GradeMax



Mark Scheme (Results)

October 2018

Pearson Edexcel International Advanced Subsidiary
In Business Studies (WBS02)
Unit 2 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: B (the chance of a promotion can motivate employees)	1
1(b)	**Explain why this answer is correct:** • Definition of internal recruitment e.g. potential applicants are found from within the organisation **(1)** • *Queensland Rail* may lose key personnel and their skills if there are not any prospects of promotion **(1)** • Employees may work harder/be more productive if they can see that promotion prospects are available within the business **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because external recruitment takes longer due to the selection process requiring references/external advertising **(1)** • C is wrong because it will be limited to the size of the business rather than the whole sector **(1)** • D is wrong because more is known about the potential candidate because they already work for the business **(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)	Answer: D (-1.5)	1
2 (b)	**Explain why this answer is correct:** • Definition of YED e.g. the relationship between the change in quantity demanded and a change in income **OR** gives the formula: • $\frac{\%\text{ Change in Quantity Demanded}}{\%\text{ Change in Income}}$ **(1)** $\frac{+18\%}{-12\%}$ **(1)** = -1.5 Any acceptable calculation method that shows selective knowledge/understanding.	1-3 **(4)**

Question Number	Question	Marks
3 (a)	Answer: C (Interest is only paid on the amount owed)	1
3 (b)	**Explain why this answer is correct:** • Definition of overdraft e.g. a credit facility which is agreed with a bank and money can be withdrawn from an account up to an agreed amount **(1)** • If Jonathan does not need to use all of the £10 000 he only pays interest on the amount used **(1)** • This reduces Jonathan's finance costs compared to other sources of finance such as a bank loan **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because one feature of an overdraft is that it is repayable on demand without notice **(1)** • B is wrong because overdrafts are not long term and are more suitable for short term working capital needs **(1)** • D is wrong because overdrafts are more suitable for short term cash flow problems and they are not generally meant for large items of capital expenditure **(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 **(4)**

Question Number	Question	Marks
4 (a)	Answer: D (quick to prepare)	1
4 (b)	**Explain why this answer is correct:** • Definition of historical-based budgeting e.g. a budget based on figures from previous years **(1)** • *Polydist* will use their current sales and production budgets as a basis for the new budget **(1)** • This method of budgeting is therefore very easy to produce as it does not entail any complex calculations **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because the only method that uses no previous data to prepare the new budget is zero-based budgeting **(1)** • B is wrong because there is no need to plan because the budget is based on previous years' figures **(1)** • C is wrong because sales and costs can fluctuate and are unpredictable due to the economic environment **(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)	Answer: D (reduction in labour turnover)	1
5 (b)	**Explain why this answer is correct:** • Definition of labour turnover e.g. the proportion of a workforce who leave within a specified time period **(1)** • The pay increase and bonus may reward/motivate employees at *Jaguar Land Rover* **(1)** • This could result in fewer employees wanting to leave *Jaguar Land Rover* due to the higher pay for the same amount of work **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because self-actualisation is not increased by financial reward such as pay or a bonus and can only be achieved with non-financial rewards **(1)** • B is wrong because employees should see an increase in safety needs as they have more job security from receiving a pay rise **(1)** • C is wrong because empowerment comes from employees making independent decisions rather than being given a pay rise **(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)	Answer: C (competition)	1
6 (b)	**Explain why this answer is correct:** • Definition of competition e.g. rivalry among sellers/a substitute business in the same market **(1)** • More competition may lead to *Staples* losing customers to its competitors **(1)** • Therefore *Staples* may have had to close its stores due to fewer customers and lower sales/less profits **(1)** **Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, for example:** • A is wrong because an increase in cash flow implies an increase in customers and therefore they are more likely to keep their shops open **(1)** • B is wrong because this would allow *Staples* a longer period of time to pay their bills, which would improve their cash flow **(1)** • D is wrong because this would lead to *Staples* being able to keep trading as more turnover will result in more cash flow into the business **(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** possible impacts on *Samsung* of having to recall the Galaxy Note 7.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks for stating two impacts e.g. decrease in sales **(1)** creates a negative brand image **(1)** **Application:** up to 2 marks for contextualised answers to *Samsung* e.g. Evidence B shows that *Samsung* has shipped fewer handsets in 2016 compared to 2015 **(1)** e.g. *Samsung* is the market leader in the mobile phone market **(1)** **Analysis:** up to 2 marks for giving reasons/causes/consequences to *Samsung* e.g. the product recall may have resulted in dissatisfied customers who may go elsewhere resulting in a fall in overall revenue **(1)** e.g. *Samsung* may have to spend more on marketing in order to restore trust in its brand **(1)** **Two impacts must be covered for full marks (3+3). If only one impact covered, maximum mark of 3.**	1-2 1-2 1-2

