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Introduction

Many candidates appeared to have prepared well for the exam. There were some excellent answers demonstrating good understanding of the topics and the requirements of the paper. It appears that more candidates are using the extracts provided to give context to their answers, which is encouraging.

However some of the same issues persist from series to series which are preventing some candidates from achieving higher marks. The main issue is that candidates fail to read the questions carefully enough. Question 1(e) is an example of this, where candidates were required to assess how profit share payments may impact employee performance. However many candidates wrote about how profit share would impact the profits of John Lewis which did not address the question set. Candidates must be encouraged to read the question a couple of times, and perhaps halfway through their answer review the question to ensure they remain on track.

Performance was good on the calculation questions and the 6 mark questions which centres appear to be well practised in. Question 3 differentiated candidates. Whilst there were many excellent responses on the topic of decentralised organisational structures, many focused on the merits of a democratic leadership style and did not achieve high marks.

There was no evidence that timing was an issue with most candidates completing all questions. There was an increase in the number of candidates using extra paper this series. It is **not** recommended that candidates use extra paper. There are a sufficient number of lines on the paper to answer all questions thoroughly. There is indeed no evidence at all to suggest that candidates using extra paper are achieving higher marks.

Question 1(a)

The definition questions, 1a and 2a, require candidates to show understanding of a term which is used on one of the extracts. This definition question required students to define 'brand'. One mark was awarded for reference to a name, logo or symbol and the second mark for reference to enabling the business to differentiate its product. Please note, however, that whilst the mark scheme provides an indicative answer other acceptable points are awarded.

SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'brand'. (Extract A, line 4)

(2)

Brand refers to a business' name and logo which can differentiate them from other businesses.

ResultsPlus
Examiner Comments

This is a concise and clear definition which was awarded full marks. 1 mark was awarded for a name or symbol and a further mark for adding that this differentiates it from other businesses.

ResultsPlus
Examiner Tip

Please note that definitions do not need to be lengthy, they just need to be accurate.

SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'brand'. (Extract A, line 4)

(2)

A brand is something the market is known for. In Extract A, line 4, Sony designs and manufactures a wide range of electronic goods that has invented many unique products and is a leading brand in the electronics market.

ResultsPlus
Examiner Comments

This definition is too vague and scored no marks. Examples will not be awarded marks.

Question 1(b)

Many candidates were able to successfully calculate Income Elasticity of Demand and were awarded the full 4 marks. However a very common error with this calculation is that candidates inverse the formula.

In 2023, average incomes in Japan increased by 3.5%.

That year, the number of *Sony* games consoles sold in Japan increased from 3.0 million to 3.21 million.

(b) Using this data, calculate the income elasticity of demand (YED) for *Sony's* games console.

(4)

$$YED = \frac{\%\ \text{change in Quantity demanded}}{\%\ \text{change in Income}}$$

$$\frac{3.21 - 3.0}{3.0} \times 100$$

$$= 7$$

$$= \frac{7}{3.5}$$

$$\underline{YED = 2}$$

ResultsPlus
Examiner Comments

This is an example of a perfect method of arriving at the correct answer. This candidate starts with the formula and inserts the correct figures into the formula to arrive at the correct answer.

In 2023, average incomes in Japan increased by 3.5%.

That year, the number of *Sony* games consoles sold in Japan increased from 3.0 million to 3.21 million.

(b) Using this data, calculate the income elasticity of demand (YED) for *Sony's* games console.

(4)

$$YED = \frac{\text{Percentage change in } \cancel{\text{income}}\ \text{demand}}{\text{Percentage change in } \cancel{\text{demand}}\ \text{income}}$$

$$= \cancel{\frac{3.5\%}{-0.12\%}} \qquad = \cancel{\frac{3.21 - 3}{3.5}}$$

$$= \frac{6.54\%}{3.5\%} = 1.86$$

ResultsPlus
Examiner Comments

This candidate was awarded 2 of the 4 available marks. They gave a correct formula which was awarded 1 of the 2 marks. Whilst they calculated the percentage change in demand incorrectly they were still awarded a mark for inserting the 3.5% change in income into the correct part of the formula.

