

Mark Scheme (Results)

January 2014

International A Level Business
Studies (WBS02/01)

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.

Question Number	Question	Marks
2(a)	Answer: D (repeat purchases)	1 mark
2(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • TQM is when all employees are involved in quality control and take responsibility for the work (1 mark) • TQM at Zurich Insurance will encourage their employees to ensure the highest customer service through its iQUALITY system (1 mark) • This is likely to lead to satisfied customers who will continue to use Zurich Insurance because of the high quality of customer service (1 mark) <p>Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because labour turnover is likely to fall as employees are more motivated by the use of TQM as they are taking responsibility for the work (1 mark) • B is wrong because there should be shorter processing of claims due to increased efficiency from use of TQM (1 mark) • C is wrong because wastage levels are likely to decrease as there is a right first time culture with TQM, so employees will make less mistakes (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p>	<p>1-3 marks</p> <p>Total 4 marks</p>

Question Number	Question	Marks
3(a)	Answer: A (generates a significant amount of revenue for a firm)	1 mark
3(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Cash cows are mature products with a high but stable market share/low growth (1 mark) • Cash cows are important because they can be 'milked' for cash/revenue (1 mark) • Coca Cola bring out new flavours of fizzy drinks every year and their development is funded by the profits from the cash cow (1 mark) <p>Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, e.g.</p> <ul style="list-style-type: none"> • B is wrong because products which are new on the market are called question marks/problem child and it is uncertain as to how successful they will be (1 mark) • C is wrong because cash cows do not have a high rate of growth as their growth tends to be slow and steady over time (1 mark) • D is wrong because cash cows do not generate all the profits for a business and star products such as Fanta/other Coca Cola drinks can also generate a significant amount of profit (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p>	<p>1-3 marks</p> <p>Total 4 marks</p>

Question Number	Question	Marks
4(a)	Answer: B (Aesthetics)	1 mark
4(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Design Mix refers to the proportions in which the function, aesthetics and economic manufacture are combined in the overall design (1 mark) • As a designer, Jean Paul Gaultier will be more concerned with how the clothing looks (i.e. the aesthetic aspect of the design mix) (1 mark) • Often catwalk designs sell because of what they look like rather than the function or price of the clothing (1 mark) <p>Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because Jean Paul is making one-off clothing so will not be concerned over how quickly he produces each piece of clothing (1 mark) • C is wrong because economic manufacture is concerned with how cheaply a product can be made for and designer clothes have high price tags and one-off consumers are not mainly concerned with low prices (1 mark) • D is wrong because designer clothes are not made for everyday wear (i.e. functional) (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p>	<p>1-3 marks</p> <p>Total 4 marks</p>

Question Number	Question	Marks
5(a)	Answer – C (The organisational structure will remain the same)	1 mark
5(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Definition of span of control e.g. the number of employees under a manager’s direct control or definition of organisational structure e.g. the number of layers in the business or definition of wider span of control e.g. managers will have more employees to control/supervise (1 mark) • Although more employees have been recruited there has been no change to the number of layers within the organisational structure (1 mark) • This will increase output without increasing layers/overheads (1 mark) <p>Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because there will be fewer management positions as no additional managers are being employed (1 mark) • B is wrong because an increased span of control means managers have less time with each employee (1 mark) • D is wrong because it will be more difficult to control the increased number of employees because the number of managers has not increased (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p>	<p>1-3 marks</p> <p>Total 4 marks</p>

Question Number	Question	Marks
6(a)	Answer: B (Specialist Magazines)	1 mark
6(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • A niche market is a small part of the overall market that has certain special characteristics or marketing strategies e.g. the combination of the 4Ps used to promote the product to the target market to achieve their goals (1 mark) • The Adventure Company only offers a small range of holidays and is not targeting the mass holiday market so focuses on specific types of holidays (1 mark) • Specialist magazines will be read by the target market and therefore provide the most effective means of communication (1 mark) <p>Alternatively, up to two of the marks above can be achieved by explaining (not defining) distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because penetration pricing would not be needed as there is less competition and demand is likely to be price inelastic (1 mark) • C is wrong because special offers are unlikely to be used as the product is more important than the price (1 mark) • D is wrong because the cost would be prohibitive for a small company and is more suitable for a mass market (1 mark) <p>Any acceptable calculation method which shows selective knowledge/understanding.</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p>	<p>1-3 marks</p> <p>Total 4 marks</p>

Section B: Data response

Question Number	Question	Marks
7	Analyse how current social trends might affect the marketing mix of Ryanair.	6 marks
	Answer	Mark
	<p align="center">(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/understanding/: up to 2 marks for defining marketing mix e.g. elements of a firms marketing strategy that are used to make their products attractive (1 mark) /often known as the 4Ps (1 mark), OR giving an examples of social trends e.g. concern for the environment (1 mark), online sales(1 mark)</p> <p>Application: up to 2 marks for contextualised answers demonstrating the impact of social trends on Ryanair and its marketing mix e.g. growing concern for the environment (1 mark), increasing level of online purchases (1 mark)</p> <p>Analysis: up to 2 marks for giving a reason/cause/consequence e.g. Ryanair are promoting their status as Europe's greenest airline in order to increase sales (1 mark) Ryanair have kept pace with the growing rate of online sales to the extent that now 98% of purchases are booked through their website (1 mark)</p>	<p align="center">1-2 marks</p> <p align="center">1-2 marks</p> <p align="center">1-2 marks</p>

Question Number	Question	Marks
8 (a)	Analyse how the use of financial incentives might improve staff performance at Ryanair.	6 marks
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/understanding: up to 2 marks are available for what is meant by financial incentives e.g. payments that are related to an employee's performance in the workplace (1 mark), gives examples of financial incentives e.g. commission/bonus/ profit share/performance related pay (1 mark)</p> <p>Application: up to 2 marks are available for contextual answers which show how financial incentives might improve staff performance for Ryanair e.g. Ryanair uses incentives (1 mark), they claim that the more you do the more you get paid (1 mark)</p> <p>Analysis: up to 2 marks are available for reason/cause/consequence for Ryanair e.g. financial incentives are likely to attract more able staff (1 mark), the prospect of incentive payments encourages staff to work harder and be more productive (1 mark)</p>	<p style="text-align: center;">1-2 marks</p> <p style="text-align: center;">1-2 marks</p> <p style="text-align: center;">1-2 marks</p>

Question number	Question	Marks
8 (b)	Analyse how Ryanair could increase its aircraft capacity utilisation.	6 marks
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/ understanding: up to 2 marks are available for defining capacity utilisation e.g. the amount of actual output (1 mark) expressed as a percentage of the maximum possible output (1 mark) OR gives ways of increasing capacity utilisation e.g. increase demand by promotion(1 mark), close excess capacity (1 mark)</p> <p>Application: up to 2 marks are available for contextual answers which show how capacity utilisation for Ryanair can be increased e.g. Evidence C states that it is currently 82% so there is spare capacity to be used (1 mark), Ryanair's turnaround is only 25 minutes which has impacts on the number of flights per day (1 mark)</p> <p>Analysis: up to 2 marks are available for explaining consequences to Ryanair e.g. promotions will help to increase the number of passengers and therefore increase capacity utilisation (1 mark), reduce flights to less popular destinations, which will increase utilisation (1 mark)</p>	<p style="text-align: center;">1-2 marks</p> <p style="text-align: center;">1-2 marks</p> <p style="text-align: center;">1-2 marks</p>

Question Number	Question	Marks
9a	Explain one impact of having poor a brand image for Ryanair.	4 marks
	Answer	Mark
	<p style="text-align: center;">(Knowledge 1, Application 2, Analysis 1)</p> <p>Knowledge/understanding: up to 1 mark for defining of what is meant by brand image e.g. the perception that consumers have of the business OR identifies an impact e.g. declining sales/customer loyalty (1 mark)</p> <p>Application: up to 1 mark is available for contextual answers e.g. Evidence C states that some consumers perceive Ryanair as being mean, uncaring and money-grabbing (1 mark)</p> <p>Analysis: up to 2 marks are available for giving a reason/cause/consequence, e.g. poor brand image may lead to a loss of ticket sales for Ryanair as customers are unhappy with their services (1 mark), It may have no impact on sales as customers are more concerned about price of flights and continue to use the low cost carrier (1 mark)</p>	<p style="text-align: center;">1 mark</p> <p style="text-align: center;">1 mark</p> <p style="text-align: center;">2 marks</p>

Question Number	Question		Marks
9b	Before opening its new route to Marrakech, Ryanair will need to prepare budgets. Assess the likely value of budgeting to Ryanair when opening a new route.		8 marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of budgets must be present	e.g. Budgets/budgeting is when a financial plan is calculated for costs and revenues, enabling comparisons with actual costs later
2	3-4	Application must be present, i.e. the answer must be contextualised to Ryanair	e.g. Marrakech is a new destination for Ryanair and they will need to create a new budget e.g. Ryanair's expansion into new routes, such as Marrakech, requires some budgetary control
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 of budgets to Ryanair NB if analysis is not in context limit to Level 2	e.g. Setting budgets gives Ryanair staff guidance when planning the new route e.g. Variance analysis can then be used to evaluate the success of the new route.
4	7-8	Evaluation must be present and in context showing likely importance of budgeting to Ryanair Award 7 marks if one side only is in context Award 8 marks if BOTH sides are in context	e.g. The new routes in Morocco has no historical data so it may be difficult to accurately budget for the total cost needed so the budget may be an over or under estimation of the costs and revenues from the new destinations e.g. There may be problems in setting realistic budgets in a competitive airline industry because of fluctuating oil prices which affect the cost of flying, seasonal factors such as the weather and changing consumer demand for flights

