GradeMax



Mark Scheme (Results)

Summer 2021

Pearson Edexcel International Advanced Level In Business (WBS13/01)
Unit 3: Business decision and strategy

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Summer 2021
Question Paper Log Number P64947A
Publications Code WBS13_01_2106_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.

Question Number	Answer	Mark
1(a)	**Knowledge 1, Application 2, Analysis 1** **Quantitative skills assessed** QS9 Interpret, apply and analyse information in written, graphical and numerical forms **Knowledge** 1 mark for identifying how it might affect *Dunelm* e.g. • *Dunelm* is likely to increase its revenue **(1)** **Application** Up to 2 marks for contextualised answers, e.g. • The home product market is set to increase to £14.1bn by 2021 **(1)** • *Dunelm* is the number 1 retailer in the home products market **(1)** **Analysis** 1 mark for developing the reason, e.g. • Market size is set to grow and *Dunelm* should benefit from that growth **(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 and understanding of how to calculate ROCE: $\frac{\text{Operating profit}}{\text{Non-current liabilities + Total equity}} \times 100$ **(1)** **Application** Up to 2 marks for correct application of figures to formula: $\frac{126.9\ \textbf{(1)}}{267.3\ \textbf{(1)}} \times 100$ **Analysis** 1 mark for showing correct answer: 47.47% **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 47.47% award 4 marks • If the answer given is 47.47 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** • A distribution method is how a business gets its product to the end user • *Dunelm* has three ways customers can purchase goods – 170 superstores, two high street stores and on its website Dunelm.com • *Dunelm* offers over 30,000 products in store and has an extended product range on its website • It also has its own delivery fleet and Reserve and Collect in its stores which will enable customers who purchase goods on its website to either have them delivered or collect in store • All of this enables *Dunelm* to offer more choice and convenience to its customers depending on how they like to purchase home products • By offering different ways to shop, *Dunelm* may be able to increase its sales of home products and maximise its revenues • However, offering multiple ways to purchase its home products will require *Dunelm* to maintain both its superstores and online offerings • This may require further investment to run its own fleet of delivery vehicles, maintaining its website, all adding to its overall running costs • *Dunelm* may have to spend more on buying inventory and warehousing of its inventory by having more than one way to purchase home products

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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Human resource strategies include financial and non-financial techniques • *Dunelm* offers financial rewards such as paying above the UK NMW • *Dunelm* offers employees the chance to purchase shares at a discount in the business which may result in employees working hard as they own part of the business • Financial rewards can provide an incentive for employees to stay at *Dunelm* and can help to increase productivity levels in the superstores • *Dunelm* not only provides financial rewards but offers a range of non-financial rewards such as the empowering female leaders programme, regular meetings where employees can consult with management and are informed of events in *Dunelm* • Not everyone is motivated by money so by offering a range of human resource strategies, *Dunelm* might be able to appeal to all its employees in terms of motivation • By offering such a wide range of HR strategies, *Dunelm* may see an overall decline in labour turnover and a related improvement in productivity and good customer service • However, offering such a wide range of incentives may add to *Dunelm*'s labour costs which could put *Dunelm* at a competitive disadvantage with other businesses selling home products • Management time will be needed to ensure all of these strategies are implemented effectively for all the 9,000 employees • The effectiveness of offering such a wide range of HR strategies will depend upon how *Dunelm* compares to other retail businesses in the same industry or similar industries • If employees can earn higher wages or have better working conditions in a rival business, then *Dunelm* may still have to spend time recruiting new employees

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	5–8	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** • Corporate culture is the set of important assumptions that are shared by people working in a particular business and that influence the ways in which decisions are taken • Extract E shows that *Dunelm* has an open and straightforward culture, with strong ethics based on the values of the founding Adderley family • *Dunelm* monitors its culture twice a year and all employees at *Dunelm*, including the Board, are expected to follow its corporate culture • By having a strong and open culture, employees are likely to be more positive and feel that *Dunelm* cares about its stakeholders • There could be an increase in employee engagement/motivation at *Dunelm* if employees see that culture comes from the top down and is valued by the business • This could result in lower labour turnover and higher productivity • However, as the size of *Dunelm* grows it might be more difficult to keep the original corporate culture in all of its 172 stores • Corporate culture alone does not guarantee the financial success of *Dunelm* and there are many other factors which contribute to the success of a business • The wider economic environment may have more of an impact on the success of *Dunelm* rather than its corporate culture • In order to be successful, *Dunelm* must ensure it continues to offer the products and prices that customers want as well as maintain its original corporate culture

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	5–8	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. **Knowledge, Application, Analysis, Evaluation – indicative content** • A cash-flow forecast is a month by month prediction of the timings of expected cash inflows, outflows and balances for a business • Positive cash-flow is essential for the survival of a business to ensure that suppliers, employees and the government can be paid on time • Extract F states that *Jamie's Italian* had run out of cash despite having regular board meetings • If the management of *Jamie's Italian* had paid more attention to the inflow and outflow of cash, then it might have been able to have spotted potential cash shortfalls and taken appropriate steps to fund these shortfalls • Better use of cash-flow forecasts by the management at *Jamie's Italian* might have been able to predict the changes in the economic climate in terms of 'What if' scenarios • Better use of cash-flow forecasting may have helped the management to see the impact on *Jamie's Italian* of rising wages, increasing food costs and higher rent • Plans could have been made to deal with these external events • Better use of cash-flow management could have avoided Jamie Oliver having to invest a further £13m and borrow £37m from *HSBC* • However, no cash-flow forecast is ever 100% accurate despite careful financial projections • Restaurant sales may not be as high as expected due to a number of factors which are beyond the control of the business • Cash-flow forecasts can be affected by external factors - PESTLE (political, economic, social, technological, legal and environmental) which may have a negative impact on a business such as *Jamie's Italian* • Extract F states that there was a perfect storm which resulted in the cash-flow problem for *Jamie's Italian* rather than poor cash-flow forecasting by the management • Although good use of cash-flow forecasting is an integral part of any successful business it must be used in conjunction with other management tools such as quantitative sales forecasting, contingency planning and PESTLE analysis

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(s) 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Ansoff's Matrix helps businesses to analyse a range of possible growth options by considering their relative risks • *Unilever* is a large conglomerate business with 400 brands in a range of different consumer markets and countries • Taking over *Graze* is an example of inorganic growth and can help *Unilever* diversify into the market for healthy snacks as well as acquire a business which is also established in the direct to consumer channels • This could help to complement its existing product offering in its Food and Refreshment division • This could be a tactical move by *Unilever* in response to an increase in healthier food products and is a relatively low risk strategy given its resources and expertise in its food division • Extract H shows that there is an increase in the world snack food market that will be worth $192 800m by 2023 with nuts and seeds accounting for approximately 1/3 overall • *Graze* is already an established business therefore giving *Unilever* a foothold in the market which could result in higher profits overall • However, according to Ansoff, diversification can be more of a risk than market penetration or product development • *Unilever* could have developed its own range of healthier snacks rather than spending £150m acquiring *Graze* • *Unilever* has already acquired three other businesses within three months which may see the business overstretch itself in terms of finances • Although *Unilever* does have products in its food division, there could be culture clashes between the existing team at *Graze* and the way things are done at *Unilever* • Diseconomies of scale may occur as decision-making will involve *Unilever* having to coordinate with *Graze* and this may make *Graze* less flexible to react to changes in the marketplace • Overall, acquiring *Graze* may have been a good decision for *Unilever*'s product portfolio if it exploits *Graze*'s technology and e-commerce expertise for other products in its portfolio

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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.
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