



Pearson
Edexcel

GCSE (9-1) Business

‘Justify’

Exemplars from the 2019 exam series

Marked student responses with examiner commentary



Justify – Paper 1 - Exemplar 1 (1BS01) Question 6(c)

In order to increase the number of desserts that can be produced to meet the extra demand, *Last Course Patisserie* is considering two options:

Option 1: investing in new machinery

A: new production

Option 2: employing more staff.

B: working staff

(c) Justify which **one** of these two options *Last Course Patisserie* should choose.

(9) 8 Q06c

The cake company should choose option 1.

A reason why Option 1 would be the best option. Developed in the context of the dessert business.

An advantage of choosing option 1 is that the new cake machines will increase productivity, since it can continue making desserts for more hours and probably at a faster rate than employees. Thus the cake business can keep up with the demand made by customers by investing in new dessert-making machinery, thus the business can supply customers with cakes at an improved rate thus increasing customer satisfaction and therefore making it more likely that customers will return to the bakery.

Candidate provides a paragraph considering the drawbacks of the chosen option.

However, a disadvantage of option 1 is that staff may have to be trained in order to adapt to the new machine. This therefore costs more time and money as the members of staff are required to be able to use the dessert-making machine. Also, the machine will cause the total fixed costs for the business to increase, thus the bakery will have to sell more cakes and related goods in order to reach the new increased breakeven level of output. Thus the profit margin of the business may also be reduced.

Conclusion provided and uses an 'it depends' approach to consider how effective Option 1 might be.

To conclude, the success of option 1 depends on how much the machine increases the fixed costs of the business. If the cake machine naturally increases the fixed costs of the business, then it may not be suitable to meet the increased demand in cakes, because it will cause the breakeven level of output for the bakery to rise, thus the cake shop will have to sell more desserts. However, if

it increases productivity of the cake business so that the bakery has more puddings available to sell, it will help the business to meet the increased demand. Especially if the cake business' demand keeps on increasing.

Commentary:

There are a number of approaches to the 'Justify' question, and this candidate has chosen to pick one option, and then consider the strengths and weaknesses of this option before arriving at a justified conclusion. Importantly, there is no 'right or wrong' answer with Justify questions; their purpose is to allow candidates to structure an argument that is based in the particular context of the question. In this case, the context is a dessert manufacturer, *Last Course Patisserie*.

The candidate chooses Option 1 - to invest in new machinery. They use appropriate terminology throughout the response, for example, by making the initial point that this will lead to increased productivity. They develop this point through linked strands of development, and also attempt to contextualise the points (context shown by the blue boxes).

The candidate then offers a second paragraph which deals with the disadvantages of Option 1. Once again there is some attempt at contextualisation and some terminology is used. The final paragraph offers a conclusion which weighs up the extent to which Option 1 would be best for *Last Course Patisserie*.

Over the full response the candidate has generated 5 logical linked strands and as a result they secure Level 3 for A03a or 'Analysis'. Evaluation (A03b) is also provided and is enough to secure Level 3. Application is present but is not quite strong enough for Level 3. The candidate makes some reference to the 'cake business' but there were opportunities to further embed the response in the context of this particular business/market. Level 2 was awarded for AO2. Therefore, the candidate also scores Level 3 for A03a and A03b, and Level 2 for AO2. Using the best fit approach this means the **final mark is Level 3 - 8 marks**.

Justify – Paper 1 - Exemplar 2 (1BS01)

In order to increase the number of desserts that can be produced to meet the extra demand, *Last Course Patisserie* is considering two options:

Option 1: investing in new machinery

Option 2: employing more staff.

(c) Justify which **one** of these two options *Last Course Patisserie* should choose.

(9) 9 Q06

A reason why Option 1 would be the best option. Developed in the context of the 'pastry production business' business.

The cake company should choose option 1 because new machinery makes the ^{pastry} production process more efficient, thus enabling the Devonian owners to produce more desserts in a shorter time without having to pay more wages, therefore they can keep up with demand for pastries. As a result customer satisfaction will increase and they will generate a greater sales volume of the luxury cakes, therefore the pastry business will be able to spread the fixed cost burden of the machinery over more customers, thus they will reach break even point more quickly thus the cake company will ~~become more profitable~~ make a profit more quickly.

Candidate provides a paragraph considering the drawbacks of the chosen option. Use of context - 'reference to 'Swiss Head Chef'

However, new machinery may decrease staff ~~for completely Swiss head chef~~ motivation if they worry that it will replace their jobs and put them at risk of unemployment, therefore efficiency could potentially decrease and the business may produce fewer pastries, thus they risk not keeping up with demand.

Conclusion provided and uses an 'it depends' approach and also refers to timescale - 'in the short term'.

In conclusion, it depends on the cost of the new machinery - in the short term the cake business may have a negative cash flow, but in the long term the cake machinery will increase efficiency and allow the cake business to keep up with demand.

Commentary:

This candidate chooses the same approach as the candidate in Exemplar 1. The candidate chooses Option 1 - to invest in new machinery. They use appropriate terminology throughout the response, for example, by making the initial point that this will lead to increased efficiency for the

business. They develop this point through linked strands of development, and also attempt to contextualise the points (context shown by the blue boxes).

