GradeMax



Mark Scheme (Results)

Summer 2017

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		Marks
1 (a)	Answer: A (increasing negative bank balance)	1
1 (b)	**Explain why this answer is correct:** • Definition of what is meant by negative bank balance e.g. more cash has been taken out than is in the bank account **OR** • Definition of what is meant by an overdraft e.g. a bank allows a firm to take out more money than it has in its bank account **(1)** • Steve will have used his overdraft facility more as revenues fell **(1)** • The bank decided that there was too high risk given that revenue had fallen **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is incorrect because if costs were under budget, then this would improve the bank balance and reduce the need for the overdraft **(1)** • C is incorrect because if suppliers increased their credit terms it will benefit Steve's bank balance as he would have longer to pay his bills **(1)** • D is incorrect because if profit for 2015 had been underestimated then the overdraft may not have been needed due to the additional profit made **(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
2 (a)	Answer: C (+1.25)	1
2 (b)	**Explain why this answer is correct:** • Definition of YED e.g. the responsiveness of quantity demanded following a change in income **OR** gives the formula: • $\frac{\%\text{ Change in Quantity Demanded}}{\%\text{ Change in Income}}$ **(1)** $\frac{+10}{+8}$ **(1)** $= +1.25$ Any acceptable calculation method that shows selective knowledge/understanding.	1-3 **(Total 4)**

Question Number		Marks
3 (a)	Answer: B (a bonus)	1
3 (b)	**Explain why this answer is correct:** • Definition of a bonus e.g. an extra payment made in recognition of the contribution of employees, often linked to profits/sales/targets/objective **(1)** • The bonus was awarded for meeting the target of winning the Super Bowl **(1)** • This bonus was in addition to their normal salaries which would not have been received if they had lost the Super Bowl **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because piecework is when employees are rewarded individually according to output whereas each member of the *Broncos* receives the same amount **(1)** • C is incorrect because this would reward team members according to how much profit the football team makes overall, not for one game **(1)** • D is incorrect because job enrichment is when employees are given more responsibility and more meaningful tasks and has no connection to the $102 000 bonus **(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
4 (a)	Answer: B (Capital intensive)	1
4 (b)	**Explain why this answer is correct:** • Definition of capital intensive e.g. capital intensive production methods are those that require a relatively high level of capital investment/cost compared to labour **(1)** • Only 120 employees are required to operate the power station/this is a major capital project costing £25bn **(1)** • The main resource used by the power station will be machinery/capital equipment to generate the energy making it capital intensive **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because labour intensive production would involve production to be carried out by more labour compared to capital and there are only 120 employees **(1)** • C is incorrect because Kaizen is part of company culture and not directly linked to power generation **(1)** • D is incorrect because JIT is a method to manage inventory and is not the production of energy **(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
5 (a)	Answer: A (there are more applicants to choose from)	1
5 (b)	**Explain why this answer is correct:** • Definition of external recruitment e.g. applicants are found from outside of the organisation **(1)** • The positions are for assistant directors which require skills/qualities/experience, which may be in short supply **(1)** • These may not be found internally due to only drawing from a small pool of candidates **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is incorrect because external recruitment often costs more than internal due to hiring recruitment agencies/using external advertising **(1)** • C is incorrect because external recruitment takes longer due to the selection process requiring references/external advertising/induction training **(1)** • D is incorrect because less is known about an external applicant as they have not worked for Stoke-on-Trent City Council before **(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)	Answer: D (more efficient in allocating funds)	1
6 (b)	**Explain why this answer is correct:** • Definition of zero-based budgeting e.g. a method of budgeting which does not use previous data/a budget from scratch **(1)** • This forces *Unilever*'s managers to justify all their costs for the current year **(1)** • This should ensure that money is not wasted on unnecessary items **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because zero-based budgeting can be very time consuming to examine every cost each year rather than basing it on previous budgets **(1)** • B is incorrect because zero-based budgeting does not use any historical data **(1)** • C is incorrect because zero-based budgeting is planned by individual managers of each department and is subject to approval by the finance department **(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		
7	Explain **two** possible advantages to *QVC* of having a decentralised organisational structure.	(6 marks)
		Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for defining decentralised organisational structure e.g. some decisions are made at headquarters **(1)** and some are taken by local managers **(1)** **OR** stating up to 2 advantages e.g. quicker decision making **(1)**, improves staff motivation **(1)** **Application:** up to 2 marks are available for contextualised answers to *QVC* e.g. *QVC* operates in a range of countries such as US, UK and Germany **(1)** call centre operators will feel more empowered **(1)** **Analysis:** up to 2 marks are available for a reason/cause/consequence for *QVC* e.g. this speeds up decision making about what products to offer in each country **(1)** more motivated staff may lead to better customer service in the long term **(1)** **Two advantages must be covered for full marks (3+3). If only one advantage covered, maximum mark of 3.**	1-2 1-2 1-2

