GradeMax

Mark Scheme (Results)

Pearson Edexcel International Advanced Subsidiary

Business Studies WBS02 01 (Summer 2015)

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

N.B. If part (a) of the question is INCORRECT, then a maximum of 2 marks can be awarded for part (b).

Question Number	Question	Marks
1 (a)	The **most appropriate** way for *Tata Steel* to reduce the number of employees is by Answer: B (redundancy)	1
1(a)	**Explain why this answer is correct:** • Definition of redundancy e.g. when a job is no longer needed by a business **(1)** • Less steel is required to be produced at the Scunthorpe plant resulting in less employees needed **(1)** • Redundancy is the most appropriate as Tata are unlikely to lose this number of employees through natural wastage **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because an employee resigns when they want to leave not when the company would like them to leave **(1)** • C is wrong because training will only improve the skills of employees as this is unlikely to be done when job losses are being planned **(1)** • D is wrong because this will not reduce the number of employees as it involves employees moving around the business for motivational purposes **(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 **(Total 4)**

Question Number	Question	Marks
2 (a)	What is the reorder quantity of t-shirts? Answer: D (250)	1
2 (b)	**Explain why this answer is correct. (Show your working.)** • Definition of re-order quantity e.g. The quantity of stock which triggers a new request to a supplier **OR** • Maximum inventory level – Minimum/buffer inventory level **(1)** • 300 **(1) -** 50 **(1)** = 250 t-shirts 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 **(Total 4)**

Question Number	Question	Marks
3 (a)	The **most likely** reason for *Barclays* to use internal recruitment is Answer: C (it can act as a motivation for staff)	1
3 (b)	**Explain why this answer is correct:** • Definition of internal recruitment e.g. potential applicants are found from within the organisation **(1)** • Staff may work harder if they can see that promotion prospects are available within the business **(1)** • Without the prospect of promotion Barclays may lose key personnel and their skills **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because more is known about an internal candidate because they already work within the business **(1)** • B is wrong because it is limited to the size of the business rather than the whole sector **(1)** • D is wrong because there is no need for using recruitment agencies/external advertising, which is costly **(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 **(Total 4)**

Question Number	Question	Marks
4 (a)	A characteristic of a tall organisational structure is Answer: A (a narrow span of control)	1
4 (b)	**Explain why this answer is correct:** • Definition of tall organisational structure e.g. where there are many levels/layers of in the hierarchy of the structure **(1)** • The large number of levels/layers results in fewer employees on each level **(1)** • Each manager only has a small number of employees to control and therefore a narrower span of control **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is wrong because tall organisational structures tend to be more bureaucratic due to the many levels in the hierarchy and need to control employees **(1)** • C is wrong because a tall organisational structure has a long chain of command which mean orders have to pass through many levels **(1)** • D is wrong because often decision making takes longer because each level has to be consulted/passed through **(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 **(Total 4)**

Question Number	Question	Marks
5 (a)	Which **one** of the following is a way to improve capacity utilisation at *Walkers*? Answer: D (Increase the product range)	1
5 (b)	**Explain why this answer is correct:** • Definition of capacity utilisation e.g. the amount of actual output expressed as a percentage of the maximum possible output **OR** gives the formula: $\frac{\text{Current Output}}{\text{Maximum possible output}} \times 100$ **(1)** • Introducing new products will requires more use of the existing production facilities **(1)** • Output is therefore increased from the same production facilities improving capacity utilisation **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because less advertising may lead to a fall in demand for Walkers crisps and a fall in production which will cause capacity utilisation to fall even more **(1)** • B is wrong because this results in less demand/consumers may switch to cheaper rivals, both will lead to a fall in production and therefore capacity utilisation **(1)** • C is wrong because reducing inventory levels also means that there is more unused space i.e. capacity utilisation decreases **(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 **(Total 4)**

