

# Mark Scheme (Results)

## June 2008

GCE

### GCE Business Studies (6121/01)

## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Indicative content
1(a)	<p><b>Valid response could include:</b></p> <ul style="list-style-type: none"> <li>• The tertiary sector of the economy provides both commercial services and direct services to people.</li> <li>• Accept an example as 2<sup>nd</sup> point</li> <li>• Accept goods and services</li> </ul> <p style="text-align: right;"><b>2 for a full explanation 1 for a reasonable attempt Total 2 marks</b></p>

Question Number	Indicative content
1 (b)	<p><b>Valid points could include</b></p> <ul style="list-style-type: none"> <li>• Primary - the raw materials that IKEA use are taken from the forests, in future using well-managed forests that it will monitor.</li> <li>• Secondary - the production of its furniture from the wood provided by the primary sector.</li> <li>• Tertiary - the IKEA stores are part of the tertiary sector providing a retail service for its customer</li> </ul> <p>NB Discussion of only one or two of the sectors ie primary, secondary or tertiary results in the lower end mark at level 3. At level 2 one mark for each sector applied</p> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>eg IKEA is heavily involved, unlike many firms in all three sector. They take as part of their environmental awareness a watchful eye on the forests where they obtain their materials, they also ensure that the left-over materials they use for their furniture are used where possible in the production of other products. However, they are perhaps best known for their retail outlets, which provide quality products at reasonable prices.</i></p> <p style="text-align: right;"><b>Total 7 marks</b></p>

Level	Mark	Descriptor
Level 3	6-7	Candidate analyses how IKEA operates in all three sectors of the economy.
Level 2	3-5	Candidate applies knowledge of how IKEA operates in all three sectors of the economy.
Level 1	1-2	Candidate shows some knowledge of the sector(s) of the economy.
	0	No rewardable material

Question Number	Indicative content
1(c)	<p>Valid points could include</p> <ul style="list-style-type: none"> <li>• Without profit IKEA could not survive</li> <li>• Profits will help to measure IKEA's success and allow it to make comparisons with competitors like Argos and Ilva and allow them to remain competitive</li> <li>• Profits will enable IKEA to invest in new stores and warehouses as profit provides the majority of finance which allows the company to grow</li> <li>• However IKEA may have to decide whether growth is more important than environmental concerns</li> <li>• It is possible that because IKEA is owned by a charitable foundation profit may not be its main objective</li> <li>• It may be that in the short term IKEA sacrifices profit in order to achieve its environmental aims. However, in the long run this may lead to increased profits if consumers purchase goods because they are environmentally friendly</li> <li>• Accept answers that suggest profit maximisation will allow IKEA to further its environmental initiatives.</li> </ul> <p><i>A level 4 response having weighed up both sides of the argument may conclude ...</i></p> <p>eg That although profit maximisation may not be the most important objective for IKEA, in order to become more efficient and create a more stable financial position this may be the only way to enable it to achieve its environmental aims</p> <p><i>A level 3 response may focus on the fact that...</i></p> <p>eg IKEA's desire to be more environmentally friendly may in its own way encourage customers and allow it to achieve high profits if it continues to produce good quality products at a low price.</p> <p style="text-align: right;"><b>Total 11 marks</b></p>

Level	Mark	Descriptor
Level 4	8-11	Candidate assesses whether profit maximisation allows IKEA to achieve its environmental aim and provides a valid conclusion.
Level 3	6-7	Candidate analyses whether profit maximisation allows IKEA to achieve its environmental aim and may present a one-sided argument.
Level 2	3-5	Candidate applies knowledge of whether profit maximisation allows IKEA to achieve its environmental aim.
Level 1	1-2	Candidate shows some knowledge of profit maximisation
	0	No rewardable material

**Quality of Written Communication:**

Quality of written communication will be assessed in question 1c by means of the following criteria:

**Level 3 - if structured & developed**

Candidate expresses ideas extremely clearly and fluently. Answers are very well structured. Arguments are consistently relevant and well developed. There are few, if any, errors in spelling, punctuation and grammar.

**3 marks**

**Level 2 - structured**

Candidate expresses moderately complex ideas clearly and answers are well structured. Arguments are generally relevant and developed. There may be some errors in grammar, punctuation and spelling.

**2 marks**

**Level 1 - can be understood**

Candidate expresses simple ideas clearly, but may be confused or imprecise in the expression of ideas. Answers are not well structured and arguments are weakly presented. There may be noticeable errors in spelling, grammar and punctuation.

**0-1 Mark**

**Note: if candidate doesn't apply their response but points are still developed they can achieve top QWC mark.**

**Total 3 marks**

Question Number	Indicative content
2(a)	<p><b>Valid response could include:</b></p> <p style="text-align: center;">Manufacture/Production, marketing, finance, human resources.</p> <p style="text-align: right;"><b>2 if two correct 1 if only one correct Total 2 marks</b></p>

Question Number	Indicative content
2(b)	<p><b>Valid points could include</b></p> <ul style="list-style-type: none"> <li>• an increase or decrease in income will affect the number of people who will purchase furniture, often an expensive layout of cash for people and also a luxury.</li> <li>• western societies ageing population will affect the market they are aiming at and therefore the demand because as they age their tastes will mature and the modern stylish furniture will no longer suit their lifestyle</li> <li>• an increase in the number of competitors like Argos and Ilva and their pricing strategies will also have an effect on the demand for IKEA's products</li> <li>• accept demand diagram</li> <li>• quality of furniture</li> <li>• methods of promotion used eg catalogue</li> </ul> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>eg the products that IKEA produce are stylish and well designed but of the flat pack variety and as we have an ageing population it is possible that their tastes will change and mature or as their savings increase they can afford to buy more substantial and ready built furniture.</i></p> <p style="text-align: right;"><b>Total 7 marks</b></p>

