GradeMax



Mark Scheme (Results)

Summer 2018

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: **D** (An increase in competition)	1
1(b)	**Explain why this answer is correct:** • Definition of profits e.g. total revenue – total costs **(1)** • More competition from other airlines would result in a greater choice for customers/downward pressure on prices **(1)** • This could have decreased sales/revenue and therefore profits **(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 have increased sales of tickets due to more brand awareness and therefore possibly maintained/increased profits **(1)** • B is wrong because this would lead to more sales/profits because of an increase in demand caused by a growing economy/increase in incomes **(1)** • C is wrong because cheaper aviation fuel would have led to a decrease in costs and therefore an increase in profits **(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 marks **(Total 4)**

Question Number	Question	Marks
2 (a)	Answer: **B** (60%)	1
2 (b)	**Explain why this answer is correct:** • Definition of capacity utilisation e.g. measures the proportion/percentage of the maximum possible output which is actually produced. **OR** gives the formula : $\frac{\text{Current output}}{\text{Maximum possible output}} \times 100$ **(1)** • $\frac{120}{200}$ **(1)** x 100 **=** 60% Any acceptable calculation method that shows selective knowledge/understanding. **NB:** **Definition only = 1 mark** **Showing the stages of the calculation without a definition = 2 marks**	1-3 marks **(Total 4)**

Question Number	Question	Marks
3 (a)	Answer: **A** (Allows for closer supervision of employees)	1
3 (b)	**Explain why this answer is correct:** • Definition of span of control e.g. the number of employees under a manager's direct control **(1)** • *BP*'s managers will only have a relatively small number of employees beneath them **(1)** • Managers therefore have more time to build an effective and productive relationship with employees **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • B is wrong because managers will have more time to supervise each employee as there are fewer employees for them to manage **(1)** • C is wrong because freedom and responsibility is restricted due to closer supervision **(1)** • D is wrong because narrow spans of control tend to occur in tall hierarchies with many layers **(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 marks **(Total 4)**

Question Number	Question	Marks
4 (a)	Answer: **C** (Function)	1
4 (b)	**Explain why this answer is correct:** • Definition of design mix e.g. the way in which function, aesthetics and economic manufacture are combined in the overall design **(1)** • A car with faulty doors is not working properly/safe **(1)** • Therefore it does not fulfil its design function and is not fit for purpose **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because continuous improvement should have avoided the fault being caused in the first place/ is not part of the design mix **(1)** • B is wrong because aesthetics is how a product looks rather than how it works **(1)** • D is wrong because efficiency is not part of the design mix **(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 marks **(Total 4)**

Question Number	Question	Marks
5 (a)	Answer: **B** (reduce its inventory levels)	1
5 (b)	**Explain why this answer is correct:** • Definition of adverse variance e.g. actual figures are worse than the budgeted figures **(1)** • *Pyranha Kayaks* has unsold products/inventory **(1)** • Therefore *Pyranha Kayaks* does not need to make additional products, so needs less inventory **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because this may result in a reduction in sales due to lack of awareness in the market which would increase the adverse variance **(1)** • C is wrong because this may result in demand falling as the prices are higher resulting in a loss of competitiveness/sales for *Pyranha Kayaks* adding to the adverse inventory **(1)** • D is wrong because this will just result in *Pyranha* having excess inventory rather than reducing the adverse variance **(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 marks **(Total 4)**

Question Number	Question	Marks
6 (a)	Answer: **C** (can be trusted in their job)	1
6 (b)	**Explain why this answer is correct:** • Definition of Theory Y style of management e.g. a participative style of management **(1)** • If *Virgin* employees feel trusted by their managers, motivation will increase **(1)** • This may result in higher staff retention as employees feel valued and are less likely to leave **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because Theory Y managers assume that employees like to lead rather than needing to be told what to do by a manager **(1)** • B is wrong because disliking work is a perception by Theory X managers and not Theory Y managers **(1)** • D is wrong because Theory Y managers believe that employees are motivated by job satisfaction and not just by the money **(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 marks **(Total 4)**