Question Number		Marks
6 (a)	Using TQM is **most likely** to result in an increase in Answer: A (customer satisfaction)	1
6 (b)	**Explain why this answer is correct:** • Definition of TQM e.g. TQM is when all employees are involved in quality control/take responsibility for the quality of the work **(1)** • Because of TQM the cars are likely to be built to a higher standard **(1)** • This will lead to fewer recalls and customer complaints **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development • B is wrong because employees are part of the decision making process they will be more motivated and less likely to leave **(1)** • C is wrong because inventory levels will be minimised rather than increased as there is less wasted inventory during production **(1)** • D is wrong because there will be a reduction in product defects as TQM works towards a zero-defect outcome **(1)** **N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.**	1-3 **(Total 4)**

Section B: Data response

Question Number	Question	
7	Analyse **one** reason why *Nike* would want to be associated with the *MUFC* brand.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for defining brand e.g. a trademark/distinctive name/logo identifying a product/manufacturer **(2) OR** stating a reason e.g. to increase sales/promotion of Nike products to increase market share/profits **(2)** **Application:** up to 2 marks are available for contextualised answers to *Nike*/*MUFC* e.g. *MUFC* is a leading global brand with over 3 billion viewers worldwide **(1)**, Nike is a sports brand so will appeal to *MUFC* fans **(1)** **Analysis:** up to 2 marks are available for a reason/cause/consequence for *Nike* e.g. because *MUFC* is one of the most successful football teams worldwide Nike are therefore exposed to many more potential customers **(1)** this is likely to increase Nike's sales/growth **(1)**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Analyse why it might be difficult to estimate future sales for *MUFC*.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/ understanding:** up to 2 marks are available for defining future sales e.g. these are a prediction of the amount of goods that are likely to be sold over a period of time in the future **(2) OR** stating why it might be difficult e.g. economic variable/competitors action **(2)** **Application:** up to 2 marks are available for contextual answers to *MUFC* e.g. *MUFC* gain sales from a variety of sources such as ticket sales/sponsorship/merchandise **(1)** *MUFC*'s sales will be dependent on the teams success **(1)** **Analysis:** up to 2 marks are available for explaining reason/cause/consequence for *MUFC* e.g. sales may be difficult to predict due to the changing economic conditions such as a recession that may impact on sales **(1)** sales may increase if *MUFC* is able to win more trophies/succeed in the premier league and other competitions **(1)**	1-2 1-2 1-2

Question Number	Question	
8(b)	Explain **two** benefits of this leadership style for a business such as *MUFC*.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding**: up to 2 marks are available for defining autocratic leadership e.g. when the leader exerts power over employees/leads without consultation with employees **(2)** OR stating 2 benefits e.g. quick decision making and strong leadership **(2)** **Application**: up to 2 marks are available for contextual answers to MUFC e.g. football is a constantly changing environment requiring rapid reaction and decision making **(1)** a football team like MUFC have players with high self-esteem who need to be controlled **(1)** **Analysis**: up to 2 marks are available for explaining reason/cause/consequence for MUFC e.g. an autocratic leader is able to make rapid decisions which may be needed in the competitive world of football **(1)** if the team is strongly led the chance of success are greater and the business will continue to do well **(1)**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Explain **one** reason why *MUFC* might want to minimise the amount of cash tied up in products at its megastore.	(4 marks)
	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge / understanding:** up to 1 mark is available for a reason e.g. could be used in other areas of the business/improve working capital **(1)** **Application:** up to 1 mark is available for contextualised answers to *MUFC*, e.g. the megastore has more than 800 product lines which ties up a lot of cash **(1)** **Analysis**: up to 2 marks are available for developing the above, more cash tied up in inventory results in a poor cash flow **(1)** which could be used to purchase new products/invested elsewhere **(1)**	1 1 1-2