The candidate then offers a second paragraph which deals with the disadvantages of Option 1. Once again there is some attempt at contextualisation and some terminology is used. The final paragraph offers a conclusion which weighs up the extent to which Option 1 would be best for Last Course Patisserie. The conclusion is balanced by considering the timescale, namely the possible effects in the short term.

Over the full response the candidate has generated 5 logical linked strands and as a result they secure Level 3 for A03a or 'Analysis'. Evaluation (AO3b) is also provided and is enough to secure Level 3. Application is present and is strong enough for Level 3. Therefore, the candidate scores Level 3 for AO2, AO3a and AO3b which means a **final mark of Level 3 - 9 marks.**

Justify – Paper 1 - Exemplar 3 (1BS01)

To pay for the conversion of the premises, *Aphrodite* is considering two options:

Option 1: obtaining a bank loan

Option 2: crowd funding.

(d) Justify which **one** of these two options *Aphrodite* should choose.

(9) Q07d

A reason why Option 1 would be the best option. Developed using simple context.

Andrew and Duncan should choose option 1 because UK interest rates are low at 0.25% (in 2016), thus the interest the clothing business would have to pay on the loan is lower. As a result, this makes a bank loan a cheap, immediate source of finance, therefore the fashion business can quickly convert the two premises into one, thus allowing the shop to grow perhaps more quickly than crowd funding would allow.

A simple paragraph considering the drawbacks of the chosen option.

However, the clothing if the clothing shop does not manage to have a negative cash flow, they may not be able to repay the bank loan, thus they risk having business assets such as fast fashionable Hugo Boss jackets being seized.

Conclusion provided but this tends to repeat what is already said and does not add new insight.

In conclusion, it depends on the cash flow of the clothing shop. In the short term they may have assets seized if they have a negative cash flow, but if they have a positive cash flow and repay the loan, it provides fast expansion which benefits them in the long term.

Commentary:

This response is to Question 7d on Paper 1 and is based on the *Aphrodite* case study. This candidate chooses Option 1 - 'obtaining a bank loan' - as the best method for the business to fund its expansion. They provide some contextualisation by using data from the case study - interest rates being just 0.25% in the UK. From the initial point they provide some valid linked strands of development.

The candidate then offers a second paragraph which deals with the disadvantages of Option 1. There is an attempt at contextualisation, but this is simplistic and does not go far beyond reference to 'clothing shop', although there is a reference to a product *Aphrodite* sells.

Over the full response the candidate has generated 4 logical linked strands and as a result they secure Level 2 for A03a or 'Analysis'. Evaluation (AO3b) is also provided in the form of a final conclusion, but this is at a simple level and cannot proceed beyond Level 2. Application is present throughout the response and was sufficient for Level 2. Therefore, the candidate scores Level 2 for AO2, AO3a and AO3b which means a **final mark of Level 2 - 6 marks.**

Justify - Paper 2 - Exemplar 4 (1BS02)

In order to improve the motivation of its shop floor employees, Sainsbury's is considering two options:

Option 1: retraining

Option 2: increase wages.

(d) Justify which **one** of these two options Sainsbury's should choose.

(9)

I believe that Sainsbury's should choose option 2 ~~and this is because~~ ~~retraining staff would create~~ better customer service and would

A reason why Option 1 would be the best option. Developed using simple context through reference to Aldi.

This is because paying staff more ^{PI} would increase their motivation as they would feel that they are being recognised ¹ and would make the job more attractive to future employees. Also, it would keep Sainsbury's competitive as it would reduce the 'wage difference with Aldi' ² and would therefore ensure staff feel as though they are making the most out of their job.

The candidate starts dealing with the benefits to Sainsbury's and is therefore not answering the question.

A paragraph considering the drawbacks of the option not chosen. This is not evaluation as it simply lends support to the chosen option.

On the other hand, ~~as~~ Sainsbury's should not choose option 2. This is because retraining staff may not be necessary and would be costly and time consuming. Also this ~~does~~ means that staff could actually feel less motivated as they are putting more effort in to improve customer service, but aren't getting paid as much as staff at competitors such as Aldi who ~~receive~~ receive £8.53 per hour.

Commentary:

This response is to Question 7d on Paper 2 and is based on the *Sainsbury's* case study. This candidate chooses Option 2 - 'increase wages - as the best method for the business to fund its expansion. They provide some simple contextualisation by using data from the case study by referring to a competitor of Sainsbury's, *Aldi*. From the initial point they provide some valid linked strands of development.

Note how the candidate then drifts from the question by considering the benefits to Sainsbury's of increasing wages, rather than the impact on motivation.

Another reason for using this exemplar is to show how the approach used in the second paragraph - explaining the drawbacks of the option not chosen - is not an example of Evaluation

Over the full response the candidate has generated 2 logical linked strands and as a result they secure Level 2 for A03a or 'Analysis'. Evaluation (A03b) is not present and cannot access Level 1. Application is present but is limited and just gets into Level 1. Therefore, the candidate scores Level 1 for A02, Level 2 for A03a and 0 for A03b which means a **final mark of Level 1 - 2 marks**.