Question Number	Question	
8 (a)	Explain **two** ways *Samsung* could improve its capacity utilisation.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks for defining capacity utilisation e.g. the percentage of the maximum possible output **(1)** which is actually produced **(1)** **OR** For giving two ways to improve capacity utilisation e.g. close excess capacity **(1)** increase demand by promotion **(1)** **Application:** up to 2 marks for contextualised answers to *Samsung* e.g. *Samsung* has spare capacity because it is no longer producing the Galaxy Note 7 **(1)** e.g. Samsung has a vast range of other electronic products, such as medical equipment **(1)** **Analysis:** up to 2 marks for giving reasons/causes/consequences to *Samsung* e.g. reducing total capacity will increase utilisation from existing factories **(1)** e.g. promotions will help to increase the number of customers purchasing its other products thereby increasing production and using the spare capacity **(1)** **Two ways must be covered for full marks (3+3). If only one way covered, maximum mark of 3.**	1-2 1-2 1-2

Question Number	Question	
8 (b)	Explain **two** reasons why it might be difficult to estimate future sales for *Samsung*'s IT and Mobile Communications (IM) division.	(6 marks)
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks are available for defining future sales e.g. these are a prediction of the amount of goods that are likely to be sold **(1)** over a period of time in the future **(1)** **OR** stating why it might be difficult e.g. impact of a product recall **(1)** competitor's actions **(1)** **Application:** up to 2 marks are available for contextualised answers to *Samsung* e.g. *Samsung* has seen a 3.3% fall in market share since 2015 **(1)** e.g. the mobile phone market has started to mature with lots of rival smartphone manufacturers, such as *Apple* and *Google* **(1)** **Analysis:** up to 2 marks are available for a reasons/causes/consequences for *Samsung* e.g. future sales may be difficult to predict as sales may decrease due to a damaged brand image from its product recall **(1)** e.g. increased competition from *Apple* and *Google* who also offer similar large screen alternative smartphones which have not been recalled **(1)** **Two reasons must be covered for full marks (3+3). If only one reason covered, maximum mark of 3.**	1-2 1-2 1-2

Question Number	Question	
9 (a)	Explain **one** reason why *Samsung* would want to achieve short product development lead times for its mobile phones.	(4 marks)
	Answer	Mark
	(Knowledge 1, Application 1, Analysis 2) **Knowledge / understanding:** up to 1 mark is available for stating a reason e.g. respond quickly to technological advances/to gain a competitive advantage over rivals **(1)** **Application:** up to 1 mark is available for a contextualised response to *Samsung* e.g. smartphones need constantly updating with new features/technology **(1)** **Analysis**: up to 2 marks are available for developing the above, e.g. short product lead times mean that *Samsung* can launch new phones onto the market before its rivals **(1)** *Samsung* may then gain a competitive advantage over other mobile phone competitors therefore increasing its market share **(1)**	1 1 1-2

Question Number	Question			
9 (b)	Assess the benefits to *Samsung* from having a tall organisational structure.			(8 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of tall organisational structure	e.g. a tall organisational structure has many levels of hierarchy with a narrow span of control	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Samsung*	e.g. *Samsung* has three independently operated main divisions - IT and Mobile Communications (IM), Consumer Electronics (CE), and Device Solutions (DS) e.g. *Samsung* has 325,677 employees in 80 countries	
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 to *Samsung* of having a tall organisational structure **NB if analysis is not in context limit to Level 2.**	e.g. a narrow span of control allows for closer supervision of employees in the IT and Mobile Communications division resulting in higher productivity e.g. tall structures provide clear, distinct layers with obvious lines of responsibility and control and a clear promotion structure which may be needed for an organisation of such size with three independently operated divisions	
4	7-8	Evaluation must be present and in context showing the impact on *Samsung* of having a tall organisational structure Award **7 marks** if one side only is in context Award **8 marks** if BOTH sides are in context **N.B. if there is evaluation but no context at all, then limit to Level 3.**	e.g. communication may take too long to travel through all the levels in the Consumer Electronics division which can lead to slower decision-making and can hinder progress e.g. employees in the Consumer Electronics division may suffer from motivational problems due to the close supervision by managers above them e.g. there is a long chain of command that could make the firm unresponsive to sudden change in the three different divisions	

