GradeMax



Mark Scheme (Results)

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Pearson Edexcel International
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in Business Studies (WBS02)

Paper 01 Business Structures and
Processes



GradeMax

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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** (quicker decision-making)	1
1 (b)	**Explain why this answer is correct:** • Definition of a flat organisational structure e.g. where there are few levels/layers in the hierarchy **(1)** • A small number of levels/layers results in better communication between managers and workers at *Software Mill* **(1)** • Because of a small number of levels there are fewer managers therefore decisions can be made more quickly **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because there are fewer managers in a flat structure due to having fewer layers in the structure **(1)** • C is wrong because flat organisational structures tend to have a wide span of control due to managers having more employees under their direct authority **(1)** • D is wrong because a long chain of command would have more layers than a flat organisational structure such as *Software Mill* **(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)	1
2 (b)	**Explain why this answer is correct. (Show your working.)** • Definition of re-order quantity e.g. The amount of inventory which is re-ordered **OR** Maximum inventory level – Minimum inventory level **(1)** • 30 **(1) -** 5 **(1)** = 25 birthday cakes Any acceptable calculation method that shows selective knowledge/understanding. 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	Question	Marks
3 (a)	Answer: **C** (has potential for growth)	1
3 (b)	**Explain why this answer is correct:** • Definition of question mark/problem child e.g. are new products with a low share of a high growth market **(1)** **OR** • Definition of the Boston Matrix e.g. tool to analyse the relative growth and market share of a product(s) **(1)** • The Blaze is a new fitness product and has just been launched in to the market **(1)** • It may or may not be able to survive/compete in the market **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because the Blaze is only one of *Fitbit*'s wide range of fitness accessories which will also generate profits **(1)** • B is wrong because question marks/problem child do not have a high market share unlike cash cows and stars **(1)** • D is wrong because the Blaze is a new product and has a potential for high growth unlike dogs **(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: **A** (a normal good)	1
4 (b)	**Explain why this answer is correct:** • Definition of a normal good e.g. is a good for which demand increases as incomes rise **(1)** **OR** • A normal good has a positive income elasticity of demand **(1)** • As incomes rise consumers have more disposable income **(1)** • Consumers are likely to choose to spend the increased income on normal goods, such as clothing **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is wrong because inferior goods would see a decrease in demand as consumers switch to more normal goods/it has a negative YED **(1)** • C is wrong because clothing is not being used as an alternative to another product **(1)** • D is wrong because clothing is not directly linked to any other product and clothing can be purchased independently from other goods **(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: **C** (use a factoring service)	1
5 (b)	**Explain why this answer is correct:** • Definition of cash flow e.g. the movement of money in and out of a business **(1)** • *Alpha Plumbing* needs cash immediately to meet its day to day operations **(1)** • Factoring will give immediate payment and therefore ease *Alpha Plumbing*'s cash flow **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because payments will be delayed which will reduce the amount of cash flowing into the business and worsen the cash flow position **(1)** • B is wrong because this will result in more cash leaving the business before it needs to which will put more pressure on cash flow **(1)** • D is wrong because more cash will be tied up in inventory which will worsen the cash flow situation **(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** (have a unique and fashionable design)	1
6 (b)	**Explain why this answer is correct:** • Definition of price elasticity of demand e.g. the responsiveness of demand to a change in price **OR** • gives the formula: % change in quantity demanded/ % change in price **(1)** • If Beats headphones have a unique and fashionable design customers will want to buy them regardless of price **(1)** • This makes them less price sensitive thus leading to a low PED **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because requiring a high proportion of income is likely to result in a high PED rather than a low PED as customers will be more price sensitive **(1)** • C is wrong because PED would be high rather than low as customers could easily switch to other headphone manufacturers on the market **(1)** • D is wrong because this would mean that customers are more willing to try other headphone brands over *Beats* and it would have high PED **(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** benefits for *Nike* of using recycled materials.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks for defining recycled materials e.g. the process of extracting and reusing **(1)** useful substances found in waste **(1)** **OR** Stating 2 benefits e.g. lower costs **(1)** improved public image **(1)** **Application:** up to 2 marks for contextualised answers to *Nike* e.g. Recycled materials are being used in 71% of *Nike*'s footwear and clothing products **(1)** e.g. *Nike* plans to have no waste from its footwear factories by 2020 **(1)** **Analysis:** up to 2 marks for giving a reason/cause/consequence to *Nike* e.g. The cost of using recycled material can be less than the cost of creating brand new material which may increase profits **(1)** e.g. consumers are more concerned with environmental damage caused by waste and may choose *Nike*'s products because *Nike* is seen to be environmentally responsible **(1)** **NB Award a maximum of 3 marks if only 1 benefit is given**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Analyse **two** reasons why *Nike* wanted to be associated with the 2016 Rio Olympic Games.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for 2 reasons e.g. to increase sales revenue **(1)** to increase market share **(1)** **Application:** up to 2 marks are available for contextualised answers to *Nike* e.g. Every 4 years The Olympic Games is watched by a global audience **(1)** e.g. *Nike* is a sports brand so will appeal to Olympic athletes **(1)** **Analysis:** up to 2 marks are available for a reason/cause/consequence for *Nike* e.g. Because the Olympic Games is viewed around the world *Nike* is therefore exposed to many more potential customers who may then buy *Nike* products **(1)** e.g. Customers may purchase *Nike*'s products after seeing them worn by Olympic athletes and this is likely to increase *Nike*'s sales/growth **(1)** **NB Award a maximum of 3 marks if only 1 reason is given**	1-2 1-2 1-2

