GradeMax



Mark Scheme (Results)

January 2021

Pearson Edexcel International Advanced Level In Business (WBS11)
Paper 1: Marketing and People

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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.

Question Number	Answer	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term 'brand', e.g. • A name, logo, or symbol **(1)** that distinguishes a product or service from competitors **(1).**	**(2)**

Question Number	Answer	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a risk taken by an entrepreneur • Financial risk **(1).** **Application** Up to 2 marks for answers contextualised to Jack Ma, e.g. • Jack worked as a teacher prior to creating the *Alibaba Group* and so gave up wages from his regular job **(1)**. • Jack invested in the business and is likely to have used his savings or taken out a loan **(1)**. **Analysis** 1 mark for reason/cause/consequence for Jack Ma • It may have led to Jack losing his possessions/assets if the business had failed **(1)**.	**(4)**

Question Number	Answer	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining demand, e.g. • Quantity of goods or services **(1)** desired at a given price and a given time **(1)**. OR For giving two possible causes of increased demand for the *Alibaba Group,* e.g. • Changes in trends and fashions **(1)** price of substitutes **(1)**. **Application** Up to 2 marks for answers contextualised to *Alibaba Group*, e.g. • Due to changes in technology, more people are buying goods and services online **(1)** • It has differentiated itself from competitors such as *eBay* that charge a fee for selling on their websites **(1)**. **Analysis** Up to 2 marks for reasons/causes/consequences for *Alibaba Group*, e.g. • This may lead to increased sales for the *Alibaba Group* as customers are looking for a more convenient way to shop **(1)** • This may lead to attracting new sellers to the website and the availability of a wide range of goods to attract more consumers **(1)**.	**(6)**

Question Number	Indicative content
1(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Profit = Total Revenue (TR) – Total Costs (TC). Therefore, profit maximisation occurs at the biggest gap between total revenue and total costs • Profit maximisation is assumed to be the main business objective of most entrepreneurs. Jack Ma is now a billionaire, which may support profit being the primary motivation and objective of the business • *Alibaba Group* keeps operational costs low by trading on the internet, which helps to minimise total costs and increase profitability • *Alibaba Group* has expanded the business (Tmall) rapidly indicating that maximising profits may be the main objective for the business • Profit is important in order to fund/support its ethical and social initiatives • However, *Alibaba Group* appears to have several social objectives. Its 'Tech For Change Initiative' aims to support female education through free online training. It donates funding for healthcare for the underprivileged. This might indicate profit maximisation is not its main objective • It does not charge a fee for selling on its C2C website Taobao, which may indicate that profit maximisation is not the primary objective of the business.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding, applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

Question Number	Indicative content
1(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • A paternalistic leader makes the decisions in a business and decides what is best for employees. The leader is seen as a father or mother figure • Jack Ma may have developed this style of leadership as a teacher in China • This style of leadership may lead to employee loyalty as they feel like they are being listened to and their needs are met, reducing absenteeism and staff turnover • Decisions are made with the employees' best interests taken into consideration, which may motivate staff and improve productivity • Feedback is invited and encouraged, which may improve morale/productivity and lead to increased sales revenue for the *Alibaba Group* • Jack Ma founded the *Alibaba Group* and may be the best person to make decisions for this successful business • However, the industry is dynamic and it may be that Jack Ma is not always the right person to make the final decisions • This style of leadership, unlike laissez-faire leadership, may not encourage others to use their initiative and may stifle creativity, which is important in the IT industry • If final decisions are not made by others in the organisation this may be viewed as autocratic leadership by the employees, leading to demotivation. • Many employees are motivated by empowerment and responsibility and if they do not have these it may lead to them leaving the company to work for competitors.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question Number	Answer	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term 'product innovation', e.g. • The development/creation of products **(1)** not previously available **(1)**.	**(2)**

Question Number	Answer	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS2:** calculate, use and understand percentages and percentage changes **QS7:** interpret values of price and income elasticity of demand. **Knowledge** 1 mark for identifying a suitable formula, e.g. • PED = % change in quantity demanded / % change in price **(1)**. **Application** Up to 2 marks for selecting the correct data: • -1.5 **(1)** x -8 **(1)**. **Analysis** 1 mark for calculating the percentage change in demand • 12% **(1)**. **NB award marks as below**: If the answer given is 12% award 4 marks. If the answer given is 12 award 3 marks.	**(4)**

