

Examiners' Report

June 2014

IAL Business Studies WBS02 01

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Introduction

This was the second paper for the new IAL Business. The performance since the last series has improved with the vast majority of students able to complete the paper in the time allocated. There has been an improvement in the levels of evaluation and use of context which is very pleasing. Application still is an area which students can improve upon and they must ensure that they are not simply using the name of the business as Application.

SECTION A

Supported Multiple Choice (SMC) questions are designed to assess a student's ability to demonstrate knowledge and understanding, application, analysis and/or evaluation.

- Students can only access 3 marks for part (b) if they have part (a) correct
- Students are able to gain 1 Knowledge mark for a definition which defined in the Mark Scheme for each question.
- Students are able to gain up to 2 marks for a fully explanation of the distracters.
- Students **MUST** explain why their answer for part (a) is correct to be able to access all 3 marks for part (b).
- Students must explain **WHY** the distracters are incorrect rather than just repeating them or defining them.
- No marks will be awarded to those answers in part (b) to those students who simply lift or paraphrase any of the statements A-D.

Question 1

Many students were able to score full marks for part (a). Examiners looked for a correct definition of bonus and this had to be in addition/extra to normal wage/salary. An additional mark was awarded for development if students separately link to meeting targets or for stating that it is given to 'all employees'.

Students who simply repeated it was given for 'successful year' were not rewarded as this was given in the stem of the question. Many students lost marks for the distracters because they simply defined the business term eg piece rate rather than explained why this was incorrect.

1 After a very successful year in 2013, the Union Cabinet of India gave all of its railway employees an extra Rs 8 975, equivalent to 78 days' wages.

(a) This payment can be **best** described as

(1)

- A performance related pay
- B job enrichment
- C piecework
- D a bonus

Answer

D

(b) Explain why this answer is correct.

(3)

A bonus is an amount of money you get above your normal wage that be may be given as a reward for working hard or achieving a particular goal. Employees were paid an extra Rs 8975 due to successful financial year in 2013, which means that certain goals ~~were~~ or objectives were achieved by the employees thus leading to the success of the business. Option 'C' is incorrect as ~~piece~~ piecework is paid ~~at~~ to the worker based on the number of units produced by that worker and ~~also~~ since the Union Cabinet of India is not a manufacturing department, a piecework system would not be applied. (Total for Question 1 = 4 marks)



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Examiner Comments

(a) Correct - 1 mark

(b) definition - 1 mark

Development of the reason for the bonus being 'goals and objectives were achieved' - 1 mark

Distracter C is defined and then applied to the context indicating why it is wrong 'not a manufacturing department' - 1 mark



ResultsPlus
Examiner Tip

Do not simply define the distracters - examiners want to know why these are incorrect.

Question 2

Many students were able to score full marks for part (a). Students could get 1 mark for a definition/formula for sales variance although they did not need to provide this. Showing the stages of the calculation without a definition could get all 3 marks. Most students did more than they needed to and also provided a definition as well as showing their workings. Incorrect answers were the ones who have misinterpreted the RS 900 as adverse rather than favourable. Students did not have to explain why it was favourable - just show the calculations.

2 *Gemco International* is an Indian jewellery exporter. Its budgeted sales for one month were 200 units at Rs 100. Actual sales were 190 units at Rs 110.

(a) The Finance Department calculated the sales variance to be

(1)

- A Rs 20 000 favourable
- B Rs 20 000 adverse
- C Rs 900 favourable
- D Rs 900 adverse

Answer

C

(b) Explain why this answer is correct. (Show your working)

(3)

Actual Sales $\Rightarrow 190 \times 110 = 20900 \text{ Rs}$

Budgeted sales $\Rightarrow 200 \times 100 = 20000 \text{ Rs}$

Sales variance = Actual Sales - Budgeted Sales
 $= \text{Rs } 20,900 - \text{Rs } 20,000$
 $= +900 \text{ favourable}$

C is the only answer which satisfies the answer of 900 favourable.