Level	Mark	Descriptor
Level 3	6-7	Candidate analyses <u>one</u> factor that might influence the demand for IKEA's products.
Level 2	3-5	Candidate applies knowledge of one factor that might influence the demand for IKEA's products.
Level 1	1-2	Candidate shows some knowledge of demand
	0	No rewardable material

Question Number	Indicative content
2(c)	<p><b>Valid points could include:</b></p> <ul style="list-style-type: none"> <li>• If production, marketing, research and distribution costs are kept low, then IKEA could sell its household goods at a lower price than its competitors</li> <li>• Low costs are usually brought about through large-scale production and sales of home furnishings</li> <li>• Differentiation is making your product distinctive from that of rivals, but still desirable to customers, IKEA would appear to do this providing mainly flat pack furniture that is of high quality and distinctive in its design</li> <li>• The IKEA concept is the way in which IKEA attempts to differentiate itself from its competitors involving the customer in the ‘You do your part. We do our part. Together we save money.’</li> <li>• Its charitable status means low tax bills, which allows it to offer its furniture at lower prices</li> </ul> <p><i>A level 4 response having weighed up both sides of the argument may conclude ...</i></p> <p><i>eg The fact that IKEA provides a product range for every part of the home in one shopping environment differentiates them from their competitors. They display goods online but customers have to collect and whilst there often purchase other goods.</i></p> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>eg In the case of IKEA its low prices obviously attract customers. However, if the designs were not distinctive and different, customers would not entertain having the furniture in their homes.</i></p> <p style="text-align: right;"><b>Total 11 marks</b></p>

Level	Mark	Descriptor
Level 4	8-11	Candidate assesses whether low costs and/or differentiation will allow IKEA to remain competitive and provides a valid conclusion.
Level 3	6-7	Candidate analyses whether low costs and/or differentiation will allow IKEA to remain competitive and may present a one-sided argument.
Level 2	3-5	Candidate applies knowledge of whether low costs and/or differentiation will allow IKEA to remain competitive.
Level 1	1-2	Candidate shows some knowledge of low costs or differentiation or competitiveness.
	0	No rewardable material

Question Number	Indicative content
3(a)	<p><b>Valid points could include:</b></p> <ul style="list-style-type: none"> <li>• Because of the scale of IKEA’s operation it could be argued that one person having control would mean that all areas are following similar instructions</li> <li>• It could be argued that a more democratic approach, giving different countries scope to make decisions best suited to its culture might have been more appropriate</li> <li>• It is possible that those overseeing IKEA’s operations have a more democratic approach when decisions are made</li> <li>• The employees are supportive and there appears to be little dissatisfaction, unusual when overseen by an autocratic leader; what Ingvar developed had more the feel of a cult following with many believers amongst his employees</li> <li>• His leadership style has meant that IKEA has become successful through his ‘beliefs and frugality’</li> </ul> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>eg Ingvar was not a typical autocratic leader; he managed to persuade his co-workers (employees) to follow his ideals and beliefs and convinced them that the work they did was for the future. This perhaps carries the idea of a mission or vision statement to the point where all are working to the same goal and therefore, it is appropriate.</i></p> <p style="text-align: right;"><b>Total 8 marks</b></p>

Level	Mark	Descriptor
Level 3	7-8	Candidate analyses whether Ingvar Kamprad’s apparent autocratic leadership style is the most appropriate for the global IKEA group.
Level 2	4-6	Candidate applies knowledge of whether Ingvar Kamprad’s apparent autocratic leadership style is the most appropriate for the global IKEA group
Level 1	1-3	Candidate shows some knowledge of leadership style(s)
	0	No rewardable material

Question Number	Indicative content
3(b)	<p><b>Valid points could include:</b></p> <ul style="list-style-type: none"> <li>• It is apparent that the global nature of IKEA will cause problems in terms of distance and time zones</li> <li>• There will also be issues with language and culture as IKEA operates in 33 countries</li> <li>• Developments in electronic communication have alleviated many issues; video conferencing and email mean easier contact with co-workers at any time of the day.</li> </ul> <p>Note - accept global as context</p> <p><i>A level 4 response having weighed up both sides of the argument may conclude</i></p> <p><i>eg The fact that IKEA operates in 33 countries brings many difficulties in terms of co-workers working to the same objectives . Issues of language and different cultures mean that there can often be misunderstandings and instructions may not, therefore, be carried out correctly and even with the advent of electronic methods these are not so easily overcome.</i></p> <p><i>A level 3 response may focus on the fact that</i></p> <p><i>eg The developments in electronic communication have meant that IKEA is able to keep in touch with co-workers and outlying sections of their organisation to overcome some of the issues of time zone differences.</i></p> <p style="text-align: right;"><b>Total 12 marks</b></p>

Level	Mark	Descriptor
Level 4	9-12	Candidate assesses the importance of communication to the IKEA Group and provides a valid conclusion
Level 3	7-8	Candidate assesses the importance of communication to the IKEA Group but may provide a one-sided answer
Level 2	4-6	Candidate applies knowledge of the importance of communication to the IKEA Group.
Level 1	1-3	Candidate shows some knowledge of communication
	0	No rewardable material

<b>Quality Of Written Communication 3 marks</b>
<b>Total for paper 63 marks</b>