Question Number	Answer	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining pricing strategy, e.g.: • Methods used by a business **(1)** to set a price for its products or services **(1).** **OR** Showing understanding of two types of pricing strategy, e.g.: • Competitive pricing, setting a price at or near competitors' prices **(1)** • Price skimming, setting an initial high price before reducing later on **(1)** **Application** Up to 2 marks for answers contextualised to *Nintendo*, e.g.: • *Nintendo* may price in line with its rivals such as *Sony,* due to the competitive nature of the games console industry **(1)** • *Nintendo* has launched the *Switch* console, which is differentiated from other consoles as it can be used as a home console as well as being a handheld device **(1)**. **Analysis** Up to 2 marks for reasons/causes/consequences for *Nintendo*, e.g.: • This may prevent *Nintendo* losing sales to rivals and prevent its customers switching to substitutes if its price is too high **(1)** • *Nintendo* may be able to sell at a high price until competitors launch a similar console to rival the *Switch* **(1)**.	**(6)**

Question Number	Indicative content
2(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • The Boston Matrix is a method of portfolio analysis based on market share and market growth • It categorises products into Cash Cows, Dogs, Stars and Problem Children/Question Marks • It can be used to analyse the current portfolio of products to help with future strategies and growth. Cash from mature products can be used to fund new products such as the *Switch* console • As market share may be gained through investment in marketing, the matrix helps to focus on the promotion strategy for new consoles and games to increase sales • It will help in the decision making regarding consoles that are regarded as Dogs that should be discontinued, including the *Game Boy* • However, it is only a snapshot of the current product portfolio. It has little or no predictive value and does not take account of external factors such as competitors such as *Sony* and *Microsoft* • Just because products are categorised as Dogs does not mean they must be removed – perhaps they still generate acceptable levels of revenue • The Boston Matrix cannot be used in isolation and *Nintendo* must consider other external and internal factors to help make important decisions on its product portfolio • Product life cycle may be a better method of portfolio analysis as it takes account of the life span of products, which is an important element in the dynamic games console industry.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding, applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors.

Question Number	Indicative content
2(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. **Knowledge, Application, Analysis, Evaluation – indicative content** • In a matrix organisational structure, employees work within teams or projects as well as within their own functional area or department • A benefit is that it encourages the sharing of ideas. Designers and marketing staff at *Nintendo* are able to share experience and good practice. This resulted in the development of the *Switch* console, which has helped *Nintendo* regain its market share • The matrix organisational structure can break down traditional department barriers and so improve communication across the entire organisation • It allows *Nintendo* to be more flexible with its developers who can use their specific skills within a variety of development projects • However, members of project teams may have divided loyalties if they report to two or more managers. This may lead to stress and overworking of employees • It may be difficult to coordinate if developers are required on a number of projects, which may decrease productivity for the business • Overall, whilst the sharing of ideas and new technology is key for *Nintendo,* it is important that the new structure is managed well to maintain control, coordination and employee motivation within the business.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors, leading to a supported judgement.

Question Number	Indicative content
3	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited **Knowledge, Application, Analysis, Evaluation – indicative content** • Motivation is a reason for acting or behaving in a particular way • Non-financial methods of motivation refer to non-monetary rewards • *HSBC* encourages job rotation for the university graduates. This may prevent the employees from becoming bored in their roles as well as allowing them to build a wider range of skills • *HCSB* believes employees should be empowered to make decisions in the business. Employees should become more confident to make important decisions in the banks • Employees at *HSBC* can take a sabbatical, which may provide the work-life balance many employees are seeking. As with Andy Russell this may motivate employees to work harder when they return to work • A large percentage of *HSBC* employees work on a flexible basis. This may be home working or part-time working. This again helps provide a better work-life balance for employees, which may lead to more loyal and committed staff for *HSBC* • However, flexible working may not improve employee performance. Some employees may abuse the advantages of working from home and not be productive • Time off for sabbaticals may be difficult to manage for the bank and cause disruption at the bank branch where they work • Job rotation may also be difficult to manage if graduates move regularly from country to country • Some employees may be motivated by financial benefits. If other banks offer better pay and monetary rewards this may demotivate staff and cause high labour turnover • It depends on what motivates employees at the bank, some will be focused on meeting basic needs when leaving university and less focused on non-financial benefits • Overall, the bank has a wide variety of opportunities for university graduates, which is likely to motivate those employees looking for a fulfilling career at the bank.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

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