Sales variance is how different the budget actual sales is from the budgeted sales (difference) -

(Total for Question 2 = 4 marks)



ResultsPlus
Examiner Comments

- (a) Correct - 1 mark
- (b) 1 mark for calculation of budgeted sale figure
- 1 mark for calculation of actual sales figure
- 1 mark for calculating the variance figure of Rs 900



ResultsPlus
Examiner Tip

If you see the instructions (Show your working) then you MUST do this and show how you came to get your answer for part (a) otherwise you will not be rewarded.

Question 3

This proved to be a more challenging question with some students getting part (a) incorrect so they were only able to access 2 marks for part (b). The majority of students were able to define cash flow but many were just repeating the stem and were not explaining why there will be an improvement in cash flow. Examiners were looking for an understanding that the cash would be kept for longer and/or that it could be used for other things within the business such as new products or paying costs. The distracters had to be fully explained in order to be rewarded with Distracter B being the most popular. The mark scheme for brand image had two possible approaches and covered the fact that consumers may not know or care about changing the supplier credit terms as well as the approach of this having a negative impact on M&S brand image due to poor treatment of its suppliers.

3 In 2013, Marks and Spencer plc (M&S) increased the time it took to pay 500 of its small suppliers from 60 days to 75 days.

(a) This is **most likely** to result in an

(1)

- A improvement in cash flow for M&S
- B improvement in M&S brand image
- C increase in the number of suppliers for M&S
- D increase in M&S overdraft facility

Answer

A

(b) Explain why this answer is correct.

(3)

Cash flow is the cash inflow and outflow during a period of time. By delaying payment to suppliers, M&S are keeping cash for longer in the enterprise. This will ensure they can pay other day-to-day operations or debts, therefore, preventing insolvency.

C is wrong. The fact that credit periods are enlarged don't appeal suppliers, as they want to get cash soon or may have suspicions that the firm has financial difficulties. B is wrong as brand image has to do with the perception that customers have of the product. This doesn't include credit periods.

(Total for Question 3 = 4 marks)



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Examiner Comments

(a) Correct - 1 mark

(b) 1 mark for definition

2 marks for development 'keep cash for longer' and 'use for other things'

The distracters were also correct and would have gained marks if the explanation had not been so good.



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Examiner Tip

Always start off with a definition of a key term from the stem or the correct answer as this will gain you 1 Knowledge mark.

Question 4

Many students were able to score full marks for part (a). The majority of students were able to define product portfolio for 1 mark. Examiners were then looking for why these phones were different eg new technology and many students were also bringing in the concept of an extension strategy as a reason why Apple have launched new products. In addition, examiners rewarded that another reason was to appeal to a wider range of customers/segments. Distracter A and C were used frequently and examiners were looking for **WHY** there is a reduction in suppliers or an increase in advertising budget.

4 In September 2013, Apple launched two new iPhones with features such as fingerprint registration technology and a range of bright colours.

(a) The main reason for Apple to launch new iPhones is to

(1)

- A reduce the number of suppliers
- B increase its product portfolio
- C reduce its advertising budget
- D increase income elasticity of demand

Answer

B

(b) Explain why this answer is correct.

(3)

Product portfolio involves the range of products that a business produces and the position they have in the market. As Apple launched new phones that targeted new market segments it increased product portfolio and aimed to ~~reduce~~ enhance brand ~~imp~~ image and maintain customer loyalty. C is wrong because its advertising budget was likely to increase as ^{new} promotion costs arise ~~to~~ as advertising for these new products will be needed.

(Total for Question 4 = 4 marks)



ResultsPlus
Examiner Comments

- (a) Correct - 1 mark
- (b) 1 mark for definition
- 1 mark for development/application to Apple
- 1 mark for explanation of distracter C



ResultsPlus
Examiner Tip

Try and use the context to help you explain the correct answer.