ResultsPlus
Examiner Tip

Always show workings as up to three of the four marks can be awarded for showing a correct formula and selecting the correct data.

Question 1(c)

This question required candidates to explain two pricing strategies that Sony may use. Any suitable pricing strategy is acceptable and the mark scheme shows indicative content only. These questions are point marked; there are 2 marks for knowledge, 2 marks for application and 2 marks for analysis. Many centres are now well practised in the 6 mark questions and many candidates demonstrated a logical approach to this responses by giving a pricing strategy, supporting this with context, and finishing with analysis.

(c) Analyse **two** pricing strategies *Sony* could use to compete in the electronics market. - predatory

(6)

One pricing strategy Sony could use ~~for its~~ ~~options~~ is price skimming. ~~Sony~~ The Pplaystation is Sony's best-selling product and is being relaunched regularly with new features and games. The new versions have a more advanced technology so they can charge a higher price for it to gain good profits from its beginning.

Another strategy is predatory method. Sony is a market leader with a high percentage, at 45.0% in 2022. As a ~~price~~ market leader, setting a lower price for the product means that they will prevent new entrants in the market because they wont have economies of scale and profits will be low.

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Examiner Comments

This is an excellent answer which was awarded the full 6 marks. It starts each paragraph with a pricing strategy, supports the answer with context and follows this by giving a consequence to Sony. This therefore gains 2 knowledge marks, 2 application marks and 2 analysis marks.

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Examiner Tip

Whilst the 2 knowledge marks available on the question may also come from a definition it is not the ideal approach. It is preferable to give a point, support with context and finish with a point of analysis to pick up the maximum marks.

(c) Analyse **two** pricing strategies *Sony* could use to compete in the electronics market.

(6)

Sony could use cost plus pricing or dynamic Pricing Stratig. cost plus pricing means when Sony added ~~total~~ ~~of~~ their cost to the price of the selling product. Dynamic pricing means when sony adjust ~~it~~ to the changes happening in the market and change their price accordinly.

Therefor when Sony use cost plus pricing ~~Sony~~ for their products they will be able to cover up their cost and their ~~re~~ revenue will be increased. ~~or~~ Futhermore ~~when~~ ~~Sony~~ Sony can use dynamic pricing stratigy due to changes in market such as the global health crisis. Therefor their products prices will be changed according to the products and market changes.

ResultsPlus
Examiner Comments

Unfortunately this candidate does not provide any context to the answer and was awarded 4 marks, 2 for knowledge and 2 for analysis.

ResultsPlus
Examiner Tip

Always check that context is provided. Use the extracts given to find evidence to support your answer.

Question 1(d)

This question required candidates to explain the benefits and limitations to Sony of using the Product Life Cycle to analyse its product portfolio. It is apparent that whilst candidates are familiar with the stages of the product life cycle, many are not clear on how it can be of use to a business. Too many answers did not show adequate balance and simply wrote 'the product life cycle may not be accurate' or 'other factors should be considered'. Whilst these points may have validity, any counterbalance must be developed in the same way that points of analysis are developed. They should show logical and developed chains of reasoning to fully explain their points and the impact on the business.

(d) Discuss the benefits for *Sony* of using the product life cycle when making decisions on its product portfolio.

(8)

A product portfolio is the range of products a business has. The product ~~portfolio~~ life cycle depicts the stages a product goes through, including its development, investment, growth, maturity & decline.

One benefit of using the product life cycles is it helps the business know when to release a new product. For example, we can see that Sony's playstation console was released in 1994 and is regularly relaunched with new features & games. By using the product life cycle, they can relaunch the console during the decline of the old one, thereby ensuring no loss of sales or popularity. Moreover, by analysing the life cycle closely, they may be able to make sure the new console reaches is growth stage during the declining stage of the old console for further success.

Additionally, using the product life cycle helps minimize wastage of funds & other resources used for advertizing & promotion. This is because, during the maturity stage, there is less need for advertising & promotion, but during the growth stage, promotion may help reach growth stage quickly. Sony's ~~pet dog~~ Robotic pet dog may require promotion at this stage of its life cycle to ensure its growth in the market, but the Walkman may not need further advertising as it has reached its decline stage. As a result, Sony will benefit from less usage of resources & funds used for advertising & promotion.

