>
Level	Mark	Descriptor
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question, i.e. using the Internet will increase the competitiveness of the <i>Saltash Toy Box</i> .
Level 1	1-2	<p>Reference to one effect is given with some weak development or two effects are given with limited or no development of either. If there is just a simple judgement/value attached to one of the effects, 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>

<p>Level 2</p>	<p>3-5</p>	<p>Reference to one or more effects is given with some development/support, which includes at least one reason/cause/consequence etc. At the middle of the level this analysis will be relevant and linked to the judgement/point made. Answers at the middle of this level will tend to assume that the judgement/point made will work and that the change of focus will have no downside.</p> <p>At the top of the level there will be some consideration of another point of view and there will be some context.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<p>Level 3</p>	<p>6-8</p>	<p>Reference to one or more effects is given. A judgement/point is given with some development which includes at least two reasons/causes/consequences etc. and possibly the use of the 'it depends' rule. Some balance will be given in the form of advantage/disadvantage, pros/cons, costs/benefits. The candidate will be able to show some appreciation that the effect(s) are not 'inevitable' or 'automatic'. At this level, candidates may attach some value/importance to both of the effects and may make a judgement about which of the effects is more important/valuable to <i>Saltash Toy Box</i>. The answer will be in context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

Section C:

Question Number	Answer	Mark
7 AO1=2	<p>The lowest payment per hour, day or week that can be legally given to a worker for their work.</p> <p>2 marks for an accurate definition. 1 mark is to be awarded if the candidate makes a reference to lowest amount a person can be paid over a period of time. An imperfect definition can be raised to 2 marks through some kind of elaboration or example.</p>	(2)

Question Number	Answer	Mark
8 AO2=2	<p>1 mark for each appropriate method.</p> <p>Possible answers include:</p> <ul style="list-style-type: none">• Piece rates.• Commission.• Salaries.• Fringe benefits e.g. extra holidays, company car, enhanced pensions etc.• Shares in the company.• Bonuses. <p>Allow any two methods. For instance if a candidate identifies two fringe benefits they should score 2 marks. Do not allow promotion as a method of remunerating employees.</p>	(2)

Question Number		Indicative content
9 AO2=3 AO3=3		<p>The aim here is for candidates to consider the importance of increasing wages in motivating workers in low skill industries such as catering and cleaning. The question asks the candidate to 'discuss', so the candidate must develop balance within their answer to reach the top level.</p> <p>This could take the form of considering the extent to which money will motivate a worker, or through the examination of other factors that might be important in enhancing worker motivation.</p> <p>An alternate source of evaluation could come from the candidate using the 'it depends' rule. For instance it depends on why they are working, if they are single parents, working part time, how large the increase in wages is etc.</p> <p>Reasons why increased wages might be an important motivator:</p> <ul style="list-style-type: none"> • Low skill jobs are usually low paid. • Cleaning jobs are boring so money is important. • Workers need money to fulfil physical/physiological needs. <p>Reasons why increased wages might not be an important motivator:</p> <ul style="list-style-type: none"> • Factors such as enjoyment, having friends in the work place may be more important. • Depends on whether the individual has satisfied their physical/physiological needs. •
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	<p>One reason why increased wages could motivate employees is given with some simple development or two reasons are given with no development of either.</p> <p>An alternative route to marks in this level is if just a simple judgement or value is given to the importance of wages. 1 mark can be awarded for no support and 2 if some simple support is offered. Expect to see no reference to the 'low-skill' context in this range.</p>
Level 2	3-4	Reference to two reasons is given with some development of each. A judgement/point is given at the lower end of the level with some development/support, which includes at least one cause/consequence etc. for each reason. At the top of the level this analysis will be

		relevant and linked to the judgement/point made and there may be some reference to the context.
Level 3	5-6	Reference to two reasons is given with development of each. A judgement/point is given with some development which includes at least two causes/consequences etc. In this level expect there should be some evidence of balance. Answers at the top of this level will refer to the context.

Question Number		Indicative content
10 QWC Strands (i), (ii) and (iii) AO2=4 AO3=6		<p>The aim here is for candidates to make a judgement as to whether it was right to increase the national minimum wage. To demonstrate the evaluative skill, candidates could consider whether increasing the minimum wage will increase unemployment in the very industries where it is supposed to help workers, since it could cause employers to employ fewer people or may encourage relocation overseas. Other candidates might demonstrate evaluation by considering the scale of the increase which is very low, compared to that of the previous year. There is no right or wrong answer, but candidates should aim to make a judgement which is supported. Candidates may consider the following ideas as part of their answer:</p> <p>In favour of the increase:</p> <ul style="list-style-type: none"> • Reduces exploitation of workers in low skill industries. • Not ethical to allow wages to fall below a certain minimum level. • Minimum wage has only increased by 7p which is 1.2%, so business costs are barely being affected. • Will make work more attractive to the unemployed. • Could increase the amount of spending in the local area. • All firms in the industry required to pay, so it is a level playing field for all UK firms. <p>Not in favour of the increase:</p> <ul style="list-style-type: none"> • May increase unemployment. • Employers will expect existing workers to do more work, rather than hiring new workers. • Increases costs. • Increases the chances of a business relocating overseas. • In a recession prices fall (or do not rise as quickly), so wages do not need to increase.
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-4	<p>One relevant point is identified with some development – there can be a maximum of 4 marks if the links to the point are relevant – one mark per link (up to a maximum of 3).</p> <p>An alternative route to the marks could involve a judgement being given; at the lower end of the level no support will be provided. At the top of the level some support will be given.</p>

		<p>A list of bullet points will gain a maximum of three marks, assuming they are all relevant.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
Level 2	5-7	<p>Candidates consider the reasons for increasing the minimum wage and offer two or more reasons/causes/consequences etc. in support.</p> <p>At the middle of the level a judgement/conclusion will be made but with no support and merely re-states the question.</p> <p>At the top of the level candidates may offer at least one other factor to balance out the answer. At the top of the level a judgement/conclusion will be made with some support given although not drawn from the analysis and there may be reference to the context.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
Level 3	8-10	<p>Candidates consider the reasons for increasing the minimum wage and offer two or more reasons/causes/consequences etc. in support.</p> <p>At the lower end of the level some value may be attached to these reasons whilst at the top of the level there will be clear recognition of the value of the points made to the business, identifying an advantage and disadvantage, cost/benefit, pro/con etc. or using the 'it depends' rule. At this level candidates are likely offer at least one other factor to balance out the answer.</p> <p>At the middle of the level a judgement/conclusion will be made with some support drawn from the analysis.</p> <p>At the top of the level a judgement/conclusion will be given clearly drawn from the analysis representing a coherent argument and will refer to the context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

Further copies of this publication are available from
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467

Fax 01623 450481

Email publication.orders@edexcel.com

Order Code UG027509 June 2011

For more information on Edexcel qualifications, please visit
www.edexcel.com/quals

Pearson Education Limited. Registered company number 872828
with its registered office at Edinburgh Gate, Harlow, Essex CM20 2JE

Ofqual




Llywodraeth Cynulliad Cymru
Welsh Assembly Government