Question 5

Many students were able to get part (a) correct but this was a more challenge question in terms of awarding marks for part (b) as many students were just repeating their answer from part (a) as to why this is the correct answer. Examiners wanted to know **WHY** there may have been an overestimation of projected sales. Definitions of profit or projected sales were accepted for 1 Knowledge mark. If students did both, only 1 mark was awarded. Examiners were looking for some explanation of why sales or costs may have been different to forecast – external factors such as unemployment.

5 In 2013 *Adidas*, the world's second largest sportswear group, announced its profits would be 11% lower than forecast.

(a) Which **one** of the following is the **most likely** reason for the drop in profit?

(1)

- A Increased productivity of its workforce \times
- B Overestimation of projected sales ✓
- C Minimisation of total costs \times
- D Reduction in competition \times

Answer

B

(b) Explain why this answer is correct.

(3)

- Profit is total revenue minus total costs.
- B is right because Adidas announced that the profits would be 11% lower than forecast, which means they either overestimated sales or underestimated costs. Actual sales may have been less due to high interest rates, or high rates of inflation.
- C is wrong because if total costs were minimised, then according to the formula for profit, total revenue minus total costs, profit should increase, not decrease.



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Examiner Comments

(a) Correct - 1 mark

(b) 1 mark for definition

1 mark for explanation of why profit may have fallen

1 mark for explanation of distracter C

Question 6

Many students were able to score full marks for part (a). Examiners were looking for a definition of JIT for 1 mark followed by a development of the fact that inventory is delivered when it is needed reducing the need for buffers stock. Some students have misunderstood what is meant by re-order quantities so have incorrectly put this as the answer for part (a) so could only access 2 marks for part (b). Again, examiners were looking for a full explanation of **WHY** the distracters were incorrect.

6 Jaguar Land Rover operates Just in time (JIT) in all its assembly plants.

(a) This is **most likely** to result in

(1)

- A a decrease in the number of deliveries
- B a decrease in buffer stocks
- C an increase in re-order quantities
- D an increase in average costs

Answer

B

(b) Explain why this answer is correct.

(3)

Just in Time ~~inrent~~ stock management system is where the stock is only ordered only when it is needed i.e. during the production process itself. This would mean that the stock ~~held~~ held by a business would decrease thus reducing + buffer stocks. ~~while~~ Buffer stocks are stocks kept 'just in case' An advantage of JIT using JIT is that ~~Jing~~ the business, Jaguar Land Rover, would not have to pay for extra ~~net~~ costs such as warehouse costs for holding stock such as raw material. Option 'A' is incorrect as a JIT would result in an increase in deliveries as the stock is required by a business within a short lead time in order to increase production.

(Total for Question 6 = 4 marks)



ResultsPlus Examiner Comments

- (a) Correct - 1 mark
- (b) 1 mark for definition
- 1 mark for development of the correct answer
- 1 mark for explaining why Distracter D is wrong but have not referred to it as D



ResultsPlus Examiner Tip

Always start off your answer to part (a) with a definition and then the correct answer.

Question 7

This was a points based question with Knowledge =2, Application =2, Analysis =2. Examiners awarded the 2 Knowledge marks for an accurate definition of inventory control and awarded 1 mark for a partial or not fully developed definition for things such as minimising costs, having inventory in right place etc. This question could be answered from a customer point of view in terms of products be available or from a cost point of view for IKEA in terms of not overstocking – or a combination! Application was often lacking as examiners were looking for use of the evidence such as the 9,500 products, number of branches/countries, wood, furniture, billion customers etc. For Analysis, examiners were looking for a consequence of having effective inventory control – linking to things such as sales/profits/brand image/no money tied up in stock/no waste/production process more efficient/satisfied customers/repeat purchases/customer loyalty etc. Many students were writing generic answers so if their answer was not applied to IKEA, the maximum mark they could achieve was 4 marks.

