GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Tuesday 16 October 2018

Afternoon (Time: 1 hour 30 minutes) | Paper Reference **WBS02/01**

Business Studies

International Advanced Subsidiary
Unit 2: Business Structures and Processes

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 November 2016, *Queensland Rail* announced the recruitment of 100 new train drivers. It decided to use internal recruitment only for these new vacancies.

(a) The **most likely** reason for *Queensland Rail* to use internal recruitment is that

(1)

A it takes longer than external recruitment

B the chance of a promotion can motivate employees

C it attracts a wider range of potential candidates

D less is known about potential candidates

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 *Jet2holidays* estimates that a 12% reduction in income would result in an 18% increase in demand for its low cost holidays.

(a) The income elasticity of demand (YED) for low cost holidays is

(1)

A –0.67

B +0.67

C +1.5

D –1.5

Answer ☐

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

(3)

(Total for Question 2 = 4 marks)

3 Jonathan Whelan runs a small computer repair shop. He has decided to apply for a £10 000 bank overdraft to help manage his working capital.

(a) What would be **one** benefit for Jonathan of using an overdraft?

(1)

A The bank cannot demand immediate repayment

B It is a long-term source of contingency finance

C Interest is only paid on the amount owed

D It is suitable for purchasing expensive equipment

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

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4 *Polydist*, an international supplier of plastics, has to prepare yearly budgets. It uses historical-based budgeting to calculate its sales and production budgets.

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

(1)

A prepared from scratch

B planned more carefully

C more accurate

D quick to prepare

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 Employees at *Jaguar Land Rover*'s UK factories have been awarded a generous 3.5% pay increase plus a £750 yearly bonus.

(a) This is **most likely** to result in

(1)

A an increase in self-actualisation

B a reduction in safety needs

C an increase in empowerment

D a reduction in labour turnover

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

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6 UK high street stationery retailer, *Staples*, announced in 2016 that it was closing down all of its retail outlets.

(a) This is **mostly likely** due to an increase in

(1)

A cash flow

B supplier credit terms

C competition

D turnover

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS

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SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence A: *Samsung* Galaxy Note 7 recall

September 2016 was a difficult month for *Samsung*. The South Korean company was forced to start an expensive global recall to fix the exploding batteries in its *Samsung* Galaxy Note 7. Recalling the smartphone did not work and a second recall was started. *Samsung* then ended the production of the Galaxy Note 7 handset, resulting in an under utilisation of existing capacity. The Galaxy Note 7 was expected to be one of the biggest selling handsets of the year.

(Source: adapted from © 2018 The New York Times Company)

Evidence B: Top five smartphone manufacturers in 2016

Results from International Data Corporation showed that manufacturers shipped a total of 362.9 million smartphones worldwide in the third quarter of 2016. Despite the recall of *Samsung*'s Galaxy Note 7, total volumes were up 1% compared to the same time in 2015 when manufacturers shipped 359.2 million smartphones.

"*Samsung*'s market dominance in the third quarter was unchallenged in the short term even with this high-profile Galaxy Note 7 recall, but the longer-term impact on the *Samsung* brand remains to be seen," said Melissa Chau, associate research director. "In a market that is otherwise maturing, there are many opportunities for manufacturers of large-screened alternatives such as *Apple*'s iPhone 7 Plus and *Google*'s Pixel."

Third quarter results for 2016

Manufacturer	2015 Shipment Volumes (millions)	2015 Market Share %	2016 Shipment Volumes (millions)	2016 Market Share %
Samsung	83.8	23.3%	72.5	20.0%
Apple	48.0	13.4%	45.5	12.5%
Huawei	27.3	7.6%	33.6	9.3%
OPPO	11.4	3.2%	25.3	7.0%
Vivo	10.5	2.9%	21.2	5.8%
Others	178.2	49.6%	164.8	45.4%
Total	359.2	100.0%	362.9	100.0%

(Source: adapted from © 2018 IDC)

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Evidence C: *Samsung*'s organisational structure

Samsung has a tall hierarchical organisational structure with three independently operated main divisions.

- IT and Mobile Communications (IM) includes telecommunication products such as smartphones, computers and network systems.
- Consumer Electronics (CE) includes TVs, monitors, refrigerators, washing machines, printers and medical equipment.
- Device Solutions (DS) manufactures and sells memory products such as DRAM and NAND.

Samsung is continuously upgrading the quality management system to achieve the best quality in all products and services. This quality management system ensures the same consistent standards are followed by its 325,677 employees in the 80 countries in which it operates.

(Source: adapted from © 1995-2018 SAMSUNG)

Evidence D: *Samsung* is selling stylish accessories globally

Samsung has advertised a wide range of new accessories for use with its smartphones. Previously available only in South Korea, the six accessories will be available worldwide from November 2016.

The range includes:

- a wireless charging tray
- a battery pack
- a Bluetooth LED light
- in-ear headphones
- two new wireless speakers (one traditional and one 360-degree).



Unlike *Samsung*'s existing accessory lineup, these new products are as much about form as they are about function and were designed to both enhance users' mobile experience and help them get more out of their devices.

In contrast, the Korea Herald newspaper has claimed that *Samsung* is now set to cut back on its product portfolio and the Galaxy S smartphone line will be *Samsung*'s sole focus in 2017. This could mean that the company will only develop and introduce one major new innovation at a time, instead of two, as it tries to focus more on quality than quantity.

(Sources: adapted from © Future Publishing Limited Quay House and © 2018 Express Newspapers)

7 Explain **two** possible impacts on *Samsung* of having to recall the Galaxy Note 7.

(Total for Question 7 = 6 marks)

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8 (a) Explain **two** ways *Samsung* could improve its capacity utilisation.

(6)

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(b) Explain **two** reasons why it might be difficult to estimate future sales for *Samsung*'s IT and Mobile Communications (IM) division.

(6)

(Total for Question 8 = 12 marks)

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9 (a) Explain **one** reason why *Samsung* would want to achieve short product development lead times for its mobile phones.

(4)

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(b) Assess the benefits to *Samsung* of having a tall organisational structure.

(8)

(Total for Question 9 = 12 marks)

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10 Assess the importance for *Samsung* of using quality management techniques to increase its market share.

(12)

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(Total for Question 10 = 12 marks)

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11 Evaluate the usefulness of the Boston Matrix to *Samsung* when managing its product portfolio.

(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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