GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Thursday 30 May 2024

Afternoon (Time: 2 hours)

Paper reference **WBS13/01**

Business

International Advanced Level
UNIT 3: Business decisions and strategy

You must have:
Source Booklet (enclosed)

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 Sections A, B and C.
- 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.*
- 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.

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SECTION A

Read Extracts A, B, C and D in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Using Extract B, calculate to two decimal places, the return on capital employed (ROCE) for *Bosch* in 2022. You are advised to show your working.

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The consumer goods division manufactures household goods such as refrigerators, dishwashers and vacuum cleaners.

(b) Construct a supply and demand diagram to show the likely impact on the market for consumer goods from an increase in the cost of raw materials.

(4)

Bosch announced that €950m will be invested in an engineering and manufacturing factory in Suzhou, China.

(c) Discuss if this expansion programme is likely to result in internal economies of scale for *Bosch*.

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(d) Assess the likely benefits for *Bosch* of using a SWOT analysis when developing its business strategy.

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Bosch has remained a private limited company rather than converting to a public limited company.

(e) Assess the possible impact of remaining a private limited company on the growth of *Bosch*.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

Read Extracts E and F in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate the extent to which *Wells Fargo*'s corporate social responsibility (CSR) programme is likely to affect its success as a business.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

Read Extracts G and H in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Using critical path analysis (CPA) calculations and the data in Extracts G and H, evaluate the benefits to *Burger King* of using CPA for its renovation programme.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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Do not return this Booklet with the question paper.

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Sources for use with Section A

Extract A

What we do at *Bosch*

Bosch is a German engineering and technology business that has over 420,000 employees worldwide. Its aim is to develop products that are 'Invented for life' to improve the quality of living for its customers.

Bosch has a wide product portfolio. Its consumer goods division manufactures household goods such as refrigerators, dishwashers, coffee makers, vacuum cleaners and garden tools.

Bosch's mobility division supplies parts and services to the automotive market. This earns *Bosch* the majority of its revenue. It is a market leader in the supply of car parts and software systems and has numerous manufacturing and engineering factories located around the world. *Bosch* is increasing its investment in the design of parts and software systems for electric cars and electric bikes, which are growing markets.

Bosch has announced that €950m will be invested in an engineering and manufacturing factory in Suzhou, China. The factory will create new jobs to make parts for electric cars.

Extract B

Bosch has exceeded its sales forecasts despite many challenges over the last few years such as the global health crisis, supply chain problems and increasing costs of raw materials.

Selected financial data for *Bosch* 2021 and 2022

	2021 (€bn)	2022 (€bn)
Revenue	78.7	88.2
Operating Profit	2.8	3.4
Non-Current Liabilities	24.9	24.4
Total Equity	44.3	46.7

Extract C

Investment in innovation

Bosch states that 'one of its biggest strengths is its employees with their expertise, ideas, creativity and commitment.' The basis of the future growth of the business is its innovation. In 2022 it employed 76,000 employees worldwide in research and development (R&D) and spent €6bn developing new products. 5

Extract D

Ownership of *Bosch*

Unlike many large businesses, *Bosch* has remained a private limited company rather than converting to a public limited company. It has a unique form of ownership. Ownership is shared between the *Bosch* family and a charitable foundation that does not have voting rights in the business. Most of the profits are either invested back into the business to build for future growth or donated to charitable causes. 5

Sources for use with Section B

Extract E

Corporate social responsibility (CSR) at *Wells Fargo*

US bank, *Wells Fargo*, was started in 1852 by Henry Wells and William Fargo to help customers build businesses and manage money in a rapidly changing world. Its dedication to finding creative solutions and helping communities continues today. *Wells Fargo* is world-renowned for its CSR programme.

Wells Fargo was awarded a prize in 2020 for its commitment to efficiency and renewable energy in its operations to reduce its environmental impact.

The bank encourages employees to contribute to the communities where they live and work. Through this programme, employees can qualify for funds and donate these to charities of their choice. *Wells Fargo* donates 1.5% of its revenue to charitable causes.