Question Number	Question			
9(b)	Assess the impact of falling ticket prices on *MUFC*'s revenue.			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of revenue	e.g. price x quantity sold	
2	3-4	Application must be present, i.e. the answer must be contextualised to *MUFC*	e.g. football ticket prices have declined on average by 2.4%, e.g. *MUFC* relies on selling football tickets for part of its overall revenue.	
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 falling ticket prices **NB if analysis is not in context limit to Level 2.**	e.g. a reduction in ticket prices may result in a reduction in revenue and in an overall decline in profits at *MUFC*. e.g. cheaper tickets may lead to more football fans attending matches which may increase overall revenue at *MUFC.*	
4	7-8	Evaluation must be present and in context showing the impact of falling ticket prices on revenue 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. ticket sales are only a small part of *MUFC*'s total revenue and may have little overall impact. e.g. 2.4% is only a small decrease/this is an average figure therefore may affect *MUFC* less than other clubs. e.g. impact on revenue will depend upon PED, inelastic demand will decrease revenue whereas price elastic demand will increase revenue.	

Question Number	Question			
10	Assess the impact on *MUFC*'s marketing mix of the increasing use of social media.			12
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of the marketing mix/social media must be present	e.g. 4Ps - product, price, place, promotion e.g. social media is the use of *Twitter*, *Facebook* and online media sources	
2	3-4	Application must be present, i.e. the answer must be contextualised to *MUFC*	e.g. *MUFC* have a large global following and use a wide range of social media such as *Facebook* which has over 35 million 'likes'	
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *MUFC* using social media **NB if analysis is not in context limit to Level 2.**	e.g. *MUFC* may find it easier to access a worldwide audience as new promotional methods are now available compared to the traditional marketing methods e.g. *MUFC*'s branding and positioning will be easier to promote to a worldwide audience e.g. can find out what fans like and dislike due to the two way communication of social media so *MUFC* are able to adapt and change their products much more quickly	
4	7-12	**Low Level 4:** 7-8 marks Limited evaluation must be present and in context on one side only **Mid Level 4:** 9-10 marks More evaluation will be present and in context on both sides **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**	e.g. it may take time to build momentum with social media as many fans across the world may not have access to the internet e.g. having a substantial social media presence may attract new fans and sponsorship if the website is attractive but will still need to use traditional methods to ensure promotion as many fans may not use social media e.g. whereas merchandise	

		limit to Level 3.	products can be influence by social media, it is unlikely that their core product of the football match will change e.g. the price will be mainly determined by *MUFC*'s own cost structures rather than the influence of social media

Question Number	Question			
11	Evaluate the importance of using financial and non-financial motivational techniques at *MUFC* to retain employees.			14
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by financial/non-financial techniques *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. financial - commission, bonus, profit share, performance related pay e.g. non-financial - delegation, consultation, empowerment, flexible working	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *MUFC* *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. *MUFC* offer profit sharing bonus scheme, health insurance, car allowance for all levels of employees (Evidence D) e.g. *MUFC* recognise employees through performance development review and promote well-being with fitness classes all within the stadium	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of financial/non-financial techniques to *MUFC* **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. Financial incentives such as profit sharing may encourage employees to remain at *MUFC* as Taylor states that money motivates e.g. Non-financial techniques such as staff restaurants may lead to a healthier workforce who will then have lower absenteeism/labour turnover e.g. both techniques may result in less labour turnover for *MUFC* as employees feel valued and are rewarded for their hard work on and off the pitch	
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 financial/non-financial techniques for *MUFC*	e.g. different employees will be motivated by different techniques - footballers may be motivated by different techniques to employees working in the Megastore	

		Mid Level 4: 11-12 marks Evaluation must be present and in context on both sides of using financial/non-financial techniques **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.*	e.g. Herzberg disagreed about the effectiveness of pay as a motivator and may not lead to the retention of employees e.g. would need to compare the effectiveness of financial and non-financial methods to see which were the best methods to use in order to retain employees e.g. many other things affect motivation, such as leadership styles and organisational structure which could impact on retention e.g. using a combination may lead to effective employee recruitment and retention at *MUFC*

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