GradeMax

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Mark Scheme (Results)

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Pearson Edexcel International Advanced Subsidiary in Business Studies (WBS02)

Unit 2: Business Structures and Processes

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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.

Section A: Supported multiple choice

Question Number	Question	Marks
1 (a)	Answer: B (an increase in online sales of DVDs)	1 mark
1 (b)	**Explain why this answer is correct:** • Definition of business failure e.g. when costs exceeds revenues in the long run **OR** Definition of online sales e.g. products or services can be bought and received on the internet rather than in a physical outlet **(1)** • Blockbuster failed because it sold DVDs and computer games from traditional retail outlets rather than through online sales as more people are buying DVDs online **(1)** • This has resulted in a fall in demand for DVDs bought through traditional retail outlets such as Blockbuster **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because an increase in cash flow will help Blockbuster to trade effectively in the long term as they have cash to pay suppliers and employees **(1)** • C is wrong because a decrease in competition from supermarkets could increase sales for Blockbuster as customers have less choice as to where to purchase DVDs and games **(1)** • D is wrong because if there is a decrease in labour costs Blockbuster should see an increase in operating profits as costs are lower resulting in the business being able to continue to trade **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development. **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks **Total 4 marks**

Question Number	Question	Marks
2 (a)	Answer: B (75%)	1 mark
2 (b)	**Explain why this answer is correct:** • Definition of capacity utilisation e.g. measures the proportion/percentage of the maximum possible output which is actually produced **OR** gives the formula **(1)**: $\frac{\text{Current Output}}{\text{Maximum possible output}} \times 100$ • $\frac{1125}{1500}$ **(1)** x 100 **=** 75% **(1)** Any acceptable calculation method that shows selective knowledge/understanding. NB: **Definition only = 1 mark** **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks **Total 4 marks**

Question Number	Question	Marks
3 (a)	Answer: A (efficient in allocating resources)	1 mark
3 (b)	**Explain why this answer is correct:** • Definition of zero-based budgeting e.g. a method of budgeting in which all expenses must be justified for each new period by the manager **(1)** • Managers must bid and justify their budgets **(1)** • This forces managers to examine all their costs for the current year which should lead to a more efficient allocation of resources **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is wrong because zero-based budgeting can be very time consuming to examine every cost each year rather than basing it on previous budgets **(1)** • C is wrong because zero-based budgeting is produced by individual managers of each department not by an accountant **(1)** • D is wrong because zero-based budgeting does not use any historical data which is used in historical based budgeting **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development. **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks **Total 4 marks**

Question Number	Question	Marks
4 (a)	Answer: C (employee productivity)	1 mark
4 (b)	**Explain why this answer is correct:** • Definition of consultation e.g. discussions with employees about working methods/non-financial technique to improve staff performance **(1)** • Employees may therefore feel more motivated **(1)** • This results in an increase in employee productivity because their views are listened to **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because the span of control will be unaffected because consultation is concerned with employee views rather than the number of workers responsible to a manager **(1)** • B is wrong because labour turnover is likely to decrease as employees feel valued and will be less likely to leave **(1)** • D is wrong because supervision is likely to be reduced because employees are more motivated to work independently **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development. **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks **Total 4 marks**

Question Number		Marks
5 (a)	Answer: D (a travel agent)	1 mark
5 (b)	**Explain why this answer is correct:** • Definition of recession e.g. two consecutive quarters of negative growth **OR** definition of revenue e.g**.** total amount of trading income generated by sales **(1)** • During a recession many people's incomes are likely to be reduced so they are unlikely to go on holiday **(1)** • Demand for holidays fall therefore reducing the revenue of travel agents **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because a discount food retailer may have a negative YED and therefore will see an increase in revenue during the recession **(1)** • B is wrong because fast food takeaways may see an increase in revenue as consumers switch to cheaper food rather than going to expensive restaurants **(1)** • C is wrong because a bus company can be regarded as an inferior good and may see revenue increase as consumers cannot afford to travel by car **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development. **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks **Total 4 marks**