Recent donations have included:

- $390m to help address the housing affordability crisis, to support affordable rentals and house ownership
- $50m to help the economic, social and environmental needs of American Indian and Alaskan native communities
- $1.5m for women-led start-ups in the technology and health sectors.

Extract F

Value of customer bank deposits* of the top 5 US banks, 2020 to 2022

Bank	2020 ($bn)	2021 ($bn)	2022 ($bn)
JP Morgan	1 706	2 011	2 128
Bank of America	1 729	1 871	1 964
Wells Fargo	1 464	1 465	1 442
Citibank	664	703	763
US Bank National Association	398	422	455

*Money put into a bank by its customers.

Sources for use with Section C

Extract G

Burger King to renovate its restaurants

Fast-food restaurant chain *Burger King* announced it will spend $400 million on advertising and renovating its restaurants as part of a strategy to increase its revenue. *Burger King* is struggling to compete with its main competitor, *McDonald's*.

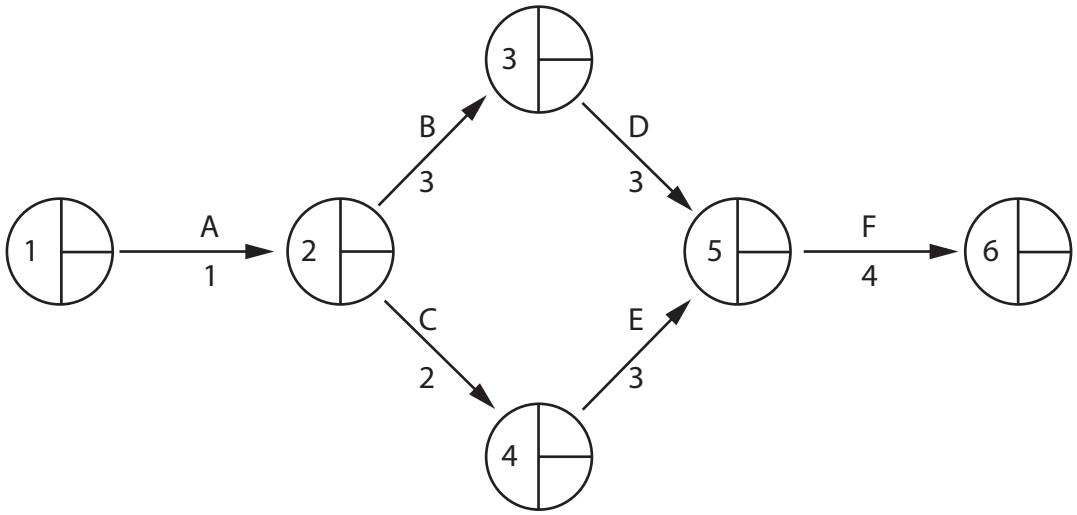
Burger King plans to renovate the restaurants with new kitchens and furniture and update the technology. The restaurants will undergo building work to modernise them. *Burger King* expects to see an average sales increase of 12% in the first year for the renovated restaurants.

The strategy has received support from its franchisees, who will have to provide some of the funding. The franchisees that agree to the changes will see their restaurants temporarily closed but they will be rewarded by receiving a discount on the royalty fees paid to *Burger King* for up to seven years.

Extract H

Proposed schedule and network for the renovation of the restaurants

	Activity	Duration (weeks)	Preceding Activities
A	Remove furniture, kitchen equipment and old technology	1	-
B	Complete building work	3	A
C	Preparation for installation of the new technology	2	A
D	Fit new furniture and kitchen equipment	3	B
E	Install and test new technology	3	C
F	Clean and decorate	4	D, E



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Acknowledgements

Extracts A, B, C and D adapted from: https://www.bosch.com/company/

Extract E adapted from: https://www.wellsfargo.com/about/corporate/history/

Extract F adapted from: https://wallethub.com/edu/sa/bank-market-share-by-deposits/25587

Extract G adapted from: https://www.cnbc.com/2022/09/09/burger-king-400-million-plan-to-revive-us-sales-with-remodels-advertising.html