However, the product life cycle is a very basic model & does not take into account other competitors actions and other external factors that may affect the life cycle of the product. We can see this through Sony releasing a foldable tablet, leading to other businesses following suit. This may have extended the growth phase, as popularity for foldable products grew. As such, this model is very basic & cannot account for other factors which may affect growth of products.

ResultsPlus
Examiner Comments

This is an example of a response which was awarded full marks. The response fulfils all the requirements of the the descriptors in level 3 of the mark scheme. The response demonstrates accurate understanding throughout with logical chains of reasoning. The answer is well contextualised and shows good balance.

(d) **Discuss the benefits for *Sony* of using the product life cycle when making decisions on its product portfolio.**

(8)

Product Life cycle is the Stages the product Life goe's to such as, introduction, growth, maturity and decline and ~~Product~~ Product Portfolio is the amount and ~~amy~~ type of products is being produced. And is avaliable in the market.

Firstly, ~~it will help Sony~~ ~~it~~ product life cycle it will help sony define what level ~~*~~ the product at in the market and Shows's is it has high demand or decreasing therefore Sony will be able to see if they need to launch a new product or decrease the amount of product's that is in a decline cycle in the market.

Secoundly, As Sony already uses a product orientation approach Product ~~Portfol~~ Life cycle will help Sony define it's products weather it needs to be ~~witdrawn~~ withdrawn from the market or it need's some promotional methods to increase it's demand to overcome decline in the maturity stage.

overall, ~~he~~ Sony using product Life cycle will help them define the market decrease cost and maximize profit's by seeing the stage of the products

ResultsPlus
Examiner Comments

This candidate shows reasonable knowledge of the product life cycle. The candidate tries to cover many points instead of focusing on developing a couple of points and providing depth to the answer. There is little context and no balance. This response was awarded 4 marks as it fits level two descriptors in the mark scheme.

ResultsPlus
Examiner Tip

For all discuss, assess and evaluate questions the candidates must provide developed counter-balance to their responses.

Question 1(e)

This response differentiated students. Many gave very good balanced responses which showed good knowledge of product orientation. Others confused the concept with design mix or product design and failed to score any marks. The responses below show an example of both.

(e) Assess the advantages for a business, such as *Sony*, of using a product orientation approach when developing its products.

(10)

Product orientation is a method of producing goods or services based on what the business is best at.

One advantage for a business such as Sony of using a product orientation approach when developing its product is that it allows for innovation. By Sony concentrating on what its best at, which is inventing many unique products such as the Sony Walkman, the first folding electronic tablet and the robotic pet Dog named Aibo, it helped it create new products not previously available therefore, giving it an competitive advantage compared to Nintendo and Microsoft which may be used as an unique selling point (USP) to ~~(capture)~~ charge premium pricing ~~(and) (capture)~~ (A leading to higher revenue and potentially even more profit. However, by only focusing on what they are best at, ~~the~~ Sony are completely ignoring the needs of customers in the products such as new colorways of the games console therefore, as they needs are not being satisfied, customers may switch to competition like Nintendo or Microsoft who successfully meet the customers needs hence, Sony ~~(are losing)~~ might loose their market dominance of 45%. in 2022.

In conclusion, product orientation may be beneficial over market orientation for Sony, but to an extent as Sony can't completely ignore what the customers desire and innovate new goods that no one asks for therefore, Sony using a product orientation approach is beneficial as it allows them to create products they're best at and be innovative however, it depends on if they can successfully satisfy customers needs with their innovative products and not shift into a market with products that nobody wants, only increasing costs from the testing of the products and other research and development costs that come with it.

(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

ResultsPlus
Examiner Comments

This is a very good response which meets the descriptors in the top level, level 4. It shows good understanding of product orientation and makes good use of the evidence provided to contextualise the response. Assessment is balanced and the response shows a supported judgement.

(e) Assess the advantages for a business, such as *Sony*, of using a product orientation approach when developing its products.

(10)

~~£~~ To positions its products in the ~~making~~ market Sony uses a product orientation approach. Its vision is "to do what has never been done before". The company has won many awards including a best innovation award in 2023 for one of its cameras used for Hollywood movies.

