

Mark Scheme (Results)

October 2024

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	Using Extract C calculate, to two decimal places, the current ratio for *Samsung* in 2022. You are advised to show your working. (4) **Answer**	Mark
1(a)	**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 the current ratio: current assets / current liabilities **(1)** **Application** Up to 2 marks for correct application of figures to formula: 218 trillion KRW **(1)** 78 trillion KRW **(1)** **Analysis** 1 mark for showing correct answer: 2.79 **(1)** **NB: If no working is shown, award marks as follows:** • If the answer given is 2.79 or 2.79:1 award 4 marks	**(4)**

Question	The price elasticity of demand (PED) for a *Samsung* television is estimated to be -1.5. If a retailer selling *Samsung* televisions reduces its price by 4%, calculate the estimated percentage change in demand. You are advised to show your working. (4) **Answer**	Mark
1(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. • % change in quantity demanded/% change in price **(1)** **Application** Up to 2 marks for selecting the correct data: • -1.5 **(1)** x -4% **(1)** **OR** • -1.5 **(1)** = % change in quantity demanded/ -4% **(1)** **Analysis** 1 mark for calculating the percentage change in demand • 6% **(1)** **NB: If no working is shown, award marks as follows:** If the answer given is 6% award 4 marks If the answer given is 6 award 3 marks	**(4)**

Question	Discuss the benefits to *Samsung* of increasing the market share of its smartphones. (8) **Answer**
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. **QS: QS8, QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • Market share is the percentage of total sales in a market held by a specific business over a specified time period • *Samsung* currently has a 26.10% share in the smartphone market compared to *Apple's* market share of 30.44% • Increasing global market share is important to *Samsung* because it is a measure of the consumers' preference over other brands such as *Apple* • An increase in its market share may attract new consumers who may become loyal to its business and lead to increased sales/profit for *Samsung* • Increased market share may lead to growth of the business. This may lead to economies of scale for *Samsung* allowing it to possibly reduce its prices or increase profitability • However, *Samsung* may have to invest heavily in new technology and/or its marketing budget to become the market leader. This may result in higher costs and lower profit • It may be very difficult to take market share from a well-established brand such as *Apple* that is dominant in the smartphone market • It may be that *Samsung* is more concerned with building market share in other areas of its business such as tablets or household appliances • Other objectives, such as profit maximisation or retaining its employees, may be more important to *Samsung*

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	Assess whether *Samsung's* mission statement is likely to affect its stakeholders. (12) **Answer**
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: QS8 and QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • A mission statement is a short summary of a business's purpose. It may describe the aims of the organisation and how these impact its stakeholders • The mission statement may send out a strong message to its customers that it creates 'superior products and services.' This may lead to increased sales and/or brand loyalty of consumers • *Samsung* may also attract potential investors who are seeking to invest in a dynamic technology business • *Samsung*'s mission statement refers to its talent. This reference to the employees may motivate the workforce who may feel appreciated by the business. This could help retain its workers • This may help it return to being one of the most desired places to work in South Korea, as it was between 2004 and 2013 • *Samsung* wants to 'contribute to a better global society'. This vision may potentially attract new recruits to the business who are seeking a challenging career • The mission statement provides focus and clarity of *Samsung's* business objectives which may encourage its employees to strive to meet the vision of the business • However, mission statements are often seen as a marketing/ PR tool rather than a meaningful statement • Employees may not be influenced by the statement. It may have no impact on the motivation or loyalty of the employees • Mission statements are often vague and fail to influence its stakeholders or provide direction • It depends if the *Samsung* mission statement differentiates itself from its competitors and if its stakeholders find the statement inspiring • Overall *Samsung's* mission statement may be a powerful tool to inspire its stakeholders if communicated well within the business

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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 knowledge and understanding, supported 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	*Samsung* has plans to change the culture in its South Korean offices. Assess the extent to which *Samsung* may benefit from this change. (12) **Answer**
1e	**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: QS8, QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • Culture can be described as 'the way things are done around here' and reflects the norms and values of a business • *Samsung* is attempting to change the culture of the business by flattening the organisational hierarchy. This should allow employees to have more autonomy in the business which may motivate them • This change may reduce the current conflicts between *Samsung* and its trade union • *Samsung* is encouraging all of its employees, including senior managers, to dress casually on a Friday rather than wear suits and ties at work. This may create a more comfortable and informal atmosphere in the office which may lead to creativity within its business • The plans to allow its workforce to work from different locations will provide flexibility for employees and give them a sense of trust and responsibility. This may result in increased efficiency from the employees • Encouraging more women back into the workforce and providing extra child-care facilities for workers will lead to greater diversity in the office. This may attract new recruits to its business • However, a flatter organisational structure may result in less control of its workforce which may lead to costly mistakes • Some employees may not be comfortable with dressing casually for work. It may encourage a relaxed atmosphere where employees are not focused on their tasks, and this may reduce productivity • Allowing its employees the flexibility of working from different offices may lead to poor communication at *Samsung*. Those employees who work from home may not be as productive due to distractions at home • Providing extra child-care facilities is likely to be expensive for *Samsung* which may impact its profitability • Overall, *Samsung* needs to make efforts to change its culture in order to attract the top recruits and reduce further conflict with the trade unions which could be damaging to its business • The extent to which the changes will benefit Samsung depends on how responsive the employees are to the changes

