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Pearson Edexcel
International
Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Business Studies

International Advanced Subsidiary
Unit 2: Business Structures and Processes

Tuesday 17 October 2017 – Afternoon
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 *Kentucky Fried Chicken* (*KFC*) requires all of its restaurant managers to prepare budgets based on previous figures.

(a) Which **one** of the following is a reason for *KFC* to set a budget?

(1)

A The budget is always accurate

B Budgets are very quick to prepare

C The budget provides a target for managers

D Budgets are a legal requirement

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 The price elasticity of demand (PED) for laptops is estimated to be –2.5 and the price of laptops increases by 10%.

(a) Calculate the percentage change in quantity demanded for laptops.

(1)

A 4% increase in quantity demanded

B 4% decrease in quantity demanded

C 25% increase in quantity demanded

D 25% decrease in quantity demanded

Answer ☐

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

(3)

(Total for Question 2 = 4 marks)

3 *Bombardier,* one of the world's largest train and aeroplane manufacturers, announced it would be making 7,000 employees redundant across all of its operations in 2016.

(a) This is **most likely** due to falling

(1)

A costs

B competition

C wages

D orders

Answer ☐

(b) Explain why this answer is correct.

(3)

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(Total for Question 3 = 4 marks)

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4 *Tesco* uses elements of Herzberg's theory to motivate its employees and pays attention to hygiene factors.

(a) Which **one** of the following would be considered a hygiene factor?

(1)

A Responsibility

B Recognition

C Working conditions

D Challenging work

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 During a time of economic growth in the UK, incomes rise and many businesses will see increases in their revenue.

(a) Which business is **most likely** to see an increase in revenue?

(1)

A Car dealership

B Bus company

C Second-hand clothes shop

D Discount food retailer

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

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6 *Boomf* prints images onto marshmallow squares and posts them to customers. It could not meet demand in the run up to Valentine's Day in 2016.

(a) Which method is the **best** way to increase *Boomf*'s capacity?

(1)

A Increase advertising

B Outsource production

C Extend the product range

D Reduce prices

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: What is next for the fast food giant?

In the UK, every day three million people eat at a *McDonald's* restaurant and 90% of the population has eaten a *McDonald's* at some point. Last year, around 90 million Big Macs were sold, although this was lower than the peak of 100 million in 2011, which the company claims is because of the introduction of more wraps and deli sandwiches to the menu.



(Source: © PSL Images / Alamy Stock Photo)

In the past few years, *McDonald's* has undergone something of a menu overhaul. Once, the dilemma was whether to go for a milkshake or a soft drink. Now you can order a strawberry and banana fruit smoothie with your McChicken Sandwich. The menu is about to be transformed once again, when the chain launches a new wrap range. It will spice things up by introducing barbecue, sweet chilli and hot Peri Peri chicken wraps.

The menu isn't the only thing changing – *McDonald's* is in the middle of a £350m update of its restaurants. After trialling table service at 15 restaurants, waiter service will be rolled out across the UK. All restaurants are also being fitted with "digital kiosks", giant iPad-like devices that give customers a self-service option and means that they don't have to queue at the till.



(Source: © REUTERS / Alamy Stock Photo)

(Source: adapted from British people can't get enough of McDonald's, but what next for the fast food giant? By Elizabeth Anderson © Copyright of Telegraph Media Group Limited 2015)

Evidence B: *McDonald's* UK boss defends zero-hours contracts for staff

Paul Pomroy, the boss of *McDonald's* in the UK, has defended the company's continued use of zero-hours contracts for about 80,000 employees in its British restaurants. Zero-hour contracts have attracted criticism as employees have no guarantee of work and are often called in at short notice. Pomroy said, "We still have zero-hours contracts and they are very flexible contracts, so people at *McDonald's* get their shifts two weeks in advance and we allow employees to go and work elsewhere. We have a very good system of feedback from our employees and having surveyed our employees they still love the flexibility."

McDonald's said all of its employees had permanent contracts and were entitled to holiday and sick pay, staff discounts, training to gain nationally-recognised qualifications and regular performance reviews. As well as being free to work elsewhere, employees are not required to be on call, the company said.

(Source: adapted from © 2016 Guardian News and Media Limited)

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Evidence C: The sourcing of *McDonald's* menu ingredients

All of *McDonald's* beef and milk is sourced from more than 17,500 British and Irish farmers. *McDonald's* source the majority of the potatoes for their French Fries from two suppliers in the UK and have used them for over 30 years. The only products *McDonald's* imports from elsewhere tend to be seasonal, such as pineapple and strawberries for its smoothies, as well as coffee. Some of its chicken is also imported from abroad including Thailand and Brazil.

(Source: adapted from © Telegraph Media Group Limited 2016)

Evidence D: *McDonald's* reducing waste, recycling more

Our goal is simple – to do our best to improve our impact on the environment. All of our activities are centred around the key priorities of reduce, reuse and recycle. Our ambition is to recycle at least 50% of our waste and divert the remaining waste to Energy Recovery Facilities, rather than going to landfill rubbish sites.

All *McDonald's* restaurants have processes in place to reduce the amount of food wasted, by using Just in Time inventory control, ordering and production systems. We are continually looking to reduce the amount of material we use in packaging. For example, we reduced the size of our tray liners and resized our Big Mac® boxes, which resulted in a saving of approximately 434 tonnes of paper each year.

We recycle most of the waste from restaurant kitchens including plastic and paper packaging, used cooking oil, corrugated cardboard and food waste. The used cooking oil is recycled into biodiesel, which is used to help fuel our delivery fleet, saving over 6,000 tonnes of CO2 each year. The used cooking oil, cardboard and kitchen food waste is collected by the vehicles that have delivered food and packaging to the restaurants. Using the delivery trucks in this way saves an additional 5,000 trips per year.

(Source: adapted from http://www.mcdonalds.co.uk)

7 Explain **two** possible benefits to *McDonald's* of widening its product portfolio.

(Total for Question 7 = 6 marks)

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8 (a) Explain the likely impact on *McDonald's* working capital of updating its restaurants.

(6)

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(b) Analyse **one** possible benefit to *McDonald's* of using flexible employment, such as zero-hours contracts. (Evidence B)

(6)

(Total for Question 8 = 12 marks)

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9 (a) Explain **one** possible reason why *McDonald's* offers training to its employees.

(4)

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(b) Assess the benefits to *McDonald's* of having a centralised organisational structure.

(8)

(Total for Question 9 = 12 marks)

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10 Assess the likely importance to *McDonald's* of using Just in Time (JIT) management of inventory.

(12)

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(Total for Question 10 = 12 marks)

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11 Evidence D outlines how *McDonald's* intends to reduce waste and its impact on the environment.

Evaluate the likely benefits to *McDonald's* of this strategy.

(14)

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(Total for Question 11 = 14 marks)

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

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