GradeMax



Mark Scheme (Results)

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Pearson Edexcel International
Advanced Subsidiary
in Business Studies (WBS02)
Paper 01 Business Structures and
Processes

edexcel

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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** (The budget provides a target for managers)	1
1 (b)	**Explain why this answer is correct:** • Definition of what is meant by a budget e.g. a financial plan for the future concerning the revenues and costs of a business **(1)** • *KFC* can then compare the budget with actual performance **(1)** • Corrective action can then be taken if targets are not met **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because budgets are often inaccurate due to changes in costs or revenues **(1)** • B is wrong because budgets are time consuming to prepare due to the amount of data needed for a budget **(1)** • D is wrong because although budgets are advisable for businesses such as *KFC*, they are not a legal requirement **(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** (25% decrease in quantity demanded)	1
2 (b)	**Explain why this answer is correct:** • Definition of PED e.g. measures the responsiveness of demand for a good or service to a change in its price **OR** gives the formula: PED = $\frac{\text{\% Change in Quantity Demanded}}{\text{\% Change in Price}}$ **(1)** Shows calculation: $\frac{\text{Change in Quantity Demanded}}{10}$ = -2.5 **(1)** -2.5 x 10 **(1)** = -25 • Any suitable/logical ordering of the PED calculation 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: **D** (orders)	1
3 (b)	**Explain why this answer is correct:** • Definition of redundant/redundancy e.g. when a job is no longer needed **(1)** • Falling orders means fewer employees are needed to manufacturer the trains/aeroplanes **(1)** • This will result in *Bombardier* reducing the size of its workforce to save on labour costs/maintain profitability **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because this would result in higher profits for *Bombardier* which would enable the business to keep its existing workforce **(1)** • B is wrong because this may lead to increased sales and therefore *Bombardier* would need to increase the workforce **(1)** • C is wrong because falling wages would reduce the business' cost and make redundancy less likely **(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)	Answer: **C** (Working conditions)	1
4 (b)	**Explain why this answer is correct:** • Definition of a hygiene factor e.g. factors which do not motivate by themselves but if they are lacking will cause dissatisfaction **(1)** • If there are poor working conditions *Tesco* employees may become dissatisfied **(1)** • This may result in motivation remaining weak for *Tesco* employees **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because responsibility would motivate workers to work harder as it provides employees with empowerment **(1)** • B is wrong because employees are encouraged to work hard as their efforts are being acknowledged by the business **(1)** • D is wrong because challenging work would motivate employees as it is a form of job enrichment **(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: **A** (Car dealership)	1
5 (b)	**Explain why this answer is correct:** • Definition of revenue e.g. total amount of trading income generated by sales/ Price x Quantity sold **(1)** • An increase in income will result in people being able to afford more normal or luxury goods such as cars **(1)** • This will increase demand for cars resulting in higher revenue for car dealerships **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is wrong because a bus company can be regarded as an inferior good and may see revenue decrease as consumers can now afford to purchase a new car **(1)** • C is wrong because more new clothes are likely to be purchased reducing the demand for second hand clothes **(1)** • D is wrong because a discount food retailer may have a negative YED and therefore will see a decrease in revenue as customers switch to more expensive supermarkets **(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** (Outsource production)	1
6 (b)	**Explain why this answer is correct:** • Definition of capacity e.g. the maximum amount of production a business can undertake **(1)** • Other businesses could utilise their resources to manufacture the marshmallow squares instead of *Boomf* **(1)** • This would result in *Boomf* increasing capacity and being able to supply enough products to meet the excess demand **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because more customers are aware of the product so demand may increase and make the problem worse **(1)** • C is wrong because this would put more pressure on existing resources to make a wider range of products **(1)** • D is wrong because a reduction in prices may result in higher demand for marshmallow squares because they are now cheaper to purchase **(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 benefits to *McDonald's* of widening its product portfolio.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for defining product portfolio e.g. the range of products **(1)** that a business produces **(1)** **OR** Stating up to 2 benefits e.g. meeting different customer needs **(1)**, spread risks **(1)** **Application:** up to 2 marks are available for contextualised answers to *McDonald's* e.g. *McDonald's* are offering healthier alternatives such as deli wraps **(1)** e.g. sales of traditional Big Macs have seen a decline in recent years **(1)** **Analysis:** up to 2 marks are available for a reason/cause/consequence for *McDonald's* e.g. different products appeal to different market segments which helps to maximise sales/profits **(1)** e.g. if the sales of one type of burger goes into decline then the other products can support overall revenue **(1)** **(3+3) One benefit only – cap at 3 marks**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Explain the likely impact on *McDonald's* working capital of updating its restaurants.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/ understanding:** up to 2 marks are available for defining working capital e.g. the cash available **(1)** for day-to-day operations of a business **(1)** **OR** Current Assets **(1)** – Current Liabilities **(1)** **OR** For identifying an impact e.g. creates a negative impact on cash flow **(2)** **Application:** up to 2 marks are available for contextual answers to *McDonald's* e.g. *McDonald's* are spending £350m on updating its restaurants **(1)** *McDonald's* are introducing digital kiosks that give customers a self-service option **(1)** **Analysis:** up to 2 marks are available for explaining reason/cause/consequence for *McDonald's* e.g. this may result in McDonald's having to use additional sources of contingency finance **(1)** which will lead to higher debt costs **(1)** **NB:** reward candidates who use the counter argument in that working capital may increase in the long term if customers like the new kiosks and it brings in more sales	1-2 1-2 1-2