Question Number	Question		Marks
10	Assess the likely difficulties Ryanair might experience in sales forecasting for the next few years.		12 marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of sales forecasting must be present	e.g. is a method of predicting future sales levels using an analysis of existing information
2	3-4	Application must be present, i.e. the answer must be contextualised to Ryanair's sales forecasting	e.g. Ryanair is an airline and faces particular difficulties e.g. fuel prices/terrorism/economic recession/new routes
3	5-6	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of sales forecasting for Ryanair NB if analysis is not in context limit to Level 2	e.g. Historical data may not reflect future sales performance as sales growth has been very rapid and has started to slow down e.g. There is still competition from other airlines such as Easyjet which adds to the uncertainty to sales forecasts for Ryanair e.g. All forecasts are just predictions and can be inaccurate due to factors such as the weather which greatly affects airlines who have holiday destinations e.g. Changes in external factors such as economic variables/ actions of competitors/ government, the market/changes in tastes and changes in costs such as oil prices cannot be predicted and may impact upon consumer confidence and therefore sales forecasts for Ryanair
4	7-12	Low Level 4: 7-8 marks Limited evaluation must be present and in context Mid Level 4: 9-10 marks More evaluation will be present and in context	e.g. Ryanair has been in business since 1985 so historical data exists and will be able to use its experience from its other routes to help forecast likely demand for future routes

		<p>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.</p> <p>NB if evaluation not in context limit to Level 3</p>	<p>e.g. Ryanair has established a competitive advantage over EasyJet and can offer lower prices, which will minimise the threat from competitors</p> <p>e.g. Ryanair is a very large business so can afford market research and has it owns internal customer feedback and sales data in order to make fairly accurate forecasts for the future</p>
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Question Number	Question		Marks
11	As Ryanair continues to expand it will need to recruit more staff. Evaluate the methods it could use to do this.		14 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of what is meant by internal recruitment and external recruitment</p> <p>NB a list of recruitment methods without context is restricted to L1</p> <p><i>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..</i></p>	<p>e.g. internal recruitment is when potential applicants are found within an organisation</p> <p>e.g. external recruitment is when potential candidates are found from outside the organisation either by advertising or using recruitment agencies</p>
2	3-4	<p>Application must be present, i.e. the answer must be contextualised and applied to Ryanair</p> <p><i>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.</i></p>	<p>e.g. Ryanair could promote existing cabin crew to the new routes in Marrakech</p> <p>e.g. Ryanair advertise on their website (Evidence B) for new staff</p>
3	5-8	<p>Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the different methods of recruitment and selection for Ryanair</p> <p>NB if analysis is not in context limit to Level 2</p> <p><i>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 found which cause some passages to lack clarity or coherence.</i></p>	<p>e.g. If Ryanair use internal recruitment they may save money as there is less need for training as the staff is already familiar with their procedures</p> <p>e.g. prospects of internal promotion at Ryanair may be a strong motivator for existing staff</p> <p>e.g. If Ryanair use external recruitment they may attract a wider range of potential candidates because their website can be seen by many potential candidates</p> <p>e.g. recruitment agencies can be specialist and experienced in finding certain types of workers such as pilots and aircraft engineers</p>

<p>4</p>	<p>9-14</p>	<p>Low Level 4: 9-10 marks Evaluation must be present and in context on one side, e.g. showing possible advantages and disadvantages internal and external methods of recruitment for Ryanair</p> <p>Mid Level 4: 11-12 marks Evaluation must be present and in context on both sides, to show the impact of internal and external recruitment methods</p> <p>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.</p> <p>NB if evaluation not in context limit to Level 3</p> <p><i>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.</i></p>	<p>e.g. Ryanair may find that there is a limited number of applicants from inside the business so will reduce its choice</p> <p>e.g. An internal appointment will mean that another vacancy will be created so this will add to the cost of recruiting staff</p> <p>e.g. External recruitment can be more time consuming/expensive than internal as references have to be called for, costs of induction training and interview costs may be greater</p> <p>e.g. External recruitment agencies can be very expensive and still may not find the ideal candidate for the job.</p> <p>e.g. Ryanair could use a combination of internal and external methods and it depends upon the nature of the vacancy as to which is the best recruitment method to be used.</p>
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Assessment Objectives

QUESTION	Content	Knowledge	Application	Analysis	Evaluation	Total
1	1.3	1	3			4
2	4.1	1	1	1	1	4
3	1.2	1	1	1	1	4
4	2.2	1	1	1	1	4
5	2.5	2		1	1	4
6	1.1	1	1		2	4
7	1.2	2	2	2		6
8a	4.4	2	2	2		6
8b	2.3	2	2	2		6
9a	1.1	1	1	2		4
9b	3.1	2	2	2	2	8
10	3.2	2	2	2	6	12
11	4.2	2	2	4	6	14
TOTAL		20	20	20	20	80

