GradeMax



Mark Scheme (Results)

October 2018

Pearson Edexcel International Advanced Subsidiary
In Business Studies (WBS01)
Paper 01 Business Enterprise

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October 2018
Publications Code WBS01_01_1810_MS
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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)	Julie Deane decided to go into business for herself and started *The Cambridge Satchel Company* producing her own designer handbags. Which **one** of the following is the **most likely** reason for Julie's decision to set up her own business? Answer D: To work independently	1
1 (b)	**Explain why this answer is correct:** • Definition of independence e.g. free from outside control of others/not depending on authority of others **(1)** • Julie can make her own decisions about the design and production of her handbags **(1)** • rather than take instructions from managers/she can develop/shape/drive the company in any direction she wants to **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because setting up a new business is risky and does not offer any guarantee of job security **(1)** • B is incorrect because regular income cannot be guaranteed as it depends on how many handbags *The Cambridge Satchel Company* sells to generate revenues **(1)** • C is incorrect because self-employed people will work as many hours as necessary to make their business successful **(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 **(4)**

Question Number	Question	Marks
2 (a)	After an excellent year of trading, *Midland Conference Services Ltd* plans to double the size of its business. Which **one** of the following is the **most appropriate** source of finance for this plan? Answer C: Debenture issue	1
2 (b)	**Explain why this answer is correct:** • Definition of debentures: medium to long term unsecured loan or bond for a large amount at a specified rate of interest **(1)** • *Midlands Conference Services* will need substantial funds to resource the doubling of the size of the business **(1)** • Debentures are used to raise large sums of money and are therefore suitable for *Midlands Conference Services'* planned expansion **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because the company is unlikely to sell existing assets because it needs them to continue trading **(1)** • B is incorrect because an overdraft is a short-term source of finance and would not provide the funding needed for such a large expansion plan **(1)** • D is incorrect because whilst trade credit may help with additional stock levels it will not be sufficient when trying to double the size of the company **(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 **(4)**

Question Number	Question	Marks
3 (a)	Luxury jewellers *Tiffany & Co* is considering the market position of its newest range of steel bracelets. Which of the following is a method of market positioning? Answer B: Market mapping	1
3 (b)	**Explain why this answer is correct:** • Market positioning is how you place/differentiate your brand, product or service from your competitors, in the mind of your customers **OR** • Market mapping is a diagram showing a range of possible positions a business, product or service can take in a market based on two variables **(1)** • In using market mapping, *Tiffany & Co* will be able to identify how it compares with its competitors in terms such as high versus low price and steel versus gold jewellery **(1)** • It will give *Tiffany & Co* an idea of where or whether there is a gap in the market **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because market sampling is used to identify whether there is a viable market for *Tiffany & Co*'s steel bracelets **(1)** • C is incorrect because product orientation would only occur if *Tiffany & Co* focus on producing the jewellery it wants, rather than the needs/desires of its customers **(1)** • D is incorrect because product range only relates to the number and types of jewellery products offered by *Tiffany & Co* and not how customers perceive it products **(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 **(4)**

Question Number		Marks
4 (a)	In January 2016, the Royal Society for the Prevention of Accidents reported the cost of health and safety problems to UK businesses was £2.8bn. What is the **main** purpose of Health and Safety legislation? Answer D: Protects people from harm in the workplace	1
4 (b)	**Explain why this answer is correct:** • Health and Safety legislation is a law passed by government **(1)** • UK businesses are required to provide safe working conditions for all of their employees **(1)** • Failure to protect employees from injury can result in large fines and imprisonment for business owners and managers **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect as consumer protection legislation is designed to protect consumers from harmful products such as electrical goods, vehicles and food products **(1)** • B is incorrect because the Trades Description Act is designed to ensure that products are described truthfully and accurately when they are labelled **(1)** • C is incorrect as employment laws and business ethics are used to protect children from being part of the workforce in UK businesses **(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 **(4)**

Question Number	Question	Marks
5 (a)	The latest United Nations projections indicate that the world population will reach 10 billion people by 2056, resulting in an expected shortage of world food supplies. Which **one** of the following is a non-price factor that affects the supply of food? Answer B: Change in technology	1
5 (b)	**Explain why this answer is correct:** • Definition of non-price factor: anything apart from price that will change the amount of a good or service supplied at a given price and given time **OR** • Definition of supply: the amount a producer is willing and able to supply at a given price in a given time period **(1)** • Change in technology could involve the development of GM foods **(1)** • This could increase the amount of food yielded from crops **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because change in demographics will result in an increase in the demand for food **(1)** • C is incorrect because change in tastes and fashions can directly affect demand for different types of food **(1)** • D is incorrect because change in incomes directly affects consumer behaviour and is a demand factor **(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 **(4)**