The vision which is used by Sony's "to do What has never been done before", this vision is a very powerful visions to the business to have advantages. One advantage is that Winning awards in award shows, which also helps to promote or market a specific product. This helps the income of the business. When there is a clear vision to a business there is always good advantage in whatever kind of business it is. ~~Song~~ Sony started in 1946, from 1946 to the present year Sony is a well known company for good products. Sony has marked to make a good business in the market.

Another advantage is having new features in a product that Sony produces. The Sony Walkman was launched in 1983 and provided the first portable and personal device to listen to music. It produced the first folding electronic tablet in 2011, which encouraged Competitors to develop other folding electronic products. The Sony playstation games console, relased in 1994, was unique at that time. It is Sony's best selling product and is relaunced regulary with new features and games. With those new features customers are excited to buy new products with new features. This is a big advantage for the Sony's company.

In conclution, There are many positive advantages for a business, Such as Sony, of using a product Orientation approach when developing its products.

(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

ResultsPlus
Examiner Comments

This is an example where the candidate shows no knowledge of a product oriented approach. The candidate has simply copied paragraphs from the extracts and wasted time on a response which was awarded no marks.

ResultsPlus
Examiner Tip

Do not copy whole sections of the extracts and insert into the answer. It is a total waste of a candidate's valuable time. Use selective and suitable points of evidence to support any points made.

Question 2(a)

As with 1a this definition question is worth 2 marks. Candidates were required to define distribution channel. One mark was awarded for a path or a means, and the second point for referring to getting a product from producer to consumer. This question was generally answered well by many candidates.

SECTION B

Read Extracts C and D in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'distribution channels.' (Extract D, line 6)

(2)

The path that a product takes from producer to consumer.
It is one of the 4 P's, Place, How the product gets to the consumer

ResultsPlus
Examiner Comments

This response was awarded 2 marks for the first sentence. Students should not waste time repeating their points. As stated previously definitions should be concise but accurate.

Question 2(b)

This calculation question was well answered by many candidates. It is encouraging that more candidates appear to be showing their workings and picking up some points even though the final answer is incorrect. Some candidates failed to get full marks as they did not show the currency in their answer.

In 2022 *JLP* employed 650 delivery drivers.

The average salary of a delivery driver was £42 000.

Each employee received 3% of their salary as a profit share payment.

(b) Using this data, calculate the **total** amount of profit share *JLP* paid to all its delivery drivers.

(4)

650 x 42,000

= 27,300,000

27,300,000 x 3%

= 819,000

ResultsPlus
Examiner Comments

This candidate scored 3 of 4 marks. Quantitative skills are good but they failed to show the $ sign.

ResultsPlus
Examiner Tip

As with all calculations please check you have added the currency or units as required.

Question 2(c)

As with 1c this question has 2 knowledge marks, 2 application marks and 2 analysis marks available. Many students scored full marks. Those who did not typically failed to use any application. Others did not read the question carefully and gave advantages of primary research rather than disadvantages.

(c) Analyse **two** possible problems for *JLP* of using primary research to gather market data for its Partnership Plan.

(6)

Primary ~~re~~ research is first hand data that was collected for businesses own requirements.

One problem JLP many have had was the cost. As per the extract JLP has collected market ~~reashe~~ research from 8000 customers and 100 suppliers. This may have caused JLP to undertake alot of money since the the numer of people they should research is high. As a result It would be hard for JLP to achive it's £400m profit by the end of the year ~~wh~~ with the large amount of cost.

Another problem JLP may have faced was the large amount of time that is being spent on the research. As per the extract JLP has to gather research from local community groups and 12 000 partners. This mean that they will have to spend most of there working hours on research and might lose opertunities to increase there business growth.

ResultsPlus
Examiner Comments

An excellent answer which was awarded full marks. It contains two points of knowledge at the start of each paragraph, and supports each point with context/application. The candidate finishes each paragraph by explaining the consequence/impact on Sony.

(c) Analyse **two** possible problems for *JLP* of using primary research to gather market data for its Partnership Plan.

(6)

Primary research is research done by JLP themselves in the form of focus groups, surveys and etc. to gather qualative or quantitive data.