7 Explain why effective inventory control might be important to IKEA's success.

Stock or inventory control is the process of holding stock/inventory in such a way that minimises costs and is able to meet the demand of the product effectively in order to keep the customers satisfied. Effective stock control may be important for IKEA's success because as mentioned in Evidence B, IKEA produce in large volumes and they also ensure that the product are available in perfect conditions for the customers. They will have to make sure that the amount of stock they are holding is not ~~not~~ below the buffer stock as they will not be able to meet the high demand of their furniture. Effective stock control may minimise the cost which will be very important for IKEA as they have other many costs they are incurring such as using the highly automated machines which need a skilled person to work with and also electricity costs. And so by having an effective stock control they will be reducing costs and in turn increasing profits. They can reduce costs by decreasing the amount of unnecessary stock they are holding in storage. And also as there are many stores around the world the demand of their furniture may be very high and so in order to cope with this demand they need to have a maximum amount of stock to be profitable.

(Total for Question 7 = 6 marks)



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Examiner Comments

Knowledge: detailed/accurate definition – 2 marks

Application: several references to context – Evidence B, automation, furniture - 2 marks

Analysis: linked to costs, profits, meeting demand – 2 marks



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Examiner Tip

Application is essential for Section B. Read and use the evidence provided rather than just writing a generic answer which could apply to any business.

Question 8

Question 8 (a):

This was a points based question with Knowledge =2, Application =2, Analysis =2. Each 'Factor' was marked Knowledge =1, Application = 1 and Analysis =1. Examiners marked each factor separately and then added the marks together to give a mark out of 6. Many students defined price elasticity of demand (PED) but the Knowledge marks were awarded for the 2 **Factors** which affect PED such as substitutes/competitors/income/necessity or luxury/product quality/customer loyalty/changing tastes and fashions. For Application, examiners were looking for references to IKEA's products such as Billy Bookcase rather than just making reference to 'furniture products' as this was already given in the question. Analysis could be gained if students showed the impact on PED and whether the factor made them more or less price sensitive. This question has been poorly attempted by lots of students.

Question 8 (b):

This was a points based question with Knowledge =2, Application =2, Analysis =2. The Knowledge marks were awarded for an accurate definition of the Design Mix. Many students were unable to do this and examiners allowed 1 mark for those students who stated that it consists of Aesthetics, Function and Economic manufacture. For Application, examiners were looking for references to the fact the IKEA wants to produce bookcases which are low priced, references to beds, sofas – the word furniture was **not** enough for Application. For Analysis, examiners looked for the consequence of the Design Mix in terms of how IKEA could combine these 3 aspects into producing suitable products. Many students were just describing the design process or what was meant by design not the Design Mix.

8 (a) Analyse **two** factors that may affect the price elasticity of demand for IKEA's furniture products.

(6)

- Price elasticity of demand is how ~~flexible~~ much demand fluctuates with a change in price.

① Quality of product: Ikea ensures that its products are of the best quality, to ensure customer satisfaction. If the customer is satisfied by the quality, he/she is likely to be loyal and will continue shopping at Ikea, ~~if~~ even if the prices are increased, Ikea has a strong brand, due to its cheap, ~~but~~ yet excellent products. Ikea states that its products are available to its customers in perfect condition and they offer a good design (line 4). If the ~~product~~ customer loyalty is high, price elasticity of demand will be low. If the quality ^{of the furniture} or service drops, then price elasticity of demand will be high and this will not be so beneficial.

② Competitors: If Ikea has other furniture suppliers,

8 (a) Analyse two factors that may affect the price elasticity of demand for IKEA's furniture products.

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② Competitors: If Ikea has other furniture suppliers, then Ikea's price elasticity of demand will be high, as customers will have more substitutes. Ikea will ~~to~~ need to cut prices to attract more customers. However, it is not stated that Ikea has a lot of competitors, so hence its demand will be inelastic. The high quality of the furniture is likely to ensure repeat purchases at ~~the~~ raised prices (even though Ikea charges low prices).

(b) Analyse the importance of the design mix to IKEA.

