GradeMax

Write your name here

Surname	Other names

Pearson Edexcel
International
Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Business Studies

International Advanced Subsidiary
Unit 2: Business Structures and Processes

Monday 19 January 2015 – Morning
Time: 1 hour 30 minutes

Paper Reference
WBS02/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

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SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

1 In October 2013 *Blockbuster*, the DVD and computer games retail chain, became the latest business failure and closed all of its stores.

(a) This was **most likely** due to

(1)

A an increase in *Blockbuster*'s cash flow

B an increase in online sales of DVDs

C a decrease in supermarkets selling DVDs

D a decrease in *Blockbuster*'s labour costs

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

2 *Savoir Faire*, a small restaurant in London, is able to serve 1,500 meals a month. In November 2013 it sold 1,125 meals.

(a) Calculate the capacity utilisation for *Savoir Faire* in November.

(1)

A 25%

B 75%

C 133%

D 175%

Answer ☐

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

(3)

(Total for Question 2 = 4 marks)

3 *The City Council of Kingston* in New York decided to use a zero-based budgeting system for the first time for the financial year 2014–2015.

(a) Zero-based budgeting is **most likely** to be

(1)

A efficient in allocating resources

B a quick method of budgeting

C produced by an accountant

D based on previous data

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

4 *Virgin Trains* has a system of consultation where managers encourage employees to be involved by challenging procedures and suggesting improvements.

(a) Consultation is **most likely** to lead to a long-term increase in

(1)

A the span of control

B labour turnover

C employee productivity

D supervision by managers

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 Global recessions cause many businesses to see a significant fall in revenue.

(a) Which business is **most likely** to see a fall in revenue during a recession?

(1)

A Discount food retailer

B Fast food takeaway

C Bus company

D Travel agent

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

6 Malcolm Walker, CEO of *Iceland Foods*, refers to himself as a 'caring dictator' and has created a culture where all employee opinions are listened to.

(a) Which **one** of the following leadership styles would **most** apply to Malcolm?

(1)

A Laissez-faire

B Democratic

C Autocratic

D Paternalistic

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS

SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence A *Cola-Cola India* turns 20

The Coca-Cola drink was launched in Agra, India in 1993. Since then *Coca-Cola India* has grown rapidly, owning two of the country's largest soft drinks brands – Thums Up and Sprite. Operations include over 7,000 Indian distributors and more than 2.2 million retailers.



Coca-Cola India has invested more than $2bn in its Indian operations and provides direct employment to more than 25,000 people and indirect employment to more than 1,500,000 people through its vast supply and distribution system.

Coca-Cola India is the country's leading beverage company with an unmatched portfolio of beverages. These include Coca-Cola, Fanta Orange, Limca, Sprite, Thums Up, Burn, Kinley, Maaza, Minute Maid Pulpy Orange, Minute Maid Nimbu Fresh and the Georgia Gold range of teas and coffees and Vitingo.

Coca-Cola India is one of the largest domestic buyers of agricultural products such as sugar and mango pulp. The company's business also positively impacts on industries such as glass, plastics, automobiles and banking.



(Source: adapted from http://www.coca-colaindia.com/ourcompany/company_history.html)

Evidence B *Coca-Cola India* – Responsible Marketing

As part of our marketing, we have a Global Responsible Marketing Policy and we do not market any products directly to children under 12. This means we will not use advertising directly targeted at audiences that have more than 35% of children under 12. Our policy applies to all of our beverages and the media outlets we use. We are proud to be part of the 'India Pledge', which is a commitment to change food and beverage advertising to children under the age of 12 years in India.

(Source: adapted from http://www.coca-colaindia.com/sustainability/me-responsibleMarketing.html)

Evidence C New High-tech Bottling Plant



To mark its 20 years in India, *Coca-Cola India* opened a new bottling plant at Chatta in Uttar Pradesh. With an investment of Rs 135 crore ($23m) the new high-tech plant will be *Coca-Cola India*'s 58th manufacturing plant in the country. The company's latest technology will ensure no wastage of water and energy. It will produce 1,200 bottles per minute and will be capital intensive, providing employment to 225 people.

Venkatesh Kini, Deputy Business Unit President, *Coca-Cola India*, said, "Our investments in India are on track as we build scale, manufacturing capacity, distribution capability and a robust product portfolio to realise our business goals in India. By using quality management techniques, we share best practices and technological advancements with our suppliers, vendors and allied industries, which often leads to improvement in the overall standards of quality across industries."

(Source: adapted from http://www.thehindubusinessline.com/companies/cocacola-kickstarts-new-plant-in-up/article5268247.ece)

Evidence D *Coca-Cola India* – A Great Place to Work

We aspire to be a great place to work, where employees are given opportunities to develop their skills and expand their breadth of experience. With this in mind we have developed six special training programmes for all employees at all levels of the hierarchy.

Pegasus is our leading training programme which seeks to develop all-round top talent for future roles within *Coca-Cola India*. Catalyst is another training programme for selected managerial staff, relatively high in the organisational hierarchy, preparing them for senior management positions.

In addition, our Coca-Cola University operates a six-month programme which helps to source and train fresh young talent ahead of demand for our franchise bottlers. The programme includes classroom learning, e-learning, mentoring, coaching, feedback and fieldwork.

(Source: adapted from http://www.coca-colaindia.com/sustainability/we-development-programs-for-employees.html)

7 Analyse **two** benefits to *Coca-Cola India* of having a wide range of soft drinks in its product portfolio.

(Total for Question 7 = 6 marks)

8 (a) Analyse **one** reason why *Coca-Cola India* has a 'Global Responsible Marketing Policy'. (Evidence B)

(6)

(b) Analyse **one** reason why *Coca-Cola India* has decided to use capital intensive production in the new bottling plant.

(6)

(Total for Question 8 = 12 marks)

9 'The company's latest technology will ensure no wastage of water and energy.' (Evidence C, lines 5 to 7)

(a) Explain **one** benefit to *Coca-Cola India* of minimising waste.

(4)

(b) Assess **two** factors that might affect the productivity of *Coca-Cola India*'s new bottling plant.

(8)

(Total for Question 9 = 12 marks)

10 Assess the likely importance to *Coca-Cola India* of using quality management techniques to maintain sales.

(12)

(Total for Question 10 = 12 marks)

11 Evaluate the likely value of training to *Coca-Cola India*. (Evidence D)

(14)

(Total for Question 11 = 14 marks)

TOTAL FOR SECTION B = 56 MARKS
TOTAL FOR PAPER = 80 MARKS

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