Question Number	Question	Marks
6 (a)	Answer: D (paternalistic)	1 mark
6 (b)	**Explain why this answer is correct:** • Definition of paternalistic e.g. the leader acts as a father figure to employees **(1)** • Malcolm does look after his employees and listens to their opinions **(1)** • Malcolm refers to himself as a 'caring dictator' indicating that whilst he listens to employees, he makes the final decisions **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because a laissez-faire leadership style is non-authoritarian and Malcolm does control his employees **(1)** • B is wrong because democratic leaders are prepared to share all decision-making and Malcolm only listens to his employees **(1)** • C is wrong because an autocratic leader would make all the important decisions with no involvement from workers and would not listen to the opinions of the employees **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development. **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 marks **Total 4 marks**

Section B: Data response

Question Number	Question	6 Marks
7	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available e.g. product portfolio is the range of products that a business produces **(2) OR** stating benefits e.g. to target different markets/meeting different customer needs/to spread risks**/**product life cycle **(2)** **Application:** up to 2 marks are available for contextualised answers to *Coca-Cola India* e.g. Indian soft drinks brands such as Thums Up appeal to local tastes **(1)**, brands such as Sprite which are known worldwide appeal to a wider audience **(1)** **Analysis:** up to 2 marks are available for a reason/cause/consequence for *Coca-Cola India* e.g. different brands appeal to different market segments which helps to maximise sales/profits **(1)** if the sales of one brand of soft drinks goes into decline then the other brands can support overall revenue **(1)** **(3+3) One benefit only – cap at 3 marks**	1-2 marks 1-2 marks 1-2 marks

Question Number	Question	6 Marks
8 (a)	Answer	
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 1 mark is available for defining responsible marketing e.g. an ethical approach to marketing a product/service **(1)**, up to 1 mark for identifying a reason e.g. to increase sales/to act ethically **(1)** **Application:** up to 2 marks are available for contextual answers to *Coca-Cola India* e.g. young children are influenced by advertising of soft drinks **(1)** some of *Coca-Cola India* fizzy drink brands might be unsuitable for young children under 12 **(1)** **Analysis:** up to 2 marks are available for explaining reason/cause/consequence for *Coca-Cola India* e.g. seen to be acting ethically would improve brand image **(1)** and ethical behaviour might make customers more loyal **(1)**	1-2 marks 1-2 marks 1-2 marks

Question Number	Question	6 Marks
8 (b)	Answer	
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding/:** up to 1 mark for defining capital intensive production methods e.g. when production uses large amounts of capital and relatively little labour **(1)**, up to 1 mark for stating a reason e.g. efficiency/quicker **(1)** **Application:** up to 2 marks for contextualised answers to *Coca-Cola India* e.g. *Coca-Cola India* sell thousands of bottles of soft drinks in India **(1),** the new capital intensive bottling plant can fill 1,200 bottles per minute **(1)** **Analysis:** up to 2 marks for giving a reason/cause/consequence to *Cola-Cola India* e.g. growing demand in India means *Cola-Cola India* need to be able to fill bottles more quickly than before to meet the increasing demand **(1)** capital intensive production can be a more cost effective way of filling the bottles rather than using employees to fill the bottles **(1)**	1-2 marks 1-2 marks 1-2 marks

Question Number	Question	4 Marks
9 (a)	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge / understanding:** up to 1 mark is available for a benefit e.g. making better, more efficient use of raw materials **(1)** **Application:** up to 1 mark is available for contextualised answers to *Coca-Cola India*, e.g. latest technology will reduce demand for energy and water **(1)** **Analysis**: up to 2 marks are available for developing the above, minimising water/energy may result in cost saving for the company **(1)** and may increase profits **(1)**	1 mark 1 mark 1-2 marks