Question Number	Question	Marks
6 (a)	*Kellogg's* global hunger relief strategy 'Breakfasts for Better Days™' aims to give away one billion cereal and snack servings to help people in need around the world. *Kellogg's* strategy is **most likely** to be influenced by which **one** of the following Answer C: ethical considerations	1
6 (b)	**Explain why this answer is correct:** • Definition of ethical considerations, a set of moral values that a business follows for the greater good **(1)** • *Kellogg's* is responding to the issue of hunger across the world by donating large amounts of products **(1)** • *Kellogg's* does not have to do this and is therefore acting from an ethical standpoint **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is incorrect because *Kellogg's* is doing this to help people and not to have an impact on the environment **(1)** • B is incorrect because *Kellogg's* is doing this as a voluntary action and not because it is being forced to by government legislation **(1)** • D is incorrect because whilst *Kellogg's* use the digital economy, it does not influence its desire to help people **(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 **(4)**

Section B: Data response

Question Number	Question	
7	Explain **two** entrepreneurial characteristics demonstrated by Louise Leolin.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2 Analysis 2) **Knowledge / understanding:** Definition of entrepreneurial characteristics: e.g. personality traits **(1)** that an entrepreneur will have in order to start and run a successful business **(1)** **OR** Identifies **two** separate entrepreneurial characteristics and develops through to application and analysis e.g. creative **(1)** self-confident **(1)** **Application:** Her creativity means she works on a wide range of projects and creates her own You Tube videos. **(1)** Striving to enhance the industry, she offers games design consultancy to other businesses around the world. **(1)** **Analysis:** Louise's creativity has enabled her to develop the new MageBoom game for *Dinobyte Labs* and gain 1,500 subscribers to her popular culture vlogs **(1)** She is confident enough to also take on the role of lead designer in the Space Probe game for *Brambletyne LTD*. **(1)** **Two characteristics must be covered for full marks (3+3). If only one aspect covered, maximum mark of 3.**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Louise set up *DinoByte Labs* in partnership with Christian Lovdal, the Creative Director of the business Explain **two** advantages of a partnership for Louise and Christian.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** Definition of a partnership: a legal agreement **(1)** between two or more people owning a business **(1)** **OR** Identifies two advantages e.g. accounts do not have to be published **(1)** shared and complementary skills **(1)** **Application:** Up to 2 marks for applying contextual answers: e.g. Only Louise and Christian as owners have access to *DinoByte Labs'* accounts **(1)** Louise has strong research skills and Christian has creative skills **(1)** **Analysis:** Up to 2 marks are available for a reason/cost/cause/consequence: e.g. Competitors would not be able to view the business accounts and therefore could not use that information to try and take business/market share from *DinoByte Labs* **(1)** Whilst Louise is away, offering games design consultancy to other businesses, Christian will still be running the design side of *DinoByte Labs* **(1)** **Two advantages must be covered for full marks (3+3). If only one aspect covered, maximum mark of 3.** **Award for any relevant and developed response.**	1-2 1-2 1-2

Question Number	Question	
8 (b)	Explain **two** reasons why the grant was a suitable source of finance for *DinoByte Labs*.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks for defining/explaining that grants are a sum of money given by governments or other organisations **(1)** for a specific purpose **(1)** **OR** identifies two reasons such as a grant injects a lump sum of cash into the business **(1)** does not have to be repaid **(1)** **Application:** Up to 2 marks for applying contextual answers: *DinoByte Labs* is a young, start-up business with no games released yet **(1)** without a product for sale cash flow will be low or non-existent **(1)** **Analysis:** Up to 2 marks The grant gives them time and money to keep going to finish production and launch of their first game **(1)** without having to pay back interest or loan repayments before they have any income from the game prevents further cash flow problems **(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 response.**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Using the data above, calculate the break-even output for *DinoByte Labs.*	(4 marks)
	Selected financial data from *DinoByte Labs* • Fixed costs to produce a new game £7 200 • Average variable costs per game £9 • Average selling price per game £45 Using the data above, calculate the break-even output for *DinoByte Labs*. (Show your working.)	
	Answer	Mark
	(Knowledge 1, Application 3) **Knowledge:** Gives formula e.g. Fixed costs/contribution **(1)** **Application:** BE = 7 200 **(1)**/(45-9) **(1)** = 200 games **(1)** **NB: if response is just 200, maximum mark of 3**	1 3

