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

Friday 25 May 2018 – 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 In August 2016, Hong Kong-based airline *Cathay Pacific* reported an 82% decrease in its half-year profits.

(a) Which **one** of the following is the **most likely** reason for this decrease in profits?

(1)

A An effective advertising campaign

B A strong economic climate

C Cheaper aviation fuel

D An increase in competition

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 *Apollo Tyres'* factory can produce 200 tonnes of tyres per day. In August 2016, it produced 120 tonnes of tyres per day.

(a) Calculate the capacity utilisation for *Apollo Tyres* in August.

(1)

A 40%

B 60%

C 67%

D 167%

Answer ☐

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

(3)

(Total for Question 2 = 4 marks)

3 *BP* is a global oil and gas company with 79,800 employees. Its organisational structure has a narrow span of control.

(a) What would be **one** benefit for *BP* of having a narrow span of control?

(1)

A Allows for closer supervision of employees

B Managers will have less time to supervise each employee

C Gives employees the chance for more independence

D Fewer layers in the hierarchy may be required

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

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4 In August 2016, *Ford* recalled 830,000 vehicles due to a fault that could cause doors to open unexpectedly.

(a) Which element of the design mix does this relate to?

(1)

A Kaizen

B Aesthetics

C Function

D Efficiency

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 *Pyranha Kayaks* compared its budgeted sales figures with its actual sales figures and discovered an adverse variance.

(a) *Pyranha Kayaks* should

(1)

A reduce its advertising budget

B reduce its inventory levels

C increase its prices

D increase its production

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

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6 Richard Branson, CEO of *Virgin*, prefers a Theory Y style of management in order to reduce labour turnover.

(a) A Theory Y style manager, such as Richard Branson, assumes that employees

(1)

A need close supervision

B tend to dislike work

C can be trusted in their job

D are only motivated by money

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: *Marks and Spencer* today

Marks & Spencer (M&S) is one of the UK's leading retailers, with 1,382 stores worldwide. We sell stylish, high-quality, own brand womenswear, lingerie, menswear, kidswear, beauty, home products and food. Customers can buy through our stores and website, M&S.com. Our clothing and home business accounts for 42% of turnover. We are the UK's largest clothing retailer by value and we are amongst the market leaders in womenswear, lingerie and menswear.

Quality, innovation and choice are the core values of our food business, which accounts for 58% of our turnover. We operate in a niche market for food and are not a supermarket. We do not own any farms or factories or make the products that are sold in our stores. We operate rigorous quality assurance systems which have been developed with our suppliers. Suppliers are required to meet a range of quality, safety, environmental and social standards. We work closely with our suppliers to develop high quality and innovative food products that are only available at *M&S*.

We pride ourselves on developing innovative products. In any season, around 80% of our product portfolio for our clothing, homeware and beauty products will be new. We also replace around 30% of our food product ranges each year.

(Sources: adapted from http://corporate.marksandspencer.com/plan-a/our-approach/clothing-and-home and http://corporate.marksandspencer.com/aboutus/mands-today)

Evidence B: *M&S* suffers worst fall in clothing sales in a decade in July 2016

M&S has revealed its worst fall in clothing sales for more than a decade with revenue in its fashion and homeware departments fallen by nearly 9% in the past three months. New boss, Steve Rowe, blamed much of the fall on fewer money-off promotions.

Mr Rowe said sales were affected by delaying the summer sale and having just one 'cyber day' sale online compared with six in the same period last year. But, while *M&S* had fewer discount promotions, it has reduced the price on more than 1,000 clothing and home lines since January.

Just two months ago, Mr Rowe promised that the main marketing objective for *M&S* would be a return to basics, claiming it had gone "too fashionable" and lost sight of its core customers. *M&S* has to get its fashion ranges right. Today's *M&S* customer is older than she used to be. The chain is never going to cater for younger shoppers. It has tried that but women will never want to shop in their mum's favourite destination.

(Source: adapted from http://www.mirror.co.uk/money/marks--spencer-suffers-worst-8374634)

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Evidence C: *M&S* 2016 Financial Summary compared to 2015

	2016	change from 2015
Group Revenue	£10.4bn	+0.8%
Group Profit before tax	£483.3bn	-19.5%
UK Food Revenue	£5.4bn	+3.6%
UK Clothing and Home Revenue	£3.9bn	-2.2%
M&S.com sales	£791.5m	+23.4%

(Source: adapted from http://annualreport.marksandspencer.com/M&S_AnnualReport_2016.pdf)

Evidence D: Flexible working at *M&S*

We recognise that, whatever job you do or whatever level you are at, you need a balance between your work life and your home life. We offer a range of options for flexible working, be it part-time work, job sharing or term-time working. We also offer support for staff wishing to study or to take a complete break with our career break scheme of up to nine months' unpaid leave.

M&S recognises the importance of the family and the need to support working parents in ways that help them balance their work and family lives. We want to ensure that both current and new mums and dads get all the help and support they need. We give time off for antenatal, midwife, health visitor and parent craft classes as well as maternity pay and leave.

We know there may be times when our staff would appreciate advice or support in dealing with a personal situation either at home or at work. Should you require help, the business uses the services of an independent 24-hour confidential helpline staffed by advisors who are trained to listen and respond.

(Source: adapted from http://careers.marksandspencer.com/why-work-here)

7 Explain **two** benefits for *M&S* of operating in a niche market for food.
(Evidence A, line 10.)

(Total for Question 7 = 6 marks)

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8 (a) Explain **two** benefits for *M&S* of having quality assurance systems.

(6)

(b) Explain **two** possible reasons why *M&S* changes its product portfolio each year.

(6)

(Total for Question 8 = 12 marks)

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9 (a) Explain **one** possible benefit for *M&S* of setting a marketing objective for its clothing department.

(4)

(b) Assess the importance of profit to *M&S*.

(8)

(Total for Question 9 = 12 marks)

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10 Assess whether reducing its prices of clothing and home products is likely to increase revenue for *M&S*.

(12)

(Total for Question 10 = 12 marks)

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11 Evidence D outlines flexible working practices used by *M&S*.

Evaluate the benefits of these practices for *M&S*.

(14)

(Total for Question 11 = 14 marks)

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

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