(6)

Design mix is the proportion of how the aesthetics, economic manufacture & function are arranged to ensure product success. ~~Ikea~~ Ikea states that its product design must have the combo of form, function, quality, sustainability. Design mix is important to Ikea because a well structured design

mix will give Ikea a competitive edge and increase demand, which will increase revenues & demand. Ikea must make sure its products serve the purpose they are made for (function) (line 2), they must be visually pleasing (aesthetics) and they should be cheap to produce (economic manufacture) so that costs are low, and so lower prices can be charged. Ikea employs specialists to ensure the design of the product is excellent. The design mix is crucial in attracting & retaining demand. However, it will be very important for Ikea to retain this level of design, otherwise it will lose customers, which will decrease revenue and also competitive edge. The furniture, e.g. chairs, beds, and desks, should be very appealing to the age group they are targeted at. Ikea offers well designed products, and the high demand suggests that they also serve their function, while the high profits mean economic manufacture is also successful. Ikea can use cheaper suppliers to reduce costs of manufacturing (but they produce in bulk, so they might have economies of scale)

(Total for Question 8 = 12 marks)



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Examiner Comments

8 (a) Knowledge - quality/competition - 2 marks

Application - uses evidence and context in both factors - 2 marks

Analysis - customer loyalty/repeat purchases - 2 marks

Total: 6 marks

8 (b) Knowledge - accurate definition - 2 marks

Application - lots of references to context - types of furniture and design - 2 marks

Analysis - lots of analysis points throughout - 2 marks

Total: 6 marks



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Examiner Tip

Try and make reference to the types of products/services a business produces so that you do get Application marks. Just saying the name of the business is not Application.

Question 9

Question 9 (a):

This was a points based question with Knowledge =1, Application =1, Analysis =2. Knowledge marks were awarded for an accurate definition of marketing objectives – this had to be quantifiable and examiners did not allow 'goal' as this was too vague. Examiners also accepted a benefit as Knowledge – such as increased sales/increased brand image/ gives a focus/planning/sense of direction/target and lots of students were able to pick up the Knowledge mark for this instead of the definition. For Application, this was only 1 mark and the vast majority of students stated it was 'increased sales in Asia/Australia'. For Analysis, there were 2 Analysis marks so examiners looked for 2 separate consequences such as it can be used to motivate employees/higher sales/profits/comparing outcomes to targets/more efficient.

Question 9 (b):

This was a Levels of Response question so Application was crucial as to which level a response could be placed into. To enter Level 4, the response **had to be in context** otherwise examiners awarded the top of Level 3. If there was only Analysis (ie a one sided answer), there **had to be in context** to enter Level 3 – otherwise examiners awarded the top of Level 2. Application was things such as the number of countries/stores which IKEA operates in and the fact it was a global business operating in many different markets. Advantages of decentralisation included references to motivation, being able to make quick decisions and efficient running of the store. Disadvantages of decentralisation could include things such as staff not having the knowledge or skills to make decisions, poor decisions, clashing decisions, losing control, and consistency. Many students were writing generic evaluations or one sided analysis.

9 (a) Explain **one** benefit to *IKEA* of setting a marketing objective.

(4)

Marketing objective is the goal the *IKEA* wants to achieve through its marketing. Such as; it is to increase sales and focus on growth in Asia and Australia. This may help *IKEA* managers and staff to focus and give direction to work towards. This may motivate workers and managers as they have an objective to achieve which may increase their productivity and decrease labour turnover. Also this may help *IKEA* to compare its performance in the future to know whether it was able to achieve its marketing objective to increase sales in Asia and Australia and if failed to do so then analysis could be conducted to find out why and this may help to identify hidden problems which would then be corrected and increase their help

(b) Evaluate IKEA's decision to have a decentralised organisational structure.

