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Mark Scheme (Results)

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Pearson Edexcel IAL in Business (WBS02) Paper 01

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)	Answer: B (meeting new colleagues)	1
1 (b)	**Explain why this answer is correct:** • Definition of an induction course e.g. training provided to new employees at the start of an employment contract **(1)** • This allows the new employee to become familiar with key personnel in the organisation/familiar with the business environment **(1)** • This helps a new employee to settle down quickly in the organisation **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because this is usually used as part of off-the-job training when an employee gains additional qualifications **(1)** • C is wrong because this is used to motivate an employee or help them to be multi-skilled **(1)** • D is wrong because staff appraisals are used for existing employees not new 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 **(Total 4)**

Question Number	Question	Marks
2 (a)	Answer: D (- 1.5)	1
2 (b)	**Explain why this answer is correct:** • Definition of YED e.g. the relationship between the change in quantity demanded and a change in income **OR** gives the formula: • $\frac{\%\text{ Change in QD}}{\%\text{ Change in Income}}$ **(1)** + $\frac{15\%}{10\%}$ **(1)** = -1.5 - **(1)** Any acceptable calculation method that shows selective knowledge/understanding. **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
3 (a)	Answer: C (sales forecasting)	1
3 (b)	**Explain why this answer is correct:** • Definition of sales forecasting e.g. an estimate of future sales and revenue **(1)** • John Lewis must have underestimated the levels of demand for the Bear and the Hare gifts **(1)** • This resulted in John Lewis not having enough inventory to meet demand **(1)** Any acceptable answer that shows selective knowledge/understanding/application and/or development • A is wrong because levels of sales must have been very high as all the gifts have quickly sold out **(1)** • B is wrong because product range must have been very effective if all the gifts have been purchased in one weekend **(1)** • D is wrong because the TV adverts must have raised awareness of the Bear and Hare gifts resulting in all of the stock selling out **(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)**

Question Number	Question	Marks
4 (a)	Answer: C (Empowerment)	1
4 (b)	**Explain why this answer is correct:** • Definition of empowerment e.g. the giving or delegation of power/authority/responsibility **(1)** • Increased responsibility will lead to an increase in motivation in the hair salon **(1)** • This may result in increased productivity without any additional financial rewards **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because this is when hairdressers will be rewarded for how many haircuts they complete in a day **(1)** • B is wrong because this would motivate workers according to how much profit the salon makes in a year/the salon may not make any profit **(1)** • D is wrong because this is a financial incentive used when an employee achieves a certain level out output **(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)	Answer: D (Labour intensive)	1
5 (b)	**Explain why this answer is correct:** • Definition of labour intensive e.g. labour-intensive production methods are those that require a relatively high level of labour compared to capital investment **(1)** • Chris offers a personalised service/one-to-one service rather than producing lots of product at the same time **(1)** • The main resource used by Chris is his own labour to produce the training sessions rather than any capital equipment **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because Kaizen is part of lean production and is used in a group/team situation rather than a one-to-one situation **(1)** • B is wrong because this would involve large amounts of physical capital such as machines to produce many products at the same time whereas Chris only trains one person at a time **(1)** • C is wrong because lean production is concerned with the improvement of quality or efficiency of a product/service rather than training one person at a time **(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
6 (a)	Answer: B (identifying possible variances)	1
6 (b)	**Explain why this answer is correct:** • Definition of budget e.g. an estimate of income and expenditure for a set period of time **(1)** **OR** • Definition of variance e.g. the difference between the actual and budgeted figures **(1)** • Differences (adverse/favourable) can then be identified **(1)** • Action can then be taken if there are large differences in the overhead figures **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong the overhead budget will not show inventory levels as this would be part of the inventory budget rather than an overhead budget **(1)** • C is wrong because accepting a new order will be determined by profit margins /capacity utilisation rather than the overhead budget **(1)** • D is wrong because changing supplier credit terms would result from changes in working capital rather than the overhead budget **(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)**

Section B: Data response

Question Number	Question	
7	Explain **two** possible advantages to *Tesco* of decentralisation.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks are available for defining decentralisation e.g. daily operations and decision making responsibilities are delegated down the organisation **(2)** **OR** Stating up to 2 advantages e.g. quicker decision making/improves staff motivation/less bureaucratic **(2)** **Application:** up to 2 marks are available for contextualised answers to *Tesco* e.g. decisions only pass through 6 management levels from the CEO to the checkout assistant **(1)**, checkout assistants will feel more empowered **(1)** **Analysis:** up to 2 marks are available for a reason/cause/consequence for *Tesco* e.g. this speeds up decision making about what products to offer in each local store **(1)** more motivated staff may lead to better customer service in the long term **(1)** **(3+3) One advantage only – cap at 3 marks**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Analyse **one** reason why *Tesco* uses a range of distribution methods.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks are available for defining distribution methods e.g. ways in which to get finished products to customers **(2)** **OR** For identifying a reason e.g. maximise revenue/more customer choice/convenience/reaching a wider range of customers **(2)** **Application:** up to 2 marks are available for contextual answers to *Tesco* e.g. *Tesco* has 3,000 physical outlets/online shopping/dot.com/drive through **(1)** Click and Collect uses a combination of online and physical retailing **(1)** **Analysis:** up to 2 marks are available for explaining reason/cause/consequence for *Tesco* e.g. its offers more ways for customers to buy *Tesco* products **(1)** increasing sales and profitability across a wider range of products/services **(1)**	1-2 1-2 1-2

