GradeMax



# Mark Scheme (Results)

## Summer 2016

## Pearson Edexcel International Advanced Subsidiary in Business Studies (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: C (Efficient use of resources) | 1 |
| **1 (b)** | **Explain why this answer is correct:**<br><br>• Definition of matrix organisation structure e.g. one which uses personnel from different departments for a project/ task **(1)**<br>• Experts and equipment can be shared across projects and departments **(1)**<br>• This is more efficient because it uses the personnel with the right skills for that particular project/ This is more efficient because it saves time in communication **(1)**<br><br>**Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:**<br><br>• A is wrong because a person has to report to two different managers rather than just having one chain of command **(1)**<br>• B is wrong because there are often conflicts due to having two different managers controlling one employee **(1)**<br>• D is wrong because the additional layer of overhead caused by the second set of managers increases costs **(1)**<br><br>Any acceptable answer that shows selective knowledge/understanding/application and/or development.<br><br>**N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.** | 1-3 marks<br><br>**(Total 4)** |

| Question Number | Question | Marks |
|---|---|---|
| **2 (a)** | Answer: D (-2.0) | 1 |
| **2 (b)** | **Explain why this answer is correct:**<br><br>• Definition of PED e.g. the responsiveness of demand to a change in price<br><br>**OR** Alternatively the knowledge mark can be awarded for the formula.<br><br>• $\frac{\%\text{ change in quantity demanded}}{\%\text{ change in price}}$ (1)<br><br>• $\frac{+50\%}{-25\%}$ (1) = -2<br><br>Must have % signs and -25% to award 2 Application marks<br><br>Any acceptable calculation method that shows selective knowledge/understanding.<br><br>**N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.** | 1-3 marks<br><br>**(Total 4)** |

| Question Number | Question | Marks |
|---|---|---|
| **3 (a)** | Answer: B (Decrease in cash flow) | 1 |
| **3 (b)** | **Explain why this answer is correct:**<br><br>• Definition of cash flow e.g. the movement of money in and out of a business **(1)**<br>• A positive cash flow is needed to pay for things such as supplies of pine furniture/day to day running of the business **(1)**<br>• Decrease in cash flow would lead to *CPW* not being able to buy new stock to sell and therefore having to close down **(1)**<br><br>**Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:**<br><br>• A is wrong because this would lead to *CPW* being able to keep trading as more turnover will result in more cash flow into the business **(1)**<br>• C is wrong because this would allow *CPW* a longer period of time to pay their bills, which would improve their cash flow **(1)**<br>• D is wrong because paying workers less would result in higher profits/reduced cash outflow for *CPW* which would enable the business to survive in the short term **(1)**<br><br>Any acceptable answer that shows selective knowledge/understanding/application and/or development.<br><br>**N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.** | 1-3 marks<br><br>**(Total 4)** |

| Question Number | Question | Marks |
|---|---|---|
| **4 (a)** | Answer: B (self-actualisation) | 1 |
| **4 (b)** | **Explain why this answer is correct:**<br><br>• Definition of self-actualisation e.g. the highest level in the hierarchy of needs/ the full realization of one's potential **(1)**<br>• At 3M employees are not always following someone else's ideas **(1)**<br>• This allows employees the freedom to experiment and follow their own interests leading to self-actualization **(1)**<br><br>**Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:**<br><br>• A is wrong because this involves an employee being paid more if they produce more goods/services and is not linked to creation of new ideas **(1)**<br>• C is wrong because these are concerned with the working conditions of an employee not whether they are fulfilled by their higher order needs **(1)**<br>• D is wrong because this is when an employee is provided with rewards which satisfy things such as food and shelter rather than higher order needs **(1)**<br><br>Any acceptable answer that shows selective knowledge/understanding/application and/or development.<br><br>**N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.** | 1-3 marks<br><br>**(Total 4)** |

| Question Number | Question | Marks |
|---|---|---|
| **5 (a)** | Answer: A (overestimation of sales) | 1 |
| **5 (b)** | **Explain why this answer is correct:**<br><br>• Definition of sales forecast e.g. The prediction, projection or estimation of expected sales over a specified future time period **(1)**<br>• Expected sales have failed to materialise/the target is unrealistic **(1)**<br>• This could be due to a number of possible reasons e.g. difficult economic conditions **(1)**<br><br>**Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:**<br><br>• B is wrong because this would have increased sales of the cars and therefore possibly maintained/increased sales forecast **(1)**<br>• C is wrong because less competition would have increased the sale of cars as there would have been less consumer choice **(1)**<br>• D is wrong because this would lead to more sales of cars as the economy was doing well **(1)**<br><br>Any acceptable answer that shows selective knowledge/understanding/application and/or development.<br><br>**N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.** | 1-3 marks<br><br>**(Total 4)** |

| Question Number | | Marks |
|---|---|---|
| **6 (a)** | Answer: D (National television advertising ) | 1 |
| **6 (b)** | **Explain why this answer is correct:**<br><br>• Definition of mass market e.g. targeting the larger part of the population **OR**<br>• Definition of marketing strategy e.g**.** the combination of the 4Ps used to promote the product to the target market **(1)**<br>• *Cadbury's, Nestle and Mars* will want to target as many potential customers as possible (**1)**<br>• National television advertising is able to quickly reach all potential customers across the country increasing sales **(1)**<br><br>Any acceptable answer that shows selective knowledge/understanding/application and/or development<br><br>• A is wrong because these are only read by a small part of the overall market and therefore would not reach all consumers **(1)**<br>• B is wrong because this pricing strategy is more suitable for a high end chocolate product rather than a mass market chocolate bar **(1)**<br>• C is wrong because mass market chocolate bars are more likely to be sold in supermarkets and shops which focus on price **(1)**<br><br>**N.B. up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.** | 1-3 marks<br><br>**(Total 4)** |