Section B: Data response

Question Number	Question	
7	Explain **two** benefits for *M&S* of operating in a niche market for food. (Evidence A, line 10)	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks for defining niche e.g. a small part of the overall market **(1)** that has certain special characteristics **(1)** **OR** Stating 2 benefits e.g. less competition **(1)** can charge a higher price **(1)** **Application:** up to 2 marks for contextualised answers to *M&S* e.g. *M&S* do not try to compete with other supermarkets **(1)** e.g. *M&S* only sell high quality food specifically made for them **(1)** **Analysis:** up to 2 marks for giving a reason/cause/consequence to *M&S* e.g. less competition results in greater market share for *M&S* within the niche food market **(1)** e.g. this may lead to *M&S* being able to maximise profits on its sales of premium food products **(1)** **Two benefits must be covered for full marks (3+3). If only one aspect covered, maximum mark of 3.** **Award for any relevant and developed benefits**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Explain **two** benefits for *M&S* of having quality assurance systems.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks are available for defining quality assurance systems e.g. the processes that ensure production quality **(1)** meets the requirements of the business/customers **(1)** **OR** Stating 2 benefits e.g. to gain a competitive advantage **(1)** reduce faulty products **(1)** **Application:** up to 2 marks are available for contextualised answers to *M&S* e.g. quality, innovation and choice are the core values of *M&S* food business **(1)** e.g. *M&S* has a close relationship with its suppliers to ensure high quality products **(1)** **Analysis:** up to 2 marks are available for a reasons/causes/consequences for *M&S* e.g. sales may increase as some consumers prefer to purchase products which have better quality **(1)** e.g. by reducing the number of faulty products waste is reduced resulting in lower costs/enhanced reputation **(1)** **Two benefits must be covered for full marks (3+3). If only one aspect covered, maximum mark of 3.** **Award for any relevant and developed benefits**	1-2 1-2 1-2

Question Number	Question	
8(b)	Explain **two** possible reasons why *M&S* changes its product portfolio each year.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge/understanding:** up to 2 marks for defining product portfolio e.g. the range of products **(1)** that a business sells **(1)** **OR** Stating 2 reasons e.g. extension strategy **(1)** to remain competitive **(1)** **Application:** up to 2 marks for contextualised answers to *M&S* e.g. 80% of clothing, homeware and beauty are new each season/30% of food products are changed each year **(1)** e.g. to meet changing taste and trends in clothing/food **(1)** **Analysis:** up to 2 marks for giving a reasons/causes/consequences to *M&S* e.g. if the sales of one type of product goes into decline then new products can support overall revenue **(1)** e.g. without updating its product portfolio *M&S* could lose customers to its rivals **(1)** **Two reasons must be covered for full marks (3+3). If only one aspect covered, maximum mark of 3.** **Award for any relevant and developed benefits**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Explain **one** possible benefit for *M&S* of setting a marketing objective for its clothing department.	(4 marks)
	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge/understanding:** up to 1 mark is available for stating a benefit e.g. focus employees/regained market share/increased sales **(1)** **Application:** up to 1 mark is available for a contextualised response to *M&S* e.g. *M&S* wants to return to basics and focus on core customers **(1)** **Analysis**: up to 2 marks are available for developing the above, e.g. by meeting the needs of its core customers sales will be made **(1)** leading to higher revenues and/or profits **(1)**	1 1 1-2

