GradeMax



Mark Scheme (Results)

Summer 2017

Pearson Edexcel International
Advanced Level
in Business Studies (WBS03)
Paper 01 Strategic Business Decisions

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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: Data response

Question Number		
1 (a)	What is meant by the term 'customers'?	2 marks
		Mark
	Knowledge – up to 2 marks: • the persons or organisations that actually make the purchase **(1)** of goods/services from a business **(1)** 1 mark for partial or vague definition but a valid example lifts to 2 marks. Any other suitable alternative.	1-2

Question Number		
1 (b)	What is meant by the term 'annual revenue'?	2 marks
		Mark
	Knowledge – up to 2 marks: • the total value of sales/price x quantity sold **(1)** made within a trading period of one year **(1)** 1 mark for partial or vague definition but a valid example lifts to 2 marks. Any other suitable alternative.	1-2

Question Number		
2	Explain the importance of mission statements for a business such as *SurveyMonkey*	6 marks
		Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for knowledge/understanding why a business such as *SurveyMonkey* has mission statements e.g. to direct or stimulate members of the organisation to work/operate to a given company ethos **(1)** which is designed to inform or impress customers and other external stakeholders **(1)** **Application:** up to 2 marks are available for contextualised answers based on the mission statements such as those in Evidence B e.g. *SurveyMonkey* wants to help its customers conduct their own research **(1)** so that they can make better decisions **(1)** **Analysis:** up to 2 marks are available for developing reasons/causes/consequence of mission statements e.g. Employees will be more motivated as they understand the aims of the business **(1)** *SurveyMonkey* is hoping that its stakeholders will form a better impression/image of the business as a result of reading its mission statements **(1)**	1-2 1-2 1-2

Question Number		
3	Analyse the corporate culture at *SurveyMonkey*.	8 marks
		Mark
	(Knowledge 2, Application 2, Analysis 4) **Knowledge/understanding:** up to 2 marks are available for showing understanding of the corporate culture at *SurveyMonkey* The evidence suggests that the corporate culture is directed by the thoughts and opinions of CEO, Dave Goldberg **(1)** valuing and developing employees **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. 24 hour support/service **(1)** 99.5% customer satisfaction **(1)** **Analysis:** Candidate analyses using reasons/causes/ consequences/costs of the corporate culture described in the evidence e.g. Customers become the main focus of the business **(1)** satisfying customer needs is demonstrated by high levels of customer satisfaction **(1)** which has contributed to increased revenues **(1)** delivered by well motivated employees **(1)**	1-2 1-2 1-4

Question Number				
4	Dave Goldberg states that "Recruiting talent is expensive. Recruiting the wrong talented person is even more expensive." (Evidence C) Assess the extent to which Dave Goldberg's opinion has contributed to the success of *SurveyMonkey*.			10 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of basic terms. *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. recruitment is finding suitable new employees and can be done internally or externally	
2	3-4	Application: basic points developed to show awareness of Goldberg's recruitment policy *Material is presented in simple, logical, easy to follow way but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence*	e.g. a willingness to recruit inexperienced people e.g. a willingness to train people to fit the culture of *SurveyMonkey* e.g. a willingness to invest long-term in an employee	
3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs /consequences of the recruitment policy espoused by Dave Goldberg **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. as Chief Executive, Dave Goldberg's opinion will carry a lot of weight, and has given a clear direction for recruitment e.g. as a result of following this strategy, *SurveyMonkey* has ended up with a very strong team of committed employees e.g. this strategy has resulted in a high degree of employee loyalty, as the business has trusted them and spent time/money training/investing in them	

4	8-10	Evaluation must be present and in context, i.e. a candidate balances the positive impact of Dave Goldberg's opinion against the potential downside **N.B. if evaluation is 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. there are risks in the strategy described, as the business could spend a lot of time and effort in training a person, who may then leave e.g. unproven workers may have already reached their highest level of achievement and may never reach the level that the business expects e.g. some recruits may never be able to fit in with the culture at *SurveyMonkey* e.g. some recruits may have all the training but never achieve the productivity expected

