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

Friday 11 January 2019

Morning (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 Sandra Reynolds is the owner of a shoe shop called *Sandra's Shoes*. Her main objective is to increase sales revenue.

(a) Which **one** of the following is **most likely** to achieve this objective?

(1)

A Reduce advertising in the local newspaper

B Reduce the price of shoes with price inelastic demand

C Reduce her opening times Monday to Friday

D Reduce the price of shoes with price elastic demand

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 Luke Mayes owns a gardening business. He has been advised by his accountant to set budgets for the business. He uses variance analysis to monitor these budgets. The table below shows the budget data from a recent gardening contract.

	Budgeted (£)	**Actual (£)**
Overheads	100	100
Labour	1 200	900
Raw materials	400	400

(a) Luke calculated the cost variance to be

(1)

A £1 700 adverse

B £1 700 favourable

C £300 adverse

D £300 favourable

Answer ☐

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

(3)

(Total for Question 2 = 4 marks)

3 *Apple* plans to increase the output of iPhones from its existing facilities in China to improve its capacity utilisation.

(a) Which is the best way to improve capacity utilisation at *Apple*?

(1)

A Increase prices of iPhones

B Reduce spending on advertising

C Increase the workforce productivity

D Reduce inventory levels

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

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4 *Harley Davidson* is an American motorcycle manufacturer. In 2015 it introduced just in time (JIT) in its factories.

(a) This is **most likely** to have resulted in

(1)

A a reduction in the level of buffer inventory

B an increase in working capital

C a reduction in the cost of delivery

D an increase in reorder quantities

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 *Lake District Country Hotels* owns three hotels in Windermere, UK. It uses a decentralised organisational structure.

(a) What is an advantage of using a decentralised organisational structure?

(1)

A There is a clear strategic direction

B Greater consistency in the decisions made

C Easier to achieve economies of scale

D Increased motivation amongst staff

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

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6 Kylie Jenner started her own range of cosmetics called *Kylie Cosmetics*. The Kylie Lip Kit sold out within minutes of its launch in the US.

(a) This was **most likely** caused by poor

(1)

A quality of products

B promotion of products

C sales forecasting

D branding

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: *Amazon* opens 'Instant Pickup' points in the US

In its latest move into traditional retailing, *Amazon* has opened Instant Pickup points around five US college campuses. Shoppers can use *Amazon*'s mobile app to select from several hundred fast-selling items, from snacks and drinks to phone chargers. These items can be collected immediately after ordering them, shortening waiting times from hours to minutes. *Amazon* employees in a back room load orders into lockers within two minutes and customers receive a bar code to access them.

Until the launch of Instant Pickup, shoppers could only receive their orders within an hour using the company's Prime Now programme. Grocery orders using AmazonFresh Pickup can take up to 15 minutes. The new Instant Pickup points will add to *Amazon*'s already established same-day pickup shops, which are available in 22 US locations.

Amazon.com has 300 million regular users of its different services. 30 million shoppers use the *Amazon* app every month to order goods, which are typically delivered through the post. *Amazon* will be using a range of promotional activities to raise awareness of the new Instant Pickup points.

(Source: adapted from https://uk.news.yahoo.com)

Evidence B: *Amazon* in the UK Community

At *Amazon*, we want to make a difference in our local communities and focus our investment on helping children and young people. We make monthly donations to charities in the communities where we operate. Our employees are able to nominate and vote for the charities that we support, which have included children's hospitals and primary schools.

We are providing 700,000 breakfasts to children in disadvantaged areas, donating £1.2m of products to 1,700 charities across the UK, helping hundreds of children improve their reading, and providing computer training and job placements to 1,000 young and retired people.

(Source: adapted from © 1996-2016, Amazon.com, Inc.)

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Evidence C: Working at *Amazon.co.uk*

We pay competitive wages and all of our permanent employees start on £7.65 an hour, increasing to £8.15 an hour and above after two years. All permanent employees working in our distribution warehouses also receive at least £1 000 worth of shares every year for the first five years of employment. They also receive a comprehensive benefits package, including private medical insurance, a company pension plan, life assurance, income protection, subsidised meals and an employee discount.

We encourage engagement through our Employee Forums in all our distribution warehouses and believe in an open discussion culture. These Forums consist of a group of employees elected by their peers. They meet and communicate regularly with the warehouse management team.

Management spend an hour every day walking through the distribution warehouse to discover what is working well and what could be improved. When there are areas for improvement, we work on these jointly through our Kaizen programme. Management and employees then work together to decide and prioritise outcomes.

(Source: adapted from © 1996-2016, Amazon.com, Inc.)

Evidence D: *Amazon* recruiting 1,200 full-time positions in Warrington, UK

Amazon is to create 1,200 new permanent jobs as it opens a new distribution warehouse in Warrington where staff will work alongside robots. The Warrington site will be one of two that will be equipped with advanced *Amazon* robotics technology, allowing *Amazon* to distribute 35 items every second.

The building of *Amazon's* latest distribution warehouse in Warrington is progressing under the supervision of site general manager, Prajvin Prakash. Mr Prakash said the recruitment process is 'going well' and new positions were being advertised in local job centres and recruitment agencies. People will be employed in a range of positions, including operations managers, engineers, HR and IT specialists and those who will be handling orders.

The new distribution warehouse is part of a significant expansion across the UK, which will increase *Amazon*'s workforce in the UK to 24,000 by the end of 2017. It has promised to create 5,000 new permanent jobs across the UK and currently has 13 distribution warehouses in the UK.

(Source: adapted from © Warrington Guardian 2001-2018)

7 Explain **two** likely reasons why *Amazon* uses different distribution methods.

(Total for Question 7 = 6 marks)

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8 (a) Explain **two** methods *Amazon* could use to promote its new Instant Pickup points.

(6)

(b) Explain **two** possible reasons why *Amazon* makes donations to charity.

(6)

(Total for Question 8 = 12 marks)

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9 (a) Explain **one** factor that might increase productivity in *Amazon*'s distribution warehouses.

(4)

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(b) Assess the likely benefits to *Amazon* of operating a Kaizen programme.

(8)

(Total for Question 9 = 12 marks)

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10 Assess the benefits to *Amazon* of using different motivational techniques to retain its employees.

(12)

(Total for Question 10 = 12 marks)

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11 As *Amazon* continues to expand its distribution warehouses in the UK, it will need to recruit a wide range of employees.

Evaluate whether internal or external recruitment should be used to recruit more employees for *Amazon*.

(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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