(8)

Decentralised organisation is all the decision making powers are passed down the organisation to empower subordinates and product or line managers. IKEA has decentralised organisational structure throughout all of its stores worldwide. This enables the IKEA to empower subordinates as this means giving us some degree of control to its workers. This may motivate its staff to work hard, to participate and this is a Herzberg theory of job enrichment which may lead to low labour turnover as staff are feeling satisfied that they are being valued or their opinions are valued in the business this is may be why Cathy Donnelly, IKEA's human resource operation manager in the UK said that its well-being for staff is key to IKEA's success. This is may be the key aspect of its being ~~its~~ innovative as well. This may also help to improve quality as workers dealing with the production may know best how to improve production of its products this is may be why it is able to produce around 9,500 range of products. This empowerment may act as a motivator. But it may not be always effective as subordinates or workers may not well qualified and may lack knowledge to take ~~best~~ important and huge decisions that may ~~not~~ work in the benefit then lead to workers taking wrong decisions. Also some important decision it may ~~cause a tense~~ tension relationship between subordinates and managers as their views may conflict which may lower the morale in the business which may not work to the interest favourably in the interest of of the IKEA's business and could see



ResultsPlus Examiner Comments

9 (a) Knowledge: definition - 1 mark

Application: Asia/Australia - 1 mark

Analysis: lots of analysis in terms of comparison and motivation - 2 marks

Total: 4 marks

9 (b) L4: Evaluation in context on one side only - they use the Cathy Donnelly.

Total: 7 marks



ResultsPlus Examiner Tip

Always have Application on both sides of your answer in an evaluation question otherwise this will restrict your mark.

Question 10

This was also a Levels of Response question so Application is crucial as to which Level a response can gain. Context was the issue again on this question and many students were just writing generic evaluations and these were not applied to IKEA so were awarded Level 3 only. Better answers were using the case study to apply the Boston Matrix to the different products such as solar panels and meatballs as well as explaining how IKEA could use the Boston Matrix in their planning and how to manage its product portfolio. Disadvantages included references to the difficulties in applying the matrix to 9500 products and the limitations of the Boston Matrix in terms of the unpredictable nature of markets and external influences which affect demand for a product. If a student only applied the Boston Matrix to IKEA's products then Level 2 was awarded (4 marks).

10 Assess the value of the Boston Matrix to IKEA.

Boston matrix is a 2x2 grid businesses use to classify their goods according to market growth & market share.

Ikea would like to know in which category its products fall under, so they can evaluate their future ~~decisions~~ decisions, e.g. Ikea should not have too many problem childs, or even stars, as they may not be ~~not~~ generating revenue, which is not useful to Ikea. The Boston matrix allows Ikea to see which products are ~~the~~ cash cows, which can be milked for revenue, e.g. their tables might be their cash cows. They can use the revenue from their cash cows & use it to further develop their stars & problem childs, so that they too generate revenue, which increases profitability, and also gives Ikea a competitive edge. In addition, ~~the~~ dogs are products which are not profitable so they should be removed from production as they are not profitable. Boston matrix allows Ikea to identify and eliminate these products. This downsizing can even increase efficiency & capacity utilisation, as resources aren't

longer being wasted. This ~~also~~ also increases ~~the~~ profitability. Furthermore, a ~~total~~ Boston matrix can be used to produce a product portfolio ^{food furniture/department} which helps Ikea plan its products for

the future. A Boston matrix, product portfolio & product lifecycle can all help to design ~~the~~ market decisions concerning products

However, ~~the~~ Ikea makes 9500 products and ~~attempting~~ ~~a~~ classifying them using ~~product~~ Boston matrix may take a lot of time (Ikea also sells food). This ~~may~~ may use up a lot of time & money, both of which are crucial. Also, if the classifying is not done accurately, Ikea ~~can~~ could face problems as their research is inaccurate. It might also be difficult classifying products ^{successfully, as} demand fluctuations ~~to~~ may change the classification of the product.

In conclusion, I believe that Ikea made a right ~~choice~~ using a Boston matrix is a good idea, as it allows ~~it~~ Ikea to create a product portfolio, and identify products that need financing.