Justify – Paper 2 - Exemplar 5 (1BS02)

In order to raise the £1.2 million of extra finance needed, *Mind Candy* considered two options:

Option 1: retained profit

Option 2: share capital.

(c) Justify which **one** of these two options *Mind Candy* should choose.

(9)

Q06c

I think option 2 is better for *Mind Candy's* cashflow situation. This is the best option because they can gain money quite quickly and easily. This would mean that they could raise money because they do not have to do much work. Also, they are guaranteed to raise the money meaning that they can create their business plan on the basis that they will raise this money. This would lead to improved efficiency and higher productivity. However, a disadvantage is that whilst raising the money they will have to give away a certain amount of their business. This would mean that the owners would make less profit and would be less influential in decision making which could mean that the new shareholders could want to change their new game Petlandia. This could lead to conflict within the business which could lead to a decrease in efficiency and therefore slower productivity. In conclusion, I think option 2 could be the best as it guarantees them to raise the finance. This depends on what price they sell their shares at and how much of them they are willing to sell.

Valid point, but weak initial development point.

Not a valid point of development

A simple paragraph considering the drawbacks of the chosen option.

Simple conclusion

Commentary:

This response is to Question 6c on Paper 2 and is based on the *Mind Candy* case study. This candidate chooses Option 2 - 'share capital' - as the best method raising finance.

The candidate offers some simple linked strands of development in constructing their response. There are - just - 5 strands, which are sufficient to reach Level 3 for Analysis (AO3a). Application is less strong. There is a simple reference to 'Petlandia', but overall application is 'limited' and therefore within Level 1. There is a simple conclusion, but this is a little formulaic and does not offer much new and original insight, despite the attempt at using an 'it depends' approach.

Therefore, the candidate scores Level 1 for AO2, Level 3 for AO3a and Level 1 AO3b, which means, using the best fit approach, a **final mark of Level 2 - 4 marks**.

Justify – Paper 2 -Exemplar 6 (1BS02)

In order to raise the £1.2 million of extra finance needed, Mind Candy considered two options:

Option 1: retained profit

Option 2: share capital.

(c) Justify which **one** of these two options Mind Candy should choose.

The **video gaming business** (Mind Candy) should choose option 1 to use share capital because it is a quick and easy way to raise funds, and no interest is charged. Because no interest is charged, the business' cash outflow decrease as there are ~~more~~ fixed costs of having to pay interest, therefore the **gaming company** won't have negative closing balances, thus there is a lower risk of insolvency of the **Moshi Monster company** won't have to organise an overdraft.

Additionally, share capital can be raised quickly as shareholders have limited liability, therefore the only amount they can lose is the amount they invested in the **online app business**, therefore shareholders are more likely to invest in the **gaming business** as there is a smaller risk profile, therefore the **Petlandia business** can **gain this £1.2 million** extra finance quickly to pay off existing costs and to fund development. However, using ~~share capital~~ ^{issuing shares} gives away a percentage ownership of the **Moshi Monster business** to shareholders, therefore the owners may lose the ability to make decisions about the **Petlandia character and app**, thus...

(Total for Question 6 = 12 marks) 12

the aims and objectives for the gaming business may change. ~~the~~
In conclusion, the **gaming business** should choose option 1 to raise share capital to gain the extra £1.2 million of extra finance needed to pay off existing costs etc. as it is quick and easy to obtain, and no interest is charged on the finance acquired. Many shareholders will be willing to invest in the company, particularly if the **video gaming business** has achieved stock market flotation and sells their shares on the stock market. However, it depends on the percentage ownership that the **Moshi monster** business are willing to give away, as this can dilute the current owners authority, and ownership of the ~~video~~ **online gaming business**. Additionally, it depends on how much shareholder will want as returns in dividends, as this could affect the amount of finance acquired (for the £1.2 million) by the **video gaming business**. It also depends on the speed at which the **Petlandia company** wants the extra finance for developing new ^{gaming} products, as this could alter the type of option that needs to be chosen for the **technology business**.

Conclusion provided and this is in the context of the business.

Some repetition of what has already been said.

Use of 'it depends' approach.

4 reason why Option 1 would be the best option. Developed using some context.

Second point

Balance provided by considering the drawbacks of the chosen option.

Commentary:

The first, and obvious, observation with this response is that it is very long. Excessively so, in fact, with some repetition that must have cost the candidate time later in the paper. Nonetheless, this is a good response with valid points based on the chosen option, and with effective balance and Evaluation.

Over the full response the candidate has generated 5 logical linked strands and as a result they secure Level 2 for A03a or 'Analysis'. Evaluation (A03b) is also provided in the form of a final conclusion as well as in considering the drawbacks of the chosen option. Application is present but is a little formulaic, with simple references to 'gaming company', etc. However, this was just about strong enough for Level 3. Therefore, the candidate scores Level 3 for A02, A03a and A03b which means a **final mark of Level 3 - 9 marks**.