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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	Using the data in Extracts E and F, and decision tree analysis (DTA) calculations, evaluate the extent to which DTA will help *Center Parcs* decide on its growth strategy. (20) **Answer**
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: QS1, QS8, QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • Workings: New village: (0.8 x €780) - (0.2 x €120m) - €520m = Expected Monetary Value **€80m** Takeover existing village: (0.7 X €220m) - (0.3 x € 70m) - €100m = Expected Monetary Value **€33m** • A decision tree is a mathematical method of considering alternative outcomes of any decision and presenting them in a diagram • The results can be compared based on the predicted profit or loss of an outcome and the probability of that outcome occurring • A decision trees is a visual tool that may help the management of *Center Parcs* to discuss its strategy as it can compare probabilities and discuss the potential profitability of its growth options • For *Center Parcs*, based on the calculations, the best decision would be to build a new holiday village because it has a higher expected value of €80m in comparison to the €33m expected value for taking over a holiday village • DTA allows *Center Parcs to* carefully consider all of the available options to help minimise its risk • Even though the new village provided the highest potential return of €780m*, Center Parcs* may not base its decision on this alone as it would also consider the 20% probability of failure as well • Placing numerical values on decisions is likely to provide a sense of confidence to prevent *Center Parcs* funds from being wasted • However, it should be noted that the expected values of €80m for the new village and €33m for the takeover option are calculated from estimated figures and cannot be fully relied upon • DTA does not necessarily reduce the amount of risk in making a decision • External influences are outside of the control of *Center Parcs* and it may be affected by external shock such as the global health crisis which forced it to close the holiday villages for a period of time • DTA is based on quantitative data only and ignores the qualitative aspects of making a decision • *Center Parcs* is a successful business and perhaps the intuition and experience of its management is a better way of making decisions • Its usefulness depends on the accuracy of the data used and the experience of the estimation and research teams • Overall, DTA gives a visual tool that can help *Center Parcs* make decisions based on numerical data, but ideally should be used in conjunction with other models such as Ansoff's matrix to plan its growth strategy

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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 knowledge and understanding, supported 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	Evaluate the extent to which changes in the competitive environment of the Middle Eastern airline market may affect *Emirates.* (20) **Answer**
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: QS8 and QS9** **Knowledge, Application, Analysis, Evaluation – indicative content** • A competitive environment is where businesses sell similar products or services and compete for market share and sales volume • *Emirates* are based in the Middle East where the airline market is growing. It is experiencing increased competition from existing and new airlines • Middle Eastern low-cost budget airlines such as *flydubai*, *Air Arabia* and *Jazeera Airways* are benefitting from growing demand in the region which may lead to *Emirates* having to reduce its prices to compete • European low-cost airlines *WizzAir* and *Ryanair* have entered the Middle Eastern airline market and are benefitting from connecting East with West. *Emirates* may have to consider adding more destinations to compete with these airlines • Saudi Arabia has announced plans for new aircraft and a new airport in the capital Riyadh to accommodate 185 million travellers by 2050 • This may threaten the position of *Emirates* and customers may switch to Saudi airlines • The Middle East region is suffering from a shortage of airline workers. Increased competition from other airlines may force *Emirates* to increase its wages to attract employees • However*, Emirates* remains the largest international airline and is likely to have loyal customers • *Emirates* leads the way for inflight entertainment and is likely to continue to attract customers due to its superior comfort and luxury • *Emirates* installed the world's first private suites into its aircraft, which is unmatched in the industry. This is likely to attract the more affluent flyers who are not concerned with low prices • *Emirates* is likely to be able to compete to some extent on price as it operate fuel-efficient aircraft and aims to minimise waste in all aspects of the business to reduce its costs • Increasing fuel prices may impact the low-cost budget airlines more than *Emirates* • The extend to which the competition will impact *Emirates* will depend on it keeping one step ahead of its rival through its innovations, customer service and efficiencies

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