Primary research is rather expensive in resources, as it requires use of employees, time, money to pay said employees to gather the data, with no garuntee that the data collected would be useful

Another Problem is the limitations. The data collected can either be quantative or qualative, each with it's own use. Partnership Plan would require both and that is without considering bias or insufficient numbers of interviews.

All data required can be collected via free secondary research, but it is not as accurate and specific as Primary.

ResultsPlus
Examiner Comments

This response gained 2 knowledge marks. The candidate identifies that primary research is expensive to get one knowledge mark. This point has no application and is not developed to show a consequence to John Lewis. The paragraph that refers to limitations is not valid and does not answer the question. The examiner on this occasion awarded a second knowledge mark for a partially correct definition.

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Examiner Tip

Candidates should always apply context to all 6, 8, 10 and 20 mark questions. Use the extracts given to support the arguments made.

Question 2(d)

This topic was not answered well by many candidates due to the fact that they did not read the question carefully enough. Whilst candidates seem to have some understanding of collective bargaining, they did not always explain why this method would be of benefit to John Lewis. Many focused on the benefits to the employees and very few candidates appeared to appreciate the difficulties collective bargaining may create.

(d) Discuss the advantages for *JLP* of using collective bargaining when negotiating with its partners (employees).

(8)

Collective bargaining is the negotiation of wages and Conditions of employees through employee representatives.

One advantage for JLP of using collective bargaining when negotiating with its partners is that its is easy and time saving When employee representatives are elected to Contribute to the decision making process of the business they can represent all the partners. This will save time as if it were all the partners making decisions it can be very time Consuming and may lead to disagreements. This helps JLP to make quick and easy decisions.

Secondly when using Collective bargain-ing when negotiating with its partners. The Partners feel Involved. As they elected partners are Involved in discussions regarding pay, terms and Conditions and redundancies. The ~~Em~~ partners will feel like they are listened to and Included. This will ~~Involved in making de~~ Improve the employee ~~welfar~~ Satisfaction at JLP. And reduce the labour turnover as they have satisfied employees.

However, ~~collective bargaining can also be a di~~ Some ~~employees~~ Partners may not feel satisfied. As the individual needs and wants of partners are not heard of. This can lead to dissatisfied partners and the ~~employe~~ Partners may leave.

ResultsPlus
Examiner Comments

This response started quite well and shows good knowledge of collective bargaining. The answer links to the impact on the business, eg it saves time though this could have been developed a little further to show the consequence to the business. The counterbalance lacks development and coherent chains of reasoning. This response was awarded 5 marks as it fits all of the descriptors in level 2. Accurate knowledge and understanding. There is some, though limited context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but some are incomplete. Lastly there is an attempt at an assessment but it is unbalanced and does not show the significance of competing arguments.

(d) Discuss the advantages for *JLP* of using collective bargaining when negotiating with its partners (employees).

(8)

collective bargaining refers to determining the conditions of work and terms of employment between employer and employee representatives.

Extract C states that the business has a democratic leadership style and some of its partners are elected by other partners to contribute to the decision making process. This means that the partners elected are able to make decisions by taking into account the other partners' welfare and can discuss conditions with JLP. This shows that the partners' views can be ~~clea~~ clearly stated and they have more bargaining power when discussing

However, this may leave out certain employees views, or opinions (a minority) and they aren't able to voice out their concerns

Extract C states that in 2022 each partner received 3% of their pay as profit share. This shows that the partners are able to bargain for higher wages as they contribute to the large amounts of profit generated at each store.

ResultsPlus
Examiner Comments

This response showed isolated elements of knowledge only. Much of the response is simply copied from the extract and the candidate fails to answer the question, in respect of how collective bargaining will impact John Lewis.

ResultsPlus
Examiner Tip

Read the question a couple of times. Make a note of the focus of the question, ie should you be writing about the impact on the business, or the employees or indeed any other stakeholder the paper-writer has intended.

Question 2(e)

Unfortunately this answer was not particularly well answered by many candidates. The question required candidates to consider if profit share payments would improve the performance of employees. Many students simply wrote about the benefits of profit share to the business and its impact on costs and profits. Many responses failed to link to employee performance. It was clear candidates understood the term profit share but many simply failed to answer the specific question set.