Question Number	Question	
8(b)	Analyse **one** possible benefit to *McDonald's* of using flexible employment, such as zero-hours contracts. (Evidence B)	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks for defining zero-hours contracts/flexible employment e.g. employees work only when they are needed **(1)** with no guaranteed hours **(1)** **OR** the employee has some control **(1)** over the terms and conditions of their employment **(1)** **OR** Stating 1 benefit e.g. respond to fluctuating demand **(2)** **Application:** up to 2 marks for contextualised answers to *McDonald's* e.g. *McDonald's* has approximately 80,000 employees on zero-hours contracts **(1),** *McDonald's* give employees two weeks' notice of their shifts **(1)** **Analysis:** up to 2 marks for developing a reason/cause/consequence to *McDonald's* e.g. this allows *McDonald's* to reduce its overall labour costs **(1)** as staffing levels can be increased at peak times and reduced when demand falls **(1)**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Explain **one** possible reason why *McDonald's* offers training to its employees.	(4 marks)
	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/understanding:** up to 1 mark is available for stating a reason e.g. improve efficiency/skills **(1)** **Application:** up to 1 mark is available for contextualised to *McDonald's* e.g. *McDonald's* needs to train its employees in the use of the new iPad ordering system **(1)** **Analysis**: up to 2 marks are available for developing the above e.g. resulting in better quality service for customers **(1)** this is likely to increase sales and develop customer loyalty **(1)**	1 1 1-2

Question Number	Question			
9(b)	Assess the benefits to *McDonald's* of having a centralised organisational structure.			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of centralised organisational structure must be present	e.g. the majority of decisions are taken by the senior managers and then passed down the hierarchy	
2	3-4	Application must be present, i.e. the answer must be contextualised to *McDonald's*	e.g. the senior managers at *McDonald's* will make all the main business decisions regarding the different food products offered in the restaurants in each country e.g. *McDonald's* in the UK is run by Paul Pomroy who will decide how operations are carried out in the restaurants in the UK	
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 *McDonald's* having a centralised organisational structure **NB if analysis is not in context limit to Level 2**	e.g. this results in quicker decision making which may give *McDonald's* a competitive advantage over slower fast food chains enabling *McDonald's* to respond to changes in the fast food market e.g. The menu and decisions about pricing are made centrally which will result in a stronger brand image as all restaurants will be run in the same way and customers know what to expect	
4	7-8	Evaluation must be present and in context showing the impact of having a centralised organisational structure 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. Centralised structures can often be bureaucratic with many layers in the hierarchy which can reduce motivation for employees in the restaurants lower down in the hierarchy e.g. local restaurant managers may have local knowledge about food tastes which may benefit sales and promotions as they can be targeted more effectively	

Question Number	Question			
10	Assess the likely importance to *McDonald's* of using Just in Time (JIT) management of inventory.			12 (marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of the JIT must be present	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 *McDonald's*	e.g. food products such as milk and beef arrives at the restaurant just when it is needed	
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *McDonald's* using JIT **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 beef 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	7-12	**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 limit to Level 3**	e.g. the need for delivery of beef at short notice against the chance of delivery bottlenecks e.g. *McDonald's* will need good relationships with reliable suppliers of food products which is essential for the system to operate successfully e.g. more deliveries may result in damage to the environment which conflicts with one of *McDonald's* sustainability objectives e.g. *McDonald'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 e.g. JIT may not be able to cope with unexpected increases in demand which may result in unsatisfied customers	

Question Number	Question			
11	Evidence D outlines how *McDonald's* intends to reduce waste and its impact on the environment. Evaluate the likely benefits to *McDonald's* of this strategy.			14 (marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by environmental impact 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. the effect that the activities of people and businesses have on the environment	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *McDonald's* *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. to recycle at least 50% of waste and divert the remaining waste to Energy Recovery Facilities e.g. to reduce the amount of material used in packaging e.g. recycle most of the waste from restaurant kitchens including plastic and paper packaging, used cooking oil, corrugated cardboard and food waste	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *McDonald's* reducing its environmental impact **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. *McDonald's* will be able to reduce costs in terms of disposal of waste food products, packaging and cooking oil which may increase overall profits e.g. *McDonald's* will save on space when using less packaging for its food containers and cooking oil e.g. *McDonald's* may improve its branding and PR if they are seen to be recycling their waste compared to other fast food retailers which may result in higher sales/profits in the long term	
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 *McDonald's* reducing its environmental impact	e.g. recycling and reduction of waste will require management time to organise the 50% goal of recycling all waste which may impact on overall	

		Mid Level 4: 11-12 marks Evaluation must be present and in context on both sides, to show the impact of *McDonald's* reducing its environmental impact **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.*	workload for restaurant managers e.g. there may be a trade-off between profitability and being ethical as being ethical often costs more in terms of recycling waste and disposing ethically of litter from Big Mac packaging rather than letting local authorities be responsible for waste e.g. some customers do not value being ethical and prefer to have fast food at the lowest possible cost so this could make *McDonald's* less competitive compared to other fast food chains who do not recycle e.g. Many would argue that *McDonald's* are only recycling their waste due to pressure from their stakeholders and that it is being used as PR exercise rather than a genuine commitment to being ethical as they still use zero-hours contracts and other unethical business practices such as high fat, salt and sugar in its food

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