Question Number		
8 (a)	Explain the importance to *QVC* of having an effective inventory control system.	(6 marks)
		Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for defining inventory control e.g. the process of maintaining the optimum level of inventory **(1)** ensuring that neither too much or too little is held **(1)** **OR** identifying an importance e.g. demand can be met whilst keeping the costs of holding inventory to a minimum **(2)** **Application:** up to 2 marks are available for contextual answers to *QVC* e.g. products often sell out in minutes **(1)** *QVC* has a waiting list of customers wanting to purchase products **(1)** **Analysis:** up to 2 marks are available for explaining reasons/causes/consequences for *QVC* e.g. having the right inventory in the correct locations around the world may lead to an increase in sales/profits **(1**) if customers know that products are readily available they are more likely to use *QVC* to purchase goods rather than other rivals **(1)**	1-2 1-2 1-2

Question Number		
8 (b)	Explain **two** possible benefits to *QVC* of being a trusted brand.	(6 marks)
		Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for defining brand e.g. the marketing practice of creating a name, symbol or design **(1)** that identifies and differentiates a product from others **(1)** **OR** stating up to 2 benefits e.g. increased sales **(1)**, customer loyalty **(1)** **Application:** up to 2 marks are available for contextualised answers to *QVC* e.g. *QVC* was voted the 3rd most trusted brand in the UK **(1),** the *QVC* brand is known worldwide for representing Quality, Value, Convenience **(1)** **Analysis:** up to 2 marks are available for giving a reason/cause/consequence to *QVC* e.g. customers are more likely to purchase from *QVC* rather than another retailer **(1)** repeat purchasing may result from strong brand loyalty **(1)** **Two benefits must be covered for full marks (3+3). If only one benefit covered, maximum mark of 3.**	1-2 1-2 1-2

Question Number		
9 (a)	Explain **one** factor that is likely to affect the amount of working capital held by *QVC*. (Evidence B)	(4 marks)
		Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/understanding:** up to 1 mark is available for stating a factor e.g. whether customers decide to pay straight away or pay in instalments **(1)** **Application:** up to 1 mark is available for contextualised to *QVC* e.g. all products are paid for using debit or credit cards/Easy Pay **(1)** **Analysis:** up to 2 marks are available for developing the above e.g. the more debit card sales *QVC* receives the easier it is to pay its suppliers **(1)** this helps *QVC* to manage potential cash shortfalls **(1)**	1 1 1-2

Question Number			
9 (b)	Evidence C states some of the quality management techniques used by QVC. Assess the likely importance of this in maintaining sales.		(8 marks)
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of quality management techniques must be present *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. 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 *QVC* *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. *QVC* use specialist Quality Assurance team which checks and tests all products e.g. *QVC* offer a 30 day money back guarantee if customers are not happy with their purchases
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 *QVC* using quality management techniques **N.B. 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. this should ensure high quality beauty products which will lead to customer satisfaction when using the product and therefore result in repeat purchases/brand loyalty e.g. to maintain consistency of standards/branding of the *QVC* ethos of Quality, Value and Convenience and thereby maintain sales
4	7-8	Evaluation must be present and in context showing the impact of quality management techniques Award **7 marks** if one side only is in context. Award **8 marks** if BOTH sides are in context **N.B. if analysis is not in context, limit to Level 3**	e.g. there are many other considerations which affect sales figures such as price, product range, competition from department stores who offer the same products e.g. it is expensive in terms of implementation as employees in the Quality Assurance team and suppliers will need training as to how to maintain the same quality in over 15,000 different products