Question Number	Question	
8(b)	Explain **one** factor that might affect the amount of working capital held by *Tesco*.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding/:** up to 2 marks for defining working capital e.g. the cash available for day-to-day operations of a business/ Current Assets – Current Liabilities **(2)** **OR** Stating a factor e.g. amount of cash sales/credit sales/perishable nature of products/credit period offered by suppliers **(2)** **Application:** up to 2 marks for contextualised answers to *Tesco* e.g. *Tesco* sells mainly perishable food products **(1),** mainly bought by customers using cash or credit cards **(1)** **Analysis:** up to 2 marks for giving a reason/cause/consequence to *Tesco* e.g. the more cash sales *Tesco* receives the easier it is to pay suppliers **(1)** this helps *Tesco* to manage potential cash shortfalls when paying its own suppliers **(1)**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Analyse **one** possible reason why *Tesco* has given over £2m in cash donations to charity.	(4 marks)
	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/understanding:** up to 1 mark is available for stating a reason e.g. marketing objective/building a brand/increase sales/ethical reasons **(1)** **Application:** up to 1 mark is available for contextualised to *Tesco* e.g. the *Tesco Trust* gives money to local and national charities which are supported by employees and customers **(1)** **Analysis**: up to 2 marks are available for developing the above, being charitable may help *Tesco* to gain brand loyalty from customers who want to support good causes **(1)** resulting in higher sales in the long term for *Tesco* **(1)**	1 1 1-2

Question Number	Question			
9(b)	Evaluate the likely importance to *Tesco* of using Just in Time (JIT) management of its inventory of food products.			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of JIT management of inventory	e.g. JIT is ordering/taking delivery of inventory when it is needed	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Tesco*	e.g. food products such as milk arrives at the store just when it is needed	
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 to *Tesco* of JIT management of inventory **NB if analysis is not in context limit to Level 2.**	e.g. less storage space required because inventory is ordered as and when needed so this results in no surplus of inventory such as milk e.g. less likely for perishable food products to go out of date because of JIT having no buffer inventory which may therefore result in higher profit margins as perishable goods are not wasted or unsold	
4	7-8	Evaluation must be present and in context showing the impact of JIT management of inventory 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. the need for delivery of milk at short notice against the chance of delivery bottlenecks e.g. Tesco will need good relationships with reliable suppliers of food products which is essential for the system to operate successfully e.g. Tesco's cost of holding inventory of food will be lower but this may be weighed against the loss of economies of scale during competitive times	

Question Number	Question			
10	Assess the impact on *Tesco*'s Marketing mix of the increased use of price comparison websites by customers.			12
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of the marketing mix/price comparison websites must be present	e.g. the way a business uses price, product, place and promotion to market and sell its products e.g. websites which compare the price of a particular product or service in different stores or from different companies	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Tesco*	e.g. *MySupermarket* can be used to compare the prices of a range of supermarkets and is independent from all the businesses it compares	
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences to *Tesco* of increased use of price comparison websites **NB if analysis is not in context limit to Level 2.**	e.g. *Tesco* will have to ensure that the pricing of its products are competitive in comparison to other supermarkets and retailers and may have to adapt its marketing mix and become more price conscious or focus its promotion on its wide range of products and services as a way to gain a competitive advantage and not try to compete on price e.g. this may have a negative impact on the sales/profits as customers are able to use the internet to quickly compare prices and then select the cheapest place to shop which may be one of *Tesco*'s rivals such as *Aldi*	
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	e.g. If *Tesco* prices are competitive, then these websites may lead to an increase in the sales as consumers can easily see that they are the cheapest supermarket. e.g. *Tesco* can use this in their promotional material to	

		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.**	gain customers and to show how price competitive it is for branded goods offered by its rival supermarkets e.g. it may have no impact because there are many factors which affect demand for different supermarkets and some customers are more influenced by the range of products/quality and ease of shopping rather than the overall price of their shopping

Question Number	Question	
11	Evaluate the possible ways *Tesco* could reduce its labour costs.	14

Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of what is meant by labour costs/ways to reduce labour costs *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. labour costs are the total amount of money spent on employees within the business e.g. ways to reduce labour costs include flexible employment such as part-time, flexible hours, flexible working such as multi-skilled workforce, dismissal, redundancy, zero-hours contracts
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *Tesco* *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. *Tesco* is facing a decline in profits/market share e.g. *Tesco* has implied in Evidence D that employees will be made redundant in order to reduce overall costs e.g. *Tesco* employs 310,000 in the UK alone
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the ways to reduce labour costs in *Tesco* **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. using flexible employment in the 3,000 stores and flexible working will result in increased productivity and may result in staff being more motivated therefore not having to make any employees redundant e.g. redundancy can be a quick and effective method in reducing the 310,000 numbers of employees e.g. *Tesco* could use voluntary redundancy to encourage employees such as checkout operators who would have left *Tesco* to leave the organisation
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 reducing labour costs	e.g. flexible working may not reduce labour costs in the short term and may incur higher costs due to restructuring of the organisation due to size of

		Mid Level 4: 11-12 marks Evaluation must be present and in context on both sides, to show the impact of reducing labour costs **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.*	*Tesco* e.g. redundancy will cost *Tesco* a great deal of money in terms of redundancy payments to staff e.g. there may not be enough volunteers from the 3,000 stores if voluntary redundancy is used so this adds to the time taken to decide who will be made redundant e.g. can have a demotivation impact on the remaining checkout operators who will fear for their own jobs which may lead to poor customer service at *Tesco* e.g. Bad PR for *Tesco* if it is making employees such as checkout operators redundant whilst store managers are paid high salaries e.g. *Tesco* may use a combination of redundancy and flexible working to reduce the overall labour costs within the business

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