Question Number				
5	To assist customers who need to make an objective decision, *SurveyMonkey* publishes examples of decision tree questionnaires on its website, based on a series of simple yes/no questions. Assess the usefulness of decision trees when making business decisions.			12 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of the nature and purpose of decision trees *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 decision tree is a graphical way of setting out options available, that will lead to a point where a decision can be made e.g. a decision tree is a device which will enable a decision to be made, based on consideration, rather than ignorance	
2	3-4	Application must be present, i.e. candidate must give a contextualised answer *Material is presented in simple, logical, easy to follow way but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence*	e.g. *SurveyMonkey* publish examples for its customers e.g. candidate uses own example of decision tree	
3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs /consequences of using a decision tree to make decisions **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. a decision tree will lead to a decision based on a logical sequence of considered answers to questions involved in a decision, rather than making a random decision without the necessary consideration e.g. a decision tree will reduce the risks involved in making a wrong decision, as it takes the user through a series of questions/steps which lead to a conclusion e.g. it can be used to give some justification to a decision e.g. because they are simple to construct/easy to interpret, they are likely to be used more readily/ more frequently than more difficult methods of making decisions	

4	8-12	Evaluation must be present, giving the limitations of decision trees **Low Level 4:** 8-10 marks. Evaluation must be present i.e. a candidate balances their answer by identifying the downside of using decision trees **High Level 4:** 11-12 marks. Evaluation is developed to show a real perceptiveness on the part of the candidate. Several strands may be developed; the answer is clear 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 can be difficult to develop the right questions or options which should be taken into consideration when making the decision e.g. Decision trees may be good for making tactical decisions but are not suitable for making strategic decisions e.g. the quality of the outcome of a decision tree is dependent on the quality of the construction/sequence of questions entered, if these are not right a business may be misled into making a poor or wrong decision e.g. decision trees can become cumbersome/ unwieldy/overly complex if too much data is entered e.g. the decision is limited to the data used

Section B: Essay questions

Question Number				
6	Evaluate the growth strategy used by *SurveyMonkey*.			20 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by company growth *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 development/expansion of a business which may be organic, by expanding from within its own resources or inorganic, through mergers, takeovers and acquisitions	
2	3-6	Application must be present, i.e. candidate must give a contextualised answer which may be based on past company growth **Low Level 2:** 3–4 marks. Candidate give one or two examples of application **High Level 2:** 5–6 marks. Candidate gives more than two examples of application *Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence*	e.g. in its early days, growth appeared to be organic, achieving $30m from start-up e.g. since 2009 *SurveyMonkey* is reported to have had a 'period of sustained buying' e.g. raising $250m in equity financing grew the business in financial terms e.g. with the $250m funding, *SurveyMonkey* is expected to 'pursue future takeovers' e.g. new products are being developed	
3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the company growth exhibited by *SurveyMonkey* **Low Level 3:** 7–9 marks. Analysis limited: only 1or 2 reasons/causes/costs or consequences are outlined **High Level 3:** 10–12 marks. Analysis is more developed: 2 or more reasons/causes/costs and/or consequences are outlined and developed **N.B. if analysis is not in context, limit to Level 2**	e.g. as a result of Dave Goldberg's statement at the end of Evidence D, it appears that the business is planning to grow through both inorganic as well as organic strategy e.g. the reason for historic inorganic growth appears to be to take competitors out of the market e.g. as a result of the finance raised, Evidence E, *SurveyMonkey* has a large sum of money to fund growth through takeovers	

		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. the 25 million people using *SurveyMonkey*, will provide a target market for increasing revenue, which will result in organic growth e.g. growth is not just inorganic, *SurveyMonkey* has acquired shares in other businesses, and is also growing organically by developing new products
4	13-20	Evaluation must be present and in context, considering the downside of the nature of company growth that *SurveyMonkey* has experienced **Low Level 4:** 13–14 marks. Some evaluative points are made, based on analysis of the business situation without arriving at a conclusion/judgement **Mid Level 4:** 15–17 marks. A judgement is attempted with some effort to show that such rapid growth may have its downside **High Level 4:** 18–20 marks. Convincing evaluation with a conclusion, on the extent to which the business has become vulnerable as a result of the way that it has grown Several strands may be developed; the answer is clear 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 such high growth, the business could lose sight of its basic product, on-line surveys, which could be made available very easily by competitors, which could pick-off customers/revenue e.g. the reported high levels of organic and inorganic growth, will make it difficult to manage the overall growth of the business e.g. growth through investment, does not necessarily translate into growth in revenue, hence the need to 'bulk up' the features for the 25 million users e.g. like any DOT.COM business, growth is a 'bubble' as the business has no tangible assets such as plant/machinery/stock to protect the business if investors decide to withdraw their funding e.g. growth from start-up to $2bn in 2014 is unlikely to be sustainable