## Section B: Data response

| Question Number | Question | |
|---|---|---|
| **7** | Explain why aesthetics may be an important part of the *Lego Group*'s design mix. | (6 marks) |
| | Answer | Mark |
| | **(Knowledge 2, Application 2, Analysis 2)**<br><br>**Knowledge/understanding:** up to 2 marks are available for defining design mix e.g. the way in which function, aesthetics and economic manufacture are combined in the overall design which will vary depending on products or services **(2)**<br><br>**OR**<br><br>For stating why it is important e.g.<br>to make it attractive to potential customers/differentiation from competing products/USP **(2)**<br><br>**Application:** up to 2 marks are available for contextualised answers to *Lego Group* e.g. *Lego* bricks come in a range of sizes and are very colourful **(1)**, children are influenced by the look and feel of the bricks **(1)**<br><br>**Analysis:** up to 2 marks are available for a reason/cause/consequence for *Lego Group* e.g. if the bricks look good this will increase demand **(1)** resulting in higher sales/potential profits for *Lego* toys **(1)** | 1-2<br><br>1-2<br><br>1-2 |

| Question Number | Question | |
|---|---|---|
| **8 (a)** | Analyse **one** benefit of branding for the *LEGO Group*. | (6 marks) |
| | Answer | Mark |
| | **(Knowledge 2, Application 2, Analysis 2)**<br><br>**Knowledge/ understanding:** up to 2 marks are available for defining branding e.g. creating a name, symbol or design that identifies and differentiates a product from others **(2)**<br><br>**OR**<br><br>For identifying a benefit e.g. customer loyalty/higher prices/higher profits **(2)**<br><br>**Application:** up to 2 marks are available for contextual answers to *Lego Group* e.g. young children can be very influenced by branding **(1)** Legends of Chima and the Lego Movie to appeal to a wide range of different age groups of children **(1)**<br><br>**Analysis:** up to 2 marks are available for explaining reason/cause/consequence for *Lego Group* e.g. *Lego* can charge premium prices for differentiated products such as Star Wars **(1)** resulting in higher profits for the business **(1)** | 1-2<br><br>1-2<br><br>1-2 |

| Question Number | Question | |
|---|---|---|
| 8(b) | Analyse **two** benefits for the *LEGO Group* of increasing its production capacity. | (6 marks) |
| | Answer | Mark |
| | **(Knowledge 2, Application 2, Analysis 2)**<br><br>**Knowledge/understanding/:** up to 2 marks for defining production capacity e.g. volume of products that can be generated by a factory in a given time period using current resources **(2)**<br><br>**OR**<br><br>For stating 2 benefits e.g. increased output/respond to change/able to meet demand/eliminate overtime hours **(2)**<br><br>**Application:** up to 2 marks for contextualised answers to *Lego Group* e.g. investing €354 in new factories **(1)** the growing Asian market **(1)**<br><br>**Analysis:** up to 2 marks for giving a reasons/causes/consequences to *Lego Group* e.g. it is more able to easily respond to increases in demand for their toys **(1)** additional production capacity will enable *Lego Group* to produce a wider range of toys globally **(1)** | 1-2<br><br>1-2<br><br>1-2 |

| Question Number | Question | |
|---|---|---|
| **9 (a)** | Explain **one** advantage to the *LEGO Group* of having centralised control through its headquarters in Denmark. | (4 marks) |
| | Answer | Mark |
| | **(Knowledge 1, Application 1, Analysis 2)**<br><br>**Knowledge/understanding:** up to 1 mark is available for stating an advantage e.g. quicker decisions can be made **(1)**<br><br>**Application:** up to 1 mark is available for a contextualised response to *Lego Group* e.g. *Lego* is expanding on a global basis with many new sites such as Hungary, London, Singapore, Mexico **(1)**<br><br>**Analysis**: up to 2 marks are available for developing the above, quicker decision making may give the *Lego Group* a competitive advantage over slower competitors **(1**) enabling *Lego Group* to respond to changes in the toy market **(1)** | 1<br><br>1<br><br>1-2 |