		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	which may be reflected in higher prices and therefore lower sales

Question Number			
10	Assess the usefulness of the Boston Matrix to *QVC*		(12 marks)
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of the Boston Matrix must be present *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. a method of analysing a company's products in terms of their market share and growth potential in terms of cash cow, star, problem child and dog
2	3-4	Application must be present, i.e. the answer must be contextualised to *QVC* *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. *QVC* has a wide product portfolio with over 15,000 products ranging from beauty products to fashion and jewellery which will have different market shares/growth in different parts of the world
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *QVC* using the Boston Matrix **N.B. 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. *QVC* could use the revenue from 'cash cows' such as the best-selling *Elemis* cosmetics to help the development of a new product such as *Tarte* cosmetics products to ensure a balanced portfolio across its ranges e.g. Boston Matrix is a useful tool to help *QVC* plan its product mix and ensure that it is constantly reviewing its product portfolio against changes in demand such as consumer concern for the environment and sustainability e.g. allows *QVC* to see which of its 15,000 products are growing and which products need to be divested if market share and growth is declining in order to maximise profits

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. **N.B. 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. with 15,000 different products it becomes impractical to conduct meaningful analysis using a simple model such as the Boston Matrix for every product e.g. the Boston Matrix model is only a snapshot of QVC's current position and is not always reflect because *QVC* operates in many different countries such as UK, Germany and Japan and these markets may each change at different rates and in different ways e.g. the Boston Matrix has little or no predictive value and does not take account of external factors which may affect *QVC* such as an economic downturn which may impact on the types of luxury products such as electronics and cosmetics which it sells

Question Number				
11	Evidence D shows that *QVC* is making increasing use of apps. Evaluate the impact of current social trends on *QVC*'s marketing mix.			(14 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of the marketing mix/online purchasing apps/current social trends must be present *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. 4Ps - the way a business uses price, product, place and promotion to market and sell its products e.g. apps - ways to buy goods/services online without visiting a physical retail outlet e.g. current social trends include online sales, social media, use of recycled materials, online distribution	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *QVC* *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. purchasing on *QVC* can only be done via the call centre, website or apps – there are no physical retail outlets e.g. the *QVC* app can be used on a range of devices such mobile phone or tablet e.g. the *QVC* app will show the availability and price of its 15,000 products e.g. Evidence D shows the new Apple Watch can use the *QVC* app to purchase products	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of current social trends on *QVC'*s marketing mix **N.B. 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*	e.g. *QVC* may find it easier to access a wider range of customers because the *QVC* app can be used anywhere so they do not have to have physical retail outlets around the UK in which to sell its products e.g. *QVC'*s branding and positioning will be easier to promote to the UK audience on the apps/social media rather	

		may be found which cause some passages to lack clarity or coherence	than using expensive advertising campaigns e.g. sales may increase as customers can purchase products 24 hours per day on the mobile apps/website rather than having to visit physical stores with set opening times e.g. all 15,000 products can be browsed on the app and customers can see if a certain product is in stock and compare prices
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 current social trends on *QVC's* marketing mix **Mid Level 4:** 11-12 marks Evaluation must be present and in context **on both sides**, to show the impact of current social trends on *QVC*'s marketing mix **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 **N.B. 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. it may take time to build momentum with online purchasing as many customers may not have access to the internet or are concerned with credit card fraud using online methods e.g. *QVC* will still have to use traditional methods to ensure promotion as many customers may not use *QVC* apps/websites e.g. many customers prefer to try on clothing and physically touch products before they purchase so sales may not be as high as anticipated e.g. the price will be mainly determined by *QVC*'s own cost structures rather than the influence of online purchasing methods e.g. price comparison websites may reduce sales as customers can compare *QVC's* prices of Tarte Cosmetics to department stores

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