Question Number **9b**	Question			8 Marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of productivity or the factors affecting productivity	e.g. measures how efficiently resources are actually being used, usually by looking at output per input. e.g. factors include physical capital/technology/process innovation/human capital, organising resources/access to finance.	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Coca-Cola India*	e.g. a large amount of physical capital of Rs 135 crore/$ 23m has been invested into the new bottling plant. e.g. the bottling plant is state of the art and has very high levels of technology.	
3	5-6	Analysis in context must be present, i.e. in this case the candidate must identify and explain the reasons/causes/costs/consequences of the factors which might affect productivity of the new bottling plant **NB if analysis is not in context limit to Level 2.**	e.g. physical capital will result in employees being able to be more efficient and productive when bottling of soft drinks. e.g. high tech computer systems in the state of the art plant should result in improvements in productivity and reduce costs.	
4	7-8	Evaluation must be present and in context showing the impact of these factors on productivity. Award **7 marks** if one side only is in context Award **8 marks** if BOTH sides are in context **NB if evaluation not in context limit to Level 3.**	e.g. It will depend upon the amount of technology used in the bottling plant and how well it is used. e.g. productivity depends upon the quality of the supply chain such as the bottles arriving and the distribution network. e.g. the high levels of technology will mean that employees will need training and this may reduce the productivity in the short term.	

Question Number **10**	Question		12 Marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of quality management techniques must be present	e.g. quality management techniques cover a range of options such as quality control, quality assurance and TQM which are all designed to improve and maintain the quality of the product.
2	3-4	Application must be present, i.e. the answer must be contextualised to *Coca-Cola India*	e.g. *Coca-Cola India* use a series of quality management techniques that they share with their suppliers and vendors. e.g. quality management ensures the same consistent standards exist in the 58 bottling plants and with 2.2m retailers to reinforce branding.
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *Coca-Cola India* using quality management techniques **NB if analysis is not in context limit to Level 2.**	e.g. this may ensure high quality soft drinks which will lead to customer satisfaction when drinking the product and therefore result in repeat purchases/brand loyalty. e.g. to maintain consistency of standards/branding of fizzy drinks
4	7-12	**Low Level 4:** 7-8 marks Limited evaluation must be present and in context **Mid Level 4:** 9-10 marks More evaluation will be present and in context **High Level 4:** 11-12 marks Evaluation is developed to show a candidate's real perceptiveness. Several strands may be developed: the answer is clear, coherent and articulate, leading to a convincing conclusion. **NB if evaluation not in context limit to Level 3.**	e.g. there are many other considerations which affect sales figures such as price, taste, competition from other soft drinks. e.g. quality management techniques must apply to all stages of the production process not just at the end of the production line and could still result in dis-satisfied customers leading to lower sales. e.g. it is expensive in terms of implementation as employees, vendors and suppliers will need training as to how to maintain the same quality which may be reflected in higher prices and therefore lower sales.

Question Number **11**	Question		14 Marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of what is meant by training. *Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.*	e.g. the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies. e.g. can be on the job or off the job training.
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *Coca-Cola India.* *Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present that affect clarity and coherence.*	e.g. *Coca-Cola India* values training and has 6 different training programmes for all levels of employees such as Pegasus and Catalyst. e.g. *Coca-Cola India* uses a range of training methods such as e-learning, mentoring and fieldwork to train and develop new employees within the company.
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of training to *Coca-Cola India.* **NB if analysis is not in context limit to Level 2.** *Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.*	e.g. training improves the skill level, productivity and customer service may be better as a consequence. e.g. recruitment might be easier because potential employees would be more likely to apply given the benefits of training such as higher pay or improved job security. e.g. training may motivate employees and empowers them thus increasing productivity.
4	9-14	**Low Level 4:** 9-10 marks Evaluation must be present and in context on one side, e.g. showing possible advantages and disadvantages of training for *Coca-Cola India.* **Mid Level 4:** 11-12 marks Evaluation must be present and in context on both	e.g. It depends on the nature or quality of the training as some training methods are more effective than others in improving productivity. e.g. There is a whole range of training programs and it will be difficult for *Coca-Cola India* to assess the

		sides, to show the impact of their training programmes. **High Level 4:** 13-14 marks Evaluation is developed to show a candidate's real perceptiveness. Several strands may be developed: the answer is clear, coherent and articulate, leading to a convincing conclusion. **NB if evaluation not in context limit to Level 3.** *Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.*	effectiveness of each individual training program. e.g. The scale of training 25,000 employees will be expensive and difficult to co-ordinate and to measure value. e.g. there is an opportunity cost in having so many different training schemes which could be spent on other areas of the business. e.g. The effectiveness of training might also depend on the nature of the trainee and how willing they are to learn new skills and apply within *Coca-Cola India.* If this training is not applied then there is no value.

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