| Question Number | Question | | | |
|---|---|---|---|---|
| **9(b)** | Evaluate the use of a recruitment agency by *LEGO Group* to hire its new employees. (Evidence C) | | | (8 marks) |
| Level | Mark | Descriptor | Possible content | |
| 1 | 1-2 | Knowledge/understanding of external recruitment methods | e.g. recruiting from outside the organisation<br><br>e.g. a business which liaises between employers and jobseekers | |
| 2 | 3-4 | Application must be present, i.e. the answer must be contextualised to the *Lego Group* | e.g. *Lego* need a wide range of employees from different functional areas such as sales, R&D, production<br><br>e.g. *Lego* will need new employees in a range of locations including London, Shanghai and Connecticut | |
| 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 external recruitment for the *Lego Group*<br><br>**NB if analysis is not in context limit to Level 2.** | e.g. the agency takes responsibility for advertising the role and the selection procedure<br><br>e.g. different specialist recruitment agencies in different countries could be used which saves money in the long term as they will have specialist employees already signed up to their agency<br><br>e.g. *Lego* would save time on having to interview huge volumes of potential candidates who may not be suitable | |
| 4 | 7-8 | Evaluation must be present and in context showing the impact of the *Lego Group* using external recruitment<br><br>Award **7 marks** if one side only is in context<br><br>Award **8 marks** if BOTH sides are in context<br><br>**NB if evaluation not in context limit to Level 3.** | e.g. there is usually a fee (usually a % of the employees' wages) for a successful placement which will be substantial due to the large number of employees Lego are recruiting<br><br>e.g. it may have been cheaper to have placed a job advert/used a job centre which gives *Lego* more control over who is employed | |

| Question Number | Question | | | |
|---|---|---|---|---|
| 10 | Assess the importance to the *LEGO Group* of maintaining high quality in its products. | | | 12 |
| Level | Mark | Descriptor | Possible content | |
| 1 | 1-2 | Knowledge/understanding of quality must be present | e.g. quality is about meeting the needs and expectations of customers<br><br>e.g. high quality includes durability, value for money, reliable, good design | |
| 2 | 3-4 | Application must be present, i.e. the answer must be contextualised to the *Lego Group* | e.g. *Lego* toys are of a high quality and Lego have had zero product recalls (Evidence B) | |
| 3 | 5-6 | Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the *Lego Group* maintaining high quality<br><br>**NB if analysis is not in context limit to Level 2.** | e.g. The toys need to be durable for they will be played with for many years by children<br><br>e.g. the *Lego* toys need to be of high quality due to the fact they are designed for playing with and aimed at children so have to be safe (Evidence B)<br><br>e.g. The nature of the product means that it is in *Lego*'s interests to ensure high quality in order to maintain brand loyalty and it is one of the things the company is known for and is part of their motto (Evidence A) | |
| 4 | 7-12 | **Low Level 4:** 7-8 marks<br>Limited evaluation must be present and in context on **one side**<br><br>**Mid Level 4:** 9-10 marks<br>Evaluation must be present and in context **on both sides** to illustrate<br><br>**High Level 4:** 11-12 marks<br>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.<br><br>**NB if evaluation not in context limit to Level 3.** | e.g. checking the quality of the toys may add to the overall cost of production and therefore makes the *Lego* toys more expensive compared with cheaper alternatives<br><br>e.g. other factors such as the range of toys and price of the *Lego* toys are also just as important to the success of the brand, not just the quality of the toys. | |

| Question Number | Question | | | |
|---|---|---|---|---|
| 11 | Evaluate the importance of the product life cycle to the *LEGO Group*. | | | 14 |
| Level | Mark | Descriptor | Possible content | |
| 1 | 1-2 | Knowledge/understanding of what is meant by product life cycle<br><br>*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. It describes the stages a product goes through from when it was first thought of until it finally is removed from the market.<br><br>e.g. it consists of stages such as introduction, growth, maturity and decline | |
| 2 | 3-4 | Application must be present, i.e. the answer must be contextualised and applied to the *Lego Group*<br><br>*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. the original *Lego* brick was launched in 1958 and is still in its maturity stage of the product life cycle<br><br>e.g. *Lego* have launched new products such as *Lego* Chima and the *Lego* Movie | |
| 3 | 5-8 | Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the product life cycle for the *Lego Group*<br><br>**NB if analysis is not in context limit to Level 2.**<br><br>*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. toys may have a short life cycle so *Lego* will need to know when to launch new toys into the market<br><br>e.g. it may help *Lego* forecast demand for its different ranges of toys<br><br>e.g. *Lego* can have a range of toys at different stages of their life cycle in order to replace toys which have entered the decline stage of the life cycle | |
| 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 the product life cycle<br><br>**Mid Level 4:** 11-12 marks Evaluation must be present | e.g. it is difficult to foresee transitions in product life cycle stages since the key indicator are sales, which are always calculated with some lag.<br><br>e.g. slowing sales of toys do not necessarily mean the | |

| | | | |
|---|---|---|---|
| | | and in context **on both sides**, to show the impact of the product life cycle<br><br>**High Level 4:** 13-14 marks<br>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.<br><br>**NB if evaluation not in context limit to Level 3.**<br><br>*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.* | product has reached the Decline phase and the resulting conclusion to retire the toy and divert resources is wrong.<br><br>e.g. not all toys go through every stage of the product life cycle and the success of a toy will depend upon a number of external factors which might be difficult to control |

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