Question Number	Question			
9 (b)	Assess the likely importance to *DinoByte Labs* of protecting its business and products with trademarks and patents.			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of trademarks 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.*	For example, a trademark is a symbol, logo, word or words, name, figures, letter, image or mark legally registered. For example, a patent provides legal protection for a product or process	
2	3-4	Application of trademarks to *DinoByte Labs* *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.*	For example, *DinoByte Labs* is currently developing its own new game as well as helping others with their games. For example, MageBoom is being developed for the mobile market and is in pre-production.	
3	5-6	Analysis in context must be present based on reasons/causes/costs/consequences **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.*	For example, *DinoByte Labs* should trademark its business name to prevent other individuals or businesses using similar names and damaging its reputation in the marketplace. For example, by taking out patents on its own new games products such as MageBoom, *DinoByte Labs* can legally protects its products from theft and exploitation worldwide.	
4	7-8	Evaluation must be present and in context. Award **7 marks** if one side only is in context. Award **8 marks** if BOTH sides are	For example, even using trademarks and patents does not guarantee protection of products and processes	

		in context. **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.*	because other businesses may copy them anyway. For example, it will be very expensive to legally challenge use of its brand names in every country in the world and may not be worthwhile to spend the amount of time and money it could take.

Question Number	Question			
10	Louise and Christian are key stakeholders in *DinoByte Labs*. Assess the impact on them if *DinoByte Labs* continues to be successful.			(12 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of stakeholders *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.*	For example, stakeholders are any party that has an interest in the outcome of a business decision or action. Usually owners, shareholders/ investors, employees, customers, suppliers	
2	3-4	Application must be present, i.e. the answer must be contextualised applied to stakeholders in relation to *DinoByte Labs.* *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.*	For example, they are developing their new MageBoom game For example, their clients *Brambletyne Ltd* asked Louise to lead design their new Space Probe game For example, they offer a complete game design service	
3	5-6	Analysis in context must give (reasons/cause/consequences/ costs) of the impact of stakeholders in relation to *DinoByte Labs.* **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.*	For example, if their own MageBoom game is successful this will generate sales and possibly more profit for *DinoByte Labs* For example, if Space Probe is successful for *Brambletyne,* other clients are likely to ask her to help develop their games and expand *DinoByte Labs* market share	
4	7-12	**Low Level 4:** 7-8 marks. Evaluation must be present and in context on one side	For example, Louise and Christian may need to bring in other sources of finance if	

		Mid Level 4: 9-10 marks. Evaluation must be present and in context on both sides to illustrate **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.*	their grant money runs out before they are generating an income from their own products For example, Louise and Christian undertake lots of projects and may not be able to deliver on everything they promise and may need to bring in additional games developers to help produce *DinoByte Labs*' and other client's products, adding to running costs. For example, if Space Probe fails to make an impact in the games market, it could damage Louise's and *DinoByte Labs*' reputation

Question Number	Question			
11	Evaluate the extent to which *DinoByte Labs* is a market orientated business.			(14 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of market or product orientation. *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.*	For example, market orientation is when a business focuses on discovering and meeting the stated or hidden needs and desires of its customers For example, product orientation is when a business focuses on selling the products it develops rather than what the customer wants/needs	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to the product or market orientation emphasis of *DinoByte Labs* *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.*	For example, *DinoByte Labs* new game is undergoing extensive user testing with over 5000 respondents. For example, *DinoByte Labs* offers a marketing and user research service to their clients.	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons for deciding the extent of product or market orientation for *DinoByte Labs* (Reasons/causes/costs/consequences) **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.*	For example, *DinoByte Labs* is seeking user reviews to refine and improve its new game to make a product users enjoy. For example, *DinoByte Labs* will develop a 'Playtest Strategy' to ensure clients save time and money developing games that are well received.	

			For example, *DinoByte Labs* carries out extensive user testing to see what users want to do in a game, what works or not, allowing clients to make changes to their final product.
4	9-14	**Low Level 4:** 9-10 marks. Evaluation must be present and in context on one side, **Mid Level 4:** 11-12 marks. Evaluation must be present and in context on both sides, **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.*	For example, *DinoByte Labs* could be considered product orientated because despite extensive user testing the game is developed before this takes place. For example, *DinoByte Labs* could be considered product orientated because Louise is developing her own idea for the new MageBoom game. For example, *DinoByte Labs* could be considered product orientated because it focuses on making client's games playable and unique. For example, *DinoByte Labs* could be considered a combination of both product and market orientation because they offer User Experience Reviews as well as Quality Assurance Testing.

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