ResultsPlus Examiner Comments

L4 - Evaluation in context; references to 9,500 products, difficulty in classification and demand fluctuations changing classification.
Total = 10 marks



ResultsPlus Examiner Tip

If you are asked to assess the value of a business concept, then make sure you cover both the advantages and the disadvantages equally as many students do not write balanced evaluations and tend to rush the disadvantages or do not write these in context.

Question 11

This was a Levels of Response question and was the highest mark question on the paper. Again, there had to be context to enter Level 4. Students had to show how flexible working helped with childcare and it had to be specific to IKEA. Again, part time work had to be linked to IKEA such as flexible working for busy periods, long opening hours and covering maternity leave. Disadvantages were not as strong as the advantages and examiners saw lots of reference to lazy workers which is not specific to flexible working! Examiners were looking for things such as difficulties in coping with a rise in demand, lack of responsibility, difficulties in coordinating lots of part time workers, lack of job security and career path as problems with flexible working. There had to be real perceptiveness to access the higher evaluation marks.

Application
Loyalty

no discipline
more competition

no employees to take place
in emergency.

11 Evaluate the importance of flexible working to IKEA and its employees.

Flexibility refers to how a business or employees adapt to changes in the working environment OR how lenient a business is to its employees in terms of working hours/conditions. IKEA prides itself on quality furniture at affordable prices. This may be difficult to achieve. Since the workers are given flexible hours and conditions, the worker will feel comfortable when working (especially design and manufacture teams) hence providing a possibility of better ideas, hence a potential increase in profits, due to the better ideas produced. Another importance is that of busy hours; it is stated that IKEA is busy during September. It is very important to IKEA that employees agree to overtime hours in order to meet the rising demand of customers. If customers are open to flexible long times, it would increase possible sales hence profit to IKEA, hence proving to be very important. Another advantage is that it could increase staff motivation. If the employees of IKEA are given flexible hours, they will feel that IKEA is ~~not~~

understanding their needs & wants, hence feeling more motivated to work, growing in better quality output, and a possible increase in profit. However one disadvantage is that there would be a compromise in the discipline of IKEA; if all workers are given flexible

17

timings to come and go as they please, there will be a lack of discipline in IKEA business. This could give IKEA a bad reputation in the market, leading to a possible drop in sales and hence profit. Another disadvantage is that if all workers are given flexible timings, there would be no one (or very few) people to cope with a potential rise in demand in IKEA's stores. This could prove risky as if there is no one to cope with the demand, it could lead to possible loss in potential sales, hence a loss of profit, hence a loss. IKEA has rewarded workers with flexibility in order to get the best out of them. This has been successful for them judging by the \$27bn sales they made. It keeps their workers satisfied, gives them the best quality furniture, hence the leading furniture retailer and manufacturer, and customers

(Total for Question 11 = 14 marks)

are very satisfied with their products, judging by their high \$27bn sales.

TOTAL FOR SECTION B = 56 MARKS

TOTAL FOR PAPER = 80 MARKS

thus flexibility is very important for IKEA. Conclusions are that flexible working ~~is very important~~ plays an important role in IKEA's success, hence very important.



ResultsPlus

Examiner Comments

L4 – mid level evaluation with context on both side - references to busy times in September in the analysis and links flexible working to sales of \$27bn

Total = 11 marks



ResultsPlus

Examiner Tip

This must have Application throughout to gain the higher marks. Try and give a contextualised conclusion to show that you really understand the importance of a business concept.

Paper Summary

Based on their performance on this paper, students are offered the following advice:

1. Read the Supported Multiple Choice carefully in terms of most likely and least likely. Many did not spend enough time doing this and did not fully develop their reasons as to why distracters are incorrect.
2. Contextualise responses both in Section A and Section B. This is particularly important for Section B where Level 4 can only be accessed if the response is in context.
3. Pay attention to the command words - Assess and Evaluate are largely ignored and this will restrict marks to Level 3.
4. Use business concepts rather than generic 'common sense' answers.
5. Read and use the Evidence provided - it is there for a reason.
7. Show your working for any calculation questions.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

Ofqual



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