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

Tuesday 18 October 2016 – 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.*
- You should take care in your responses with your punctuation and grammar, as well as the clarity of 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 ▶

P50712A

©2016 Pearson Education Ltd.

1/1/1/1/1/1/1/1

P 5 0 7 1 2 A 0 1 2 0

PEARSON

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 2014, *Apple* announced that it was no longer going to manufacture and sell its sixth-generation iPod Classic MP3 player.

(a) The **most likely** reason for this is

(1)

A the iPod Classic was not well-known

B high profit margins from the iPod Classic

C less competition from other MP3 players

D the end of the iPod Classic's product life cycle

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

2 *Top Brew Coffee Bar* is in the centre of Kuala Lumpur. Its budgeted sales for July were 1,500 units at a price of RM14. Actual sales in July were 1,350 units at RM15.

(a) The manager calculated the sales variance to be

(1)

A RM21 000 adverse

B RM21 000 favourable

C RM750 adverse

D RM750 favourable

Answer ☐

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

(3)

(Total for Question 2 = 4 marks)

3 Tony Smith, manager at *Mrs D's Pet Emporium*, has weekly meetings with his staff where they all discuss and jointly agree targets for the business.

(a) Which **one** of the following leadership styles is Tony using?

(1)

A Paternalistic

B Autocratic

C Democratic

D Laissez-faire

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

4 *Tesco* sells a two-litre bottle of *Coca Cola* for £1.85. It also sells its own brand, called Everyday Value Cola, at 17p for a two-litre bottle.

(a) Which element of the design mix of Everyday Value Cola would be the **most important** to *Tesco*?

(1)

A Economic manufacture

B Aesthetics

C Function

D High quality

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 *Nando's* is a high street fast food chain with 335 restaurants in the UK. Only 66 of these restaurants serve Halal chicken.

(a) This is an example of

(1)

A niche marketing

B social media marketing

C mass marketing

D viral marketing

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

6 *Potato*, a company that builds web applications, adopts flexible employment practices such as employees choosing their own working hours and holidays.

(a) This is **most likely** to lead to a decrease in

(1)

A empowerment

B motivation

C productivity

D labour turnover

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: By Heck! Family firm aims to become premium sausage brand

The *Heck* brand was created in 2012 by Andrew and Debbie Keeble with the aim of producing high quality sausages to meet consumers' growing demands for home produced food. It was also set up to create a sustainable business that the family could run independently and which would provide a secure future for all members of the Keeble family. All four of the Keeble's children work in the business.

The workforce has grown from 8 to more than 30 production employees in two years and everyone in the company, apart from Andrew and Debbie, are under 25 years of age. Most are friends of the family. The company never uses recruitment agencies and for many employees it is their first job. Now making more than two million sausages a month, *Heck Foods* supplies a number of major supermarkets such as *Tesco*, *Asda*, *Waitrose* and *Morrisons*.

The company has expanded by developing new products including chicken sausages, burgers and meatballs. It recently moved to new £2m premises, and unusual products such as a square shaped sausage for the barbecue and a heart shaped sausage for Valentine's Day have helped sales grow by 150%. The company achieved sales of £3m within the first year, and is likely to reach £7m in 2015, an increase of 14% on its initial sales forecast.

(Source adapted from By Heck! Family firm aims to become premium sausage brand © *The Yorkshire Post*, 2015)

Evidence B: Chicken sausages are flying off the shelves but with less fat

Chicken sausages are a surprise new hit, offering the familiar sausage shape but with less fat. *Waitrose* and *Marks & Spencer* are both stocking chicken sausages for the first time, while Yorkshire-based sausage-maker *Heck Foods* says that sales of its version are growing rapidly.



Jamie Keeble, of *Heck Foods*, says: 'Lots of people are changing the way they think about their food and chicken sausages are following a growing trend for traditional food made healthier. They're ideal for anyone who can't eat pork, who wants to curb their red meat intake, or who just wants to follow a low-fat diet.' Sales of his Chicken Italia sausages have trebled since the spring and he hopes *Heck Foods*' first vegetarian products could be on the shelves by October 2015.

(Source: adapted from Chicken sausages are flying off the shelves offering the familiar shape… but with less fat, Harriet Arkell © *Daily Mail* 2015
Photo image: www.heckfood.co.uk)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

Evidence C: How we do things

Our little factory runs 7 days a week 364 days a year. We take time to hand mix and measure every batch of sausages. Most factories make huge great mixes of meat, but we only ever make a maximum of 50 kilos at a time as you can't rush making great tasting food! Apart from making and selling sausages we also farm and the family have farmed here for the last 350 years. We love doing what we do and wouldn't have it any other way; we're all in it together.



(Source: adapted from www.heckfood.co.uk)

Evidence D: Sausage firm secures £1m investment

Heck Foods has secured £1m investment from private equity firm, *Panoramic Growth Equity,* which now owns a 25% stake in *Heck Foods* but the Keeble family will retain full control.

Heck Foods will use the investment to increase production to cope with rising demand and to broaden its product range. '*Panoramic* brings a great deal of experience, connections and financial expertise to the business but we remain in total control of our production process,' said *Heck Foods* co-founder and Managing Director, Andrew Keeble.

In addition to this investment, other contingency finance methods will be used. This will allow the business to meet working capital requirements in the short term, as it expands the product range and increases monthly output.

(Source: adapted from Sausage firm secures £1m after 'The Fixer' doubles sales © *The Telegraph*, 2014)

BLANK PAGE

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

7 *Heck Foods* has a flat organisational structure.

Analyse **one** possible benefit to *Heck Foods* of having this organisational structure.

(Total for Question 7 = 6 marks)

8 (a) Explain **one** possible reason *Heck Foods* does not use recruitment agencies for new employees.

(6)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(b) Analyse how current social trends have affected the product portfolio of *Heck Foods*.

(6)

(Total for Question 8 = 12 marks)

9 (a) Explain **one** benefit to *Heck Foods* of operating in a niche market.

(4)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(b) *Heck Foods* produces hand-made sausages, which is a labour intensive method.

Assess the benefits to *Heck Foods* of using such a method.

(8)

(Total for Question 9 = 12 marks)

10 Assess the likely difficulties *Heck Foods* might experience when making sales forecasts.

(12)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(Total for Question 10 = 12 marks)

11 Evaluate how contingency finance planning could be used by *Heck Foods* when managing working capital.

(14)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(Total for Question 11 = 14 marks)

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

BLANK PAGE

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA