GradeMax



Mark Scheme (Results)

January 2021

Pearson Edexcel International Advanced Level In Business (WBS13)
Unit 3: Business Decisions and Strategy

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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 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying a benefit, e.g. • Reduces the risk of a full-scale launch **(1)** **Application** Up to 2 marks for contextualised answers, e.g. • The PLT is a new product and is being launched in a small number of outlets in Canada **(1)** • *McDonald's* main menu is mainly meat based **(1)** **Analysis** 1 mark for developing the reason, e.g. • If the PLT fails in its test outlets then significant costs may be saved by *McDonald's* **(1)**	**(4)**

Question Number	Answer	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS1:** calculate, use and understand ratios, averages and fractions. **Knowledge** 1 mark for knowledge of the formula to calculate mark-up: Mark up = profit per item x 100 **(1)** cost per item **Application** Up to 2 marks for correct application of figures to formula: ($9.99 – $3.64) **(1)** x 100 $3.64 **(1)** **OR** $6.35 **(1)** x 100 $3.64 **(1)** **Analysis** 1 mark for showing correct answer: 174.45% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 174.45% award 4 marks • If the answer given is 174.45 award 3 marks	**(4)**

Question Number	Indicative content
1(c)	**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** • Physical resources refer to the operational factors concerned with premises, equipment and other resources needed to meet customer needs • The introduction of new plant-based products might require *McDonald's* to invest in new equipment to store the new PLT burgers • Non-meat alternative products may need separate storage and cooking facilities to keep them separate from meat products • *McDonald's* will have to develop supply chain relationships with *Beyond Meat*/*Impossible Foods* to ensure a constant supply of products to the 28 restaurants trialling the new meat alternatives • *McDonald's* may need to ensure that it has enough physical resources to cope with an increase in the number of products being offered on its menu • However, this is not the first time *McDonald's* has offered non-meat alternatives and already has experience of this market • *McDonald's* offers a range of non-meat products in Germany, Sweden and Finland, which indicates that the business already has physical resources in place • *McDonald's* is a huge business that will have the financial resources to fund any physical resources needed

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(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. **QS: QS2, QS8 and QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • Extract C indicates that there are market opportunities for plant-based products with a 29% increase since 2014 of plant-based burgers and sandwiches in the US • The overall number of adults wanting more non-meat fast food options is 36% • This would seem to indicate that there is growing demand for plant-based products and *McDonald's* would therefore benefit from providing new plant-based menu items to fulfil this customer need • Adults aged 18-29 have the greatest demand for plant-based products and this may benefit *McDonald's* in terms of the target audience who generally buy fast food • There has been a growing concern both from health and environmental reasons regarding the consumption of meat and many adults are opting for non-meat products • However, there are many threats to *McDonald's* of entering this new market of plant-based products • Although there is rising demand for non-meat fast food products, only 9% of the US classify themselves as vegetarian or vegan and this has remained unchanged since 2012 • This seems to indicate that the majority of people in the US still prefer fast food meat items and that *McDonald's* should perhaps focus on developing new meat products • Extract B shows the cost of producing a non-meat burger is more expensive than a meat burger, which could deter customers from purchasing plant-based burgers • The meat burger has a much higher mark-up of 276.73% compared to the non-meat burger of 174.45% • Extract A also indicates that rival fast food businesses such as *Burger King* and *KFC* have already developed and launched their own non-meat products into the market • This may have given rivals first mover advantage over *McDonald's* who are only just trialling the PLT burger • Overall, according to Ansoff's matrix, product development is more risky than market penetration but if *McDonald's* can produce a non-meat product that appeals to both vegetarian and meat eaters then this strategy will help to widen its menu, which is currently very focused on meat products

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	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	5–8	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	9–12	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
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** • Critical path analysis identifies the precise sequence of activities that need to be completed within a strict timeframe and shows the best way to avoid any unnecessary delay • *McDonald's* can use CPA to schedule the redesign of drive-throughs to help each stage to be completed in the shortest time possible • CPA helps reduce the risk and costs of complex projects particularly when new technology and rebuilding 8,000 drive-throughs will be happening simultaneously • It can help spot which activities have some slack/float and could therefore transfer some resources to activities that are critical to the overall completion time • However, the quality of the critical path network will depend on the accuracy of the data entered into the calculations • When the project is new, such as introducing new artificial intelligence, it might be difficult to make accurate predictions about how long each activity will take • Redesigning 8,000 drive-throughs might be very difficult particularly when this is extended worldwide in 2020 • External factors such as the weather might impact on the timescale needed to rebuild the drive-throughs, so extending the overall time needed to complete the redesign in the US and worldwide • It is a management tool and relies on the skills of the person constructing the critical path network • CPA is a management and decision-making tool that must be used in conjunction with other decision-making tools to increase its effectiveness

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	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	5–8	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	9–12	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
2	**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. **QS: QS2, QS8 and QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • Transformative leadership is a leadership style that aims to change the way things are done within a business • This is accomplished by setting an example at the executive level through a strong sense of corporate culture, employee ownership and independence in the workplace • Dave Lewis could be argued to be the main reason for the improvement at *Tesco* by changing the way it operated • Dave Lewis made some drastic decisions and radically changed the strategy of focusing on profits rather than sales • He cut back non-core activities and updated own brand products and in doing so has returned *Tesco* to profit within five years • All of these actions could be considered to be transformative and his leadership style had a direct impact on the profits at *Tesco* • However, Extract F does show that during the period Dave Lewis was CEO, UK retail sales were positive and increasing, particularly in 2015 • This might have accounted or contributed to the financial improvement at *Tesco* rather than due to Dave's transformative leadership style • At the same time, UK interest rates over the same period were at very low levels, ranging from 0.5%-0.75% • Low interest rates often encourage more spending as it is cheaper to borrow money • Low interest rates could also have contributed to an improvement in the financial position of *Tesco* • There are other key factors that can have an impact on the finances of a business • The organisational culture and size of the organisation will also have a direct impact on change within a business • It is clear that Dave Lewis has been successful in managing *Tesco* from a loss to a profit but there are many factors that could have also had a positive impact

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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.

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. **QS: QS2, QS8 and QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • Employee ownership is when interest in a company is held by the company's workforce. • *Richer Sounds* now has 60% of the business owned by the employee ownership trust • Employee ownership can create incentives in the form of employee motivation and productivity because the employees benefit financially from their own efforts and have a stake in the business • This may result in an increase in employee productivity as the employees own the majority of the business and can benefit from a share of the profits • Due to this, owning shares in *Richer Sounds* might improve company performance, result in greater levels of loyalty, engagement and individual performance, thereby improving overall productivity and retention • Extract G shows that in 2018 profit per employee was £19 690 demonstrating how important each employee is to *Richer Sounds* • By owning shares in the company, this figure may improve as there might be a direct impact on sales and profitability that the employees benefit from • By owning a share of the business, employees at *Richer Sounds* might be more inclined to increase their productivity and aim to sell more electrical equipment to improve this return on investment • However, if the share price decreases this can have a negative impact on the value of the shareholding for an employee and therefore reduces the incentive to work harder and increase productivity • ROCE over the time period has declined to 33.6% in 2018 from 52.1% in 2016 • The earning per share has decreased in 2018 compared to 2017 and this might reduce labour productivity at *Richer Sounds* if employees are not receiving a high enough financial reward for their efforts • By owning 60% of the shares, employees at *Richer Sounds* will have greater participation in decision making and might have more power than Julian Richer • Extract G indicates that most of the employees at *Richer Sounds* have worked for the business for many years with 39 employees working for over 20 years indicating that *Richer Sounds* does not have a problem with

	labour turnover/employee retention and that employees are already happy • There are other ways to improve productivity and retention such as empowerment strategies and consultation, which might be more effective and do not require ownership to be given to employees • A combination of financial and non-financial human resource strategies might be the best way to improve overall productivity as employees are often motivated by different things

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