Question Number	Question	
8(b)	Explain **two** advantages for *Nike* of having short product development lead times.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks for defining product development lead times e.g. the length of time between the first emergence of the product concept/design **(1)** and its launch into the market **(1)** **OR** Stating two advantages e.g. reduces costs **(1)** faster response to changing consumer tastes **(1)** **Application:** up to 2 marks for contextualised answers to *Nike* e.g. Lean factory management helps to reduce the development time of the sporting shoes **(1)** e.g. the sports market is highly competitive with many other companies supplying sporting goods **(1)** **Analysis:** up to 2 marks for giving a reason/cause/consequence to *Nike* e.g. *Nike* may see a reduction in the costs of designing and developing new sports shoes because less time is spent on this, which may lead to increased profits in the long term **(1)** e.g. *Nike* will be able to respond to consumer trends more quickly and gain a competitive advantage over competitors **(1)** **NB Award a maximum of 3 marks if only 1 advantage is given**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Explain **one** benefit for *Nike* of using 3D printing to manufacture its shoes.	(4 marks)
	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/understanding:** up to 1 mark is available for stating a benefit e.g. gains a competitive advantage/USP/can charge a higher price/less inventory is needed **(1)** **Application:** up to 1 mark is available for a contextualised response to *Nike* e.g. 3D printing of shoes can be tailored to the individual **(1)** **Analysis**: up to 2 marks are available for developing the above, e.g. *Nike* is therefore able to better meet customer needs **(1)** resulting in higher sales/profitability **(1)**	1 1 1-2

Question Number	Question			
9 (b)	Assess the likely importance to *Nike* of having low labour turnover in its factories.			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of low labour turnover	e.g. how often staff come and go on average each year e.g. a turnover which is below the industry average	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Nike*	e.g. Evidence C states that *Nike* want to use suppliers with low labour turnover e.g. *Nike* employs over 1 million employees worldwide	
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 *Nike* having low labour turnover **NB if analysis is not in context limit to Level 2.**	e.g. there may be lower costs of recruitment in clothing factories because of staff loyalty e.g. the loyal employees will become increasingly more skilled/efficient in making sportswear which should result in better quality training shoes/sportswear	
4	7-8	Evaluation must be present and in context showing the impact of low labour turnover for *Nike* 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. if employees stay a length of time this may block promotion opportunities for other employees in the clothing factory e.g. some employees in the clothing factories may resist change which could result in lack of new ideas in terms of sportswear designs within *Nike*	

Question Number	Question			
10	As *Nike* continues to expand it will need to recruit more staff. Assess the benefits for *Nike* of using external recruitment methods.			(12 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of external recruitment methods	e.g. external recruitment is when potential candidates are found from outside the organisation e.g. external recruitment can be carried out either by advertising or using recruitment agencies	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Nike*	e.g. *Nike* could use its own website to advertise vacancies in its factories or retail outlets e.g. *Nike* could allow its factories to recruit new workers	
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of using external recruitment methods for *Nike* **NB if analysis is not in context limit to Level 2.**	e.g. If *Nike* use external recruitment they may attract a wider range of potential candidates for their clothing factories because their website can be seen by many potential candidates around the world e.g. recruitment agencies can be specialised and experienced in finding certain types of workers such as shoe designers and shoe production workers	
4	7-12	**Low Level 4:** 7-8 marks Limited evaluation must be present and in context on **one side** **Mid Level 4:** 9-10 marks Evaluation must be present and in context **on both sides** to illustrate the impact on *Nike* **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. External recruitment can be more time consuming/expensive than using internal recruitment as references have to be called for, induction training and interview costs may be greater for new footwear designers e.g. External recruitment agencies can be very expensive and still may not find the ideal candidate for a job in the sporting and clothing department e.g. External recruitment can be demotivating for existing shoe factory employees as it reduces opportunity for promotion e.g. *Nike* could use a combination of internal and external methods and it depends upon the nature of the vacancy as to which is the best recruitment method to be used	

Question Number	Question			
11	*Nike*'s Chief Executive Officer, Mark Parker, has a leadership style that could be described as laissez-faire. Evaluate the possible benefits of this leadership style to *Nike*.			(14 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by laissez-faire leadership style *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 laissez-faire leader allows employees to make their own decisions and take responsibility for their actions	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *Nike* *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. Evidence D states that Mark Parker questions his workers in order to engage them in the decision making process e.g. Mark Parker does not micromanage his team and lets them make decisions	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of laissez-faire leadership style for *Nike* **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. sporting and clothing designers may feel trusted and valued as their higher needs are being met as they are responsible for their decision making and own work e.g. two-way communication between Mark Parker and sporting and clothing designers could result in a more motivated workforce and could result in lower staff turnover e.g. empowerment improves morale which might result in higher productivity for *Nike* in the clothing factories making training shoes and sportswear	
4	9-14	**Low Level 4:** 9-10 marks. Evaluation must be present and in context **on one side only**, e.g. showing possible advantages and disadvantages of a laissez-faire leadership style **Mid Level 4:** 11-12 marks Evaluation must be present and in context **on both**	e.g. empowering employees such as sporting and clothing designers may slow down decision making compared to an autocratic leadership style which could affect the speed in which *Nike* make changes in a very dynamic sportswear market	

		sides, to show the impact of a laissez-faire leadership style **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.*	e.g. final decisions relating to the price or style of a training shoes may be a compromise or conflicting and not necessarily the best decisions for *Nike* e.g. some employees in the merchandising department may not like being given responsibility and prefer to be told what to do rather than being accountable for the decision-making process e.g. is only suitable when the employees such as footwear designers are familiar with the working practices of the sportswear industry and may not be suitable for new or inexperienced employees e.g. in reality, Mark Parker will probably use a range of leadership styles depending upon the situation and level of decision making needed to be taken

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