(e) Assess whether profit share payment is likely to improve employee performance at *JLP*.

(10)

Employee performance is measured in terms of the quantity of output / quality of service provided by the employee. Profit sharing is a financial ~~g~~ incentive given to employees where part of company's profits are ~~shar~~ distributed among the employees.
Due to the profit sharepayment, where each partner/employee would receive 3% of their pay as profit share, this will motivate the 80,000 partners in the UK where JLP refers to its employees as partners, resulting in greater job satisfaction due to additional pay received & resulting to improve employee performance at JLP, through producing and selling ~~Moreover~~ high quality food and beverages at 334 Waitrose grocery stores which is owned by JLP.
However, some partners will not have the idea of how much profit is being generated by the business. Therefore, 3% would be a smaller percent considering the magnitude which will not improve employee performance at JLP as employees will ~~be~~ not be much motivated if they ~~a~~ receive a smaller share of the profit when JLP generates high profits.

Moreover, profit share payment will make the employees feel more valued and considered as part of the business which will result in greater motivation and hence satisfaction leading to improve employee performance at JLP through achieving the targets set by ~~the~~ JLP in the form of a five-year plan for its business such working harder to achieve £400m profit by the year 2016 and improved customer service.

However, profits are distributed similarly among every worker where this can result in conflicts, also as it is difficult to measure employee performance in terms of customer service provided, this would be unfair for some employees who work much harder and at higher levels which will result in not improving the employee performance at JLP.

Overall, not all employees are motivated by financial incentives such as profit share according to ~~F.W~~ Taylor's theories, some will be motivated by nonfinancial incentives such as delegation, empowerment, consultation, therefore JLP should provide with a mix of both financial and nonfinancial incentives to improve employee performance.

(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

ResultsPlus
Examiner Comments

An excellent answer which matches level 4 descriptors. The response shows good knowledge of profit share and employee performance. The chains of reasoning are logical and answer the question as to whether the financial incentive will impact the performance of its employees. The response is contextualised and weighs up the points to make a supportive judgement.

ResultsPlus
Examiner Tip

Read the question carefully. Ensure you are answering the question set and not simply telling the examiner everything you know about a topic.

Question 3

This question differentiated candidates. Examiners saw some very good level 4 responses that showed accurate knowledge and used the extracts well to provide a contextualised and balanced assessment.

However it was evident that many candidates did not have a clear and accurate understanding of the term decentralised organisational structure. Many candidates perceived that this type of structure allows all level of employees to make their own decisions. Some confused the topic with laissez faire or democratic leadership styles.

SECTION C

Read Extracts E and F in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the advantages of a decentralised organisational structure for *IKEA*.

(20)

A decentralized structure gives decision-making authority to local or regional managers rather than concentrating it at head office, as for IKEA this gives a considerable degree of autonomy and independence for helping 460 IKEA stores operating in 59 countries more effectively with localized strategies.

The first advantages for IKEA is faster decision-making. IKEA's head office remains is Sweden and but it has global team with 460 IKEA stores operating in 59 countries, each shop is committed to providing local stores selling quality products, this means the decision should be made through IKEA's local stores, because the head office might not know the local customer's preference, taste and willingness of payment. The managers in each countries, are more likely to be closer with consumers, and they can gain the firsthand information from the market. As a result, local managers can respond quickly to their customer needs. For example, adapting the furniture categories to local tastes, moreover they could develop the local dishes in IKEA's restaurant, it leads to customer satisfaction improvement. Once they make any decision they will not waste time waiting for the command from the Sweden headquarter and speed up decision making process.

However, it may lead to some inconsistencies in customer experience due to variety in different countries. For example, if IKEA's headquarter not involve in making a standard service, or the menu of food is too localized, customers' experiences will be too different, that will be harmful to IKEA's brand image due to lack of a consistent deliveries. Especially in this ~~c~~ case, the IKEA stores around the world sell similar styles of products and have similar store layouts, they are just allowing some regional variations or differences. If giving too much authority for local managers to make their own decisions, they might not able to managed well with IKEA's core identity that will cause complaints and loss of customers. Moreover, this could bring conflicts with IKEA's global brand standards and will lead to lower profits.