Question Number				
7	Assess the extent to which contingency planning could have protected *SurveyMonkey* from shocks such as the death of its CEO, Dave Goldberg.			20 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by contingency planning, or 'shock' in the context of contingency plans *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. plans prepared in advance for unwanted/ unforeseen/unlikely possibilities, so that the business can implement the plan if things go wrong or problems arise e.g. shock refers to an unforeseen event that is out of the control of a business, but has major impact on that business and its stakeholders	
2	3-6	Application must be present, i.e. the candidate's answer must identify the shock, the potential extent of the shock, and any contingency plan that the business may have in place **Low Level 2:** 3–4 marks. Candidate identifies 1 or 2 aspects of the 'shock' of losing Dave Goldberg/chief exec **High Level 2:** 5–6 marks. Candidate identifies stakeholders and makes detailed references to more than 2 aspects of the 'shock' of losing Dave Goldberg/chief exec *Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence*	e.g. the 'shock' was the fact that person who had expanded the company to $2bn was suddenly dead e.g. with the loss of its chief executive, a business of the size of *SurveyMonkey* would need someone to head up the company immediately e.g. the business very quickly appointed an interim CEO, Zander Lurie/within 5 days, *SurveyMonkey* had an interim CEO in place e.g. or any other valid applications	
3	7-12	Analysis in context must be present, i.e. the candidate must Give reasons/causes/costs/consequences of having contingency plans in place **Low Level 3:** 7-9 marks. Candidate will attempt a very basic analysis, making general points about the benefits of having contingency plans in place	e.g. a contingency plan means that if a shock happens the business can move quickly and continue trading as normal e.g. stakeholders would be reassured that the business/their investment would be protected because a contingency plan exists	

		High Level 3: 10-12 marks. Candidate makes a more detailed analysis, making specific points about the benefits of having contingency plans in place **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. the speed which the interim CEO was in place would mean that customers/employees would not notice any major change as a result of the death of Dave Goldberg e.g. the corporate strategy which has already been established by Dave Goldberg is likely to be maintained as Zander Lurie is already on the *SurveyMonkey* board of directors e.g. if the business has contingency plans in place the decisions have already been made and only need to be implemented thus saving time and money
4	13-20	Evaluation must be present and in context, based on the extent to which contingency planning may not have been useful following the shock of *SurveyMonkey* losing its CEO **Low Level 4:** 13-14 marks. Some basic evaluative points are made, referring to how there are some limitations to the extent that contingency planning will protect a business from shocks **Mid Level 4:** 15-17 marks. Candidate gives a range of comments on limitations to the extent that contingency planning will protect a business from shocks **High Level 4:** 18-20 marks. Candidate gives a wide range of arguments, to show how contingency planning may well be important and already in place for a business, but concluding that it cannot actually stop any shocks from affecting a business Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion **N.B. if evaluation is not in context, limit to Level 3**	e.g. contingency planning cannot cover everything and does not prevent things from going wrong e.g. contingency plans might be out of date or too complex to be effective e.g. most evaluation of contingency planning would conclude that it is essential for a business, a bit like insurance – it needs to be in place, with the hope that it is never needed e.g. contingency planning is likely to be positive for the business unless its implementation was onerous and consequently ignored e.g. to be effective, contingency planning will need to focus on a realistic risk assessment and not concentrate on unlikely extremes such as earth being hit by meteor etc. e.g. there is a risk that the plan which brought about the swift appointment of an interim CEO/ Zander Lurie could upset employees/ customers/ stakeholders

		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. there is a risk that the contingency plan which resulted in the recruitment of new CEO/Bill Veghte may not be smooth/seamless as he will bring his own style/culture to *SurveyMonkey* which may upset employees/customers/stakeholders e.g. although the contingency planning has helped *SurveyMonkey* find a replacement for Dave Goldberg quickly, it may have been too quick and the new CEO may not be able to manage the business as well as Dave Goldberg/there may not be a good culture fit with the new CEO

Question	knowledge	application	analysis	evaluation	TOTAL
1a	**2**	**-**	**-**	**-**	**2**
1b	**2**	**-**	**-**	**-**	**2**
2	**2**	**2**	**2**	**-**	**6**
3	**2**	**2**	**4**	**-**	**8**
4	**2**	**2**	**3**	**3**	**10**
5	**2**	**2**	**3**	**5**	**12**
6	**2**	**4**	**6**	**8**	**20**
7	**2**	**4**	**6**	**8**	**20**
TOTAL	**16**	**16**	**24**	**24**	**80**

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