Question Number	Question			Marks
10	Assess the importance for *Samsung* of using quality management techniques to increase its market share.			(12 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of quality management techniques must be present	e.g. quality management techniques cover a range of options such as quality control, quality assurance and TQM which are all designed to improve and maintain the quality of the product	
2	3-4	Application must be present, i.e. the answer must be contextualised to *Samsung*	e.g. *Samsung* is continuously upgrading the quality management system to achieve the best quality in all products and services e.g. quality management ensures the same consistent standards exist in the 80 countries in which it operates and that all 325,677 employees follow these standards	
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *Samsung* using quality management techniques **NB if analysis is not in context limit to Level 2.**	e.g. regardless of where products such as smartphones and wireless speakers are manufactured consistency of manufacturing quality will be maintained, which will lead to customer satisfaction and therefore result in repeat purchases/brand loyalty e.g. consistency of quality of the smartphones enhances brand image leading to a competitive advantage and increased market share	
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 More evaluation will be present and in context on **both sides**	e.g. quality alone may not be enough to increase market share, *Samsung* operates in a dynamic market and must pay equal attention to technological change and innovation if it is to increase market share e.g. there are many other considerations which affect market share, such as price, taste, competition from other electronic products which affects whether a consumer will purchase a *Samsung* product over a rival electronic device	

		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 there is evaluation but no context at all, then limit to Level 3.**	e.g. it is expensive in terms of implementation as the large number of employees and suppliers will need training as to how to maintain the same quality which may be reflected in higher prices of smartphones and therefore lower sales e.g. the quality management techniques did not work as *Samsung* had to recall Galaxy 7 handset despite using these quality systems

Question Number	Question			
11	Evaluate the usefulness of the Boston Matrix to *Samsung* when managing its product portfolio.			(14 marks)
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by the Boston Matrix *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 method of analysing a business' products in terms of their market share and growth potential in terms of cash cow, star, problem child and dog	
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to *Samsung* *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. *Samsung* has a wide product portfolio ranging from mobile phones to accessories for use with mobile phones (Evidence D) e.g. The Consumer Electronics divisions sells refrigerators and TVs which will have different market shares/growth in different parts of the world e.g. wireless speakers could be classified as Star products and out of date phones could be classed as Dog products e.g. Evidence B shows that *Samsung* has seen a decline in market share of mobile handsets in Q3 of 2016	
3	5-8	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of *Samsung* using the Boston Matrix **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*	e.g. *Samsung* could use the revenue from 'cash cows' such as its best-selling mobile handsets to help the development of a new product such as the new wireless speakers to ensure a balanced portfolio across its ranges e.g. Boston Matrix is a useful tool to help *Samsung* plan its product mix and ensure that it is constantly reviewing its product portfolio against changes in demand such as	

		found which cause some passages to lack clarity or coherence.	consumer concern for the environment and sustainability e.g. allows *Samsung* to see which of its electronics products are growing and which products need to be divested if market share and growth is declining in order to maximise profits
4	9-14	**Low Level 4:** 9-10 marks. Evaluation must be present and in context **on one side only**, e.g. showing possible usefulness and problems of the Boston Matrix **Mid Level 4:** 11-12 marks Evaluation must be present and in context **on both sides**, to show the usefulness and problems of the Boston Matrix **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 there is evaluation but no context at all, then 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 a wide range of electronic products it becomes impractical to conduct meaningful analysis using a simple model such as the Boston Matrix for every product e.g. the Boston Matrix model has its limitations for *Samsung* because the technology market changes quickly and the model does not always reflect this as it is only a snapshot of the current position e.g. the Boston Matrix has little or no predictive value and does not take account of external factors which may affect *Samsung* such as an economic downturn which may impact on the types of luxury products it sells e.g. the Boston Matrix takes no account of the actions of competitors which may impact upon sales and growth of *Samsung* products within the Boston Matrix itself e.g. nevertheless, it may be a useful guide when used alongside other management tools

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