Secondly, if with decentralization, local managers could feel trusted and motivated, which will lead to better performance. According to Maslow's hierarchy theory, Local managers might want to satisfied the needs of esteem or recognition, giving them empowerment is significantly important to boost their creativity and they will be more committed to their stores. For example, they might support more with their expertised knowledge with product offering or layout cater to different customer preferences, supporting each shop to obtain better sales. moreover, the ~~m~~ motivated mangers will bring innovation in local stores. That will reduce the burden of head office with more advanced strategic decision-making, and help IKEA to gain competitiveness in ~~a~~ global set. For operating around 59 countries, Sweden office could release the stress by giving more commitment to local office.

However, decentralization will slow down the decision-making process due to the lack of control, especially the financial control for cost, budgets and promotion strategies. It is more difficult to achieve financial control if individual managers have more budgetary autonomy. A fixed set of rules and procedures in all departments of the business should lead to rapid decision-making as there is no opportunity for discussion.

And as a 'cost-effective' business, offering an affordable price with good quality is so important for IKEA to live long in competitive market. Saving cost should remain as the main target of IKEA. However, it the decentralization policy allows financial empowerment, which will help IKEA to monitor the extra investment or wage of money in each store. In long-term it will reduce the probability and it is difficult to help IKEA to keep a competitive brand identity.

In conclusion, whether IKEA should adopt a decentralized structure depend on how much the authority is given and the local knowledge of each manager. This system requires strong communication process and also training is inevitably important to ensure each shop in 59 countries will be able to keep the coherence of IKEA's brand image, as well as its standardized customer service and product. For a global brand, decentralization help IKEA make fast decision and give speedy responsiveness to local customers, but this must be carefully monitored in case of customer dissatisfaction and financial issues.

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

ResultsPlus
Examiner Comments

This is an excellent response which is worthy of level 4 marks. There is clear and accurate understanding of a decentralised structure. The answer is contextualised and has clear and logical chains of reasoning to explain the points made. There is a good balance and an attempt at a judgement though the judgement is a little repetitive and indecisive.

SECTION C

Read Extracts E and F in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the advantages of a decentralised organisational structure for *IKEA*.

(20)

Decentralised organisational structure is when decision making happens through-out the business. This used by IKEA has adventages, as it allowes new ideas to flow. It also motivates employees as there ideas are recognised by IKEA. This helps IKEA impove its furniture, Kitchen, decorations, beds, rugs and food. It also allows them to sell affordable and quality products and with excellent customer service. It also makes it easier to manage there 460 IKEA Stores operating in 59 countries. This also allows them to sell similar ~~sty~~ style of products and have similar store layouts, but still have some regional variation. As ~~cous~~ ~~cos~~ customers have different testes, this can help them sell more products. This allow them to better understand customer, as in 1960, they opened restaurants in IKEA ~~a~~ stores because customers were ~~[illegible]~~ leaving at lunchtimes to nearby restaurants. This ~~type~~ organisatoonal structure makes IKEA more efficent.

However, Decentralized organisational structure can cause problems, ~~with~~ as there might be more ~~opinion~~ opinions causing problems with decision making. It also takes alot of time to make decisions As it has to go through all the departments. It can also cause's product not to sell in other regions, like Africa and South America. Decision making ~~has~~ might still happen in IKEA's head office in Sweden. ~~as~~ ~~so~~ Decentralised decision might not ~~have~~ ~~a~~ ~~straight~~ ~~the~~ go to the right path, it can cause Ikea to lose sales.

~~Plan~~ ~~t~~

Therefore IKEA using both decentralised and centralised organisational structure can ~~at~~ help them ~~to~~ avoid these problems.

ResultsPlus
Examiner Comments

This is an example where the candidate is not clear about decentralisation. The answer is a mix of a democratic leadership style as well as a centralised structure.

Paper Summary

Based on the performance of this paper, candidates are offered the following advice:

1. Always check that the final answer in the calculation questions show the currency or units, as required.
2. Read the question at least twice and either underline or highlight the key phrases to ensure all elements of the question are addressed.
3. Practise writing supported recommendations to help achieve the highest level of marks in the assess and evaluate questions.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link: https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html

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