Question Number	Question			
9 (b)	Assess the importance of profit to *M&S.*			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of profit and long term	e.g. profit is equal to total revenue minus total costs	
2	3-4	Application must be present, i.e. the answer must be contextualised to *M&S*	e.g. Profits have fallen by 19.5% e.g. Group Revenue is up 0.8%	
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the importance of profit to *M&S* **NB if analysis but no context at all, limit to Level 2.**	e.g. without investment funded by retained profits, *M&S* position as the market leader in the food and clothing markets may be compromised as rivals continue to invest and expand e.g. profit from the sale of clothing/food is required to keep shareholders happy with their dividends	
4	7-8	Evaluation must be present and in context showing the importance of profit to *M&S* Award **7 marks** if one side only is in context Award **8 marks** if BOTH sides are in context **NB if evaluation but no context at all, limit to Level 3.**	e.g. Evidence A states that *M&S* has other objectives such as being perceived as innovative, having high quality, safety, environmental and social standards for all of its clothing/food products which may be more important to customers than profits e.g. *M&S* is still UK's largest clothing retailer by value and maintaining its position may be more important than maximising profit	

Question Number	Question			
10	Assess whether reducing its prices of clothing and home products is likely to increase revenue for *M&S*.			(12 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of revenue	e.g. price x number sold	
2	3-4	Application must be present, i.e. the answer must be contextualised to *M&S*	e.g. *M&S* have reduced the price of more than 1,000 items of clothing and home products since January e.g. *M&S* relies on clothing and home retailing for part of its overall revenue (42%)	
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 reducing prices at *M&S* **NB if analysis but no context at all, limit to Level 2.**	e.g. cheaper prices may lead to more customers purchasing clothing and home products which may increase overall revenue at *M&S* e.g. lower prices on some items may increase the number of customers in *M&S* stores who may then purchase other products, such as beauty and food, thus increasing revenue	
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 the importance of profit to *M&S* **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 but no context at all, limit to Level 3.**	e.g. a reduction in the prices of clothing and home products may result in a reduction in revenue if the PED for clothing and home products is price inelastic e.g. reducing the price of clothing and home products will only increase revenue if these products meet customer needs and Evidence C suggests this is not the case with -2.2% fall e.g. reducing the price of only 1,000 items from its large product range may have a relatively small impact on *M&S* total revenue e.g. changes in the economy may impact on customers' spending habits which may limit the effect on revenue	

Question Number	Question			
11	Evidence D outlines flexible working practices used by *M&S.* Evaluate the benefits of these practices for *M&S*.			(14 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by flexible working practices **NB a list of flexible working methods without context is restricted to L1** *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. choosing when to work/hours to suit employees such as part time, flexible hours	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *M&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. Evidence D states that *M&S* employees have a range of work patterns to choose from which are different from the standard 9-5 hours e.g. *M&S* also offers support for staff wishing to study or to take a complete break with a career break scheme of up to nine months' unpaid leave	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the impact of flexible working practices on *M&S* **NB if analysis but no context at all, 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. it may lead to less labour turnover in the clothing/food stores because *M&S* employees feel that they control their work/life balance as they are able to work at different times of the day/week and which in turn may lead to better customer service and therefore repeat sales e.g. labour costs can be reduced in the clothing/food stores because *M&S* is not employing staff when there are quiet periods and is making more effective use of its workforce in order to provide good customer service e.g. labour cost savings can be passed onto the customers in the form of lower clothing prices which can lead to a competitive advantage for *M&S* against other clothing retailers	

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 flexible working practices **Mid Level 4:** 11-12 marks Evaluation must be present and in context **on both sides**, to show the impact of flexible working practices **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 but no context at all, 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. flexible working in the clothing/food stores may mean you do not always know what your hours are week-on-week. This may cause uncertainty and unhappiness for employees therefore motivation may fall e.g. employees may have little choice over the hours which are available in the clothing/food stores and could cause disputes between employees over the most popular shifts resulting in poor employee relations e.g. training will need to be provided in the clothing/food stores to ensure that all employees are multi-skilled to cover part-time and flexible hours which may cost *M&S* more in the short term e.g. if *M&S* gets the balance of employee hours right in the clothing/food stores then other stakeholders might benefit such as shareholders if *M&S* is able to reduce labour turnover and improve employee motivation. However, getting the balance right is difficult and may not be achievable. e.g. the benefit will depend on just how flexible the working hours are and how much choice employees have as to the extent of the gains for *M&S*

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