

Write your name here

Surname

Other names

**Pearson Edexcel**  
**International**  
**Advanced Level**

Centre Number

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Candidate Number

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# Business Studies

**International Advanced Subsidiary**

**Unit 2: Business Structures and Processes**

Tuesday 3 June 2014 – Morning

**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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**PEARSON**

## 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 After a very successful year in 2013, the *Union Cabinet of India* gave all of its railway employees an extra Rs 8 975, equivalent to 78 days' wages.

(a) This payment can be **best** described as

(1)

- A performance related pay
- B job enrichment
- C piecework
- D a bonus

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 1 = 4 marks)



2 *Gemco International* is an Indian jewellery exporter. Its budgeted sales for one month were 200 units at Rs 100. Actual sales were 190 units at Rs 110.

(a) The Finance Department calculated the sales variance to be

(1)

- A Rs 20 000 favourable
- B Rs 20 000 adverse
- C Rs 900 favourable
- D Rs 900 adverse

Answer

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

(3)

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**(Total for Question 2 = 4 marks)**



3 In 2013, *Marks and Spencer plc (M&S)* increased the time it took to pay 500 of its small suppliers from 60 days to 75 days.

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

(1)

- A improvement in cash flow for *M&S*
- B improvement in *M&S* brand image
- C increase in the number of suppliers for *M&S*
- D increase in *M&S* overdraft facility

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 3 = 4 marks)**



4 In September 2013, *Apple* launched two new iPhones with features such as fingerprint registration technology and a range of bright colours.

(a) The main reason for *Apple* to launch new iPhones is to

(1)

- A reduce the number of suppliers
- B increase its product portfolio
- C reduce its advertising budget
- D increase income elasticity of demand

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 4 = 4 marks)**



5 In 2013 *Adidas*, the world's second largest sportswear group, announced its profits would be 11% lower than forecast.

(a) Which **one** of the following is the **most likely** reason for the drop in profit?

(1)

- A Increased productivity of its workforce
- B Overestimation of projected sales
- C Minimisation of total costs
- D Reduction in competition

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 5 = 4 marks)**



6 *Jaguar Land Rover* operates Just in time (JIT) in all its assembly plants.

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

(1)

- A a decrease in the number of deliveries
- B a decrease in buffer stocks
- C an increase in re-order quantities
- D an increase in average costs

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 6 = 4 marks)**

**TOTAL FOR SECTION A = 24 MARKS**



## Section B

Answer ALL questions in this section.

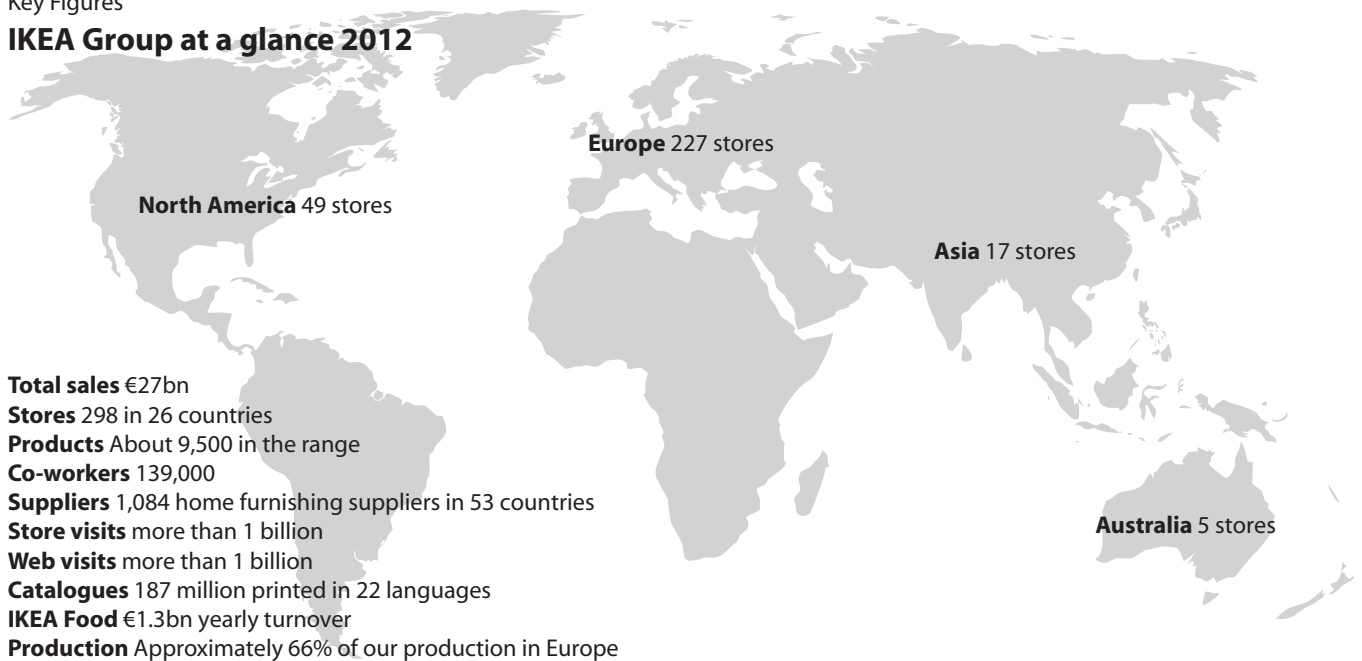
You should spend 60 minutes on this section.

### Evidence A *IKEA* – A Global Furniture Brand

*IKEA*, the world's largest furniture retailer, designs and sells ready to assemble furniture. For example, beds, chairs and desks. Its stores feature restaurants and food departments.

Key Figures

#### **IKEA Group at a glance 2012**



### Evidence B *IKEA's* vision and business idea

“To create a better everyday life for many people”, this is the *IKEA* vision. Our business idea is to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

For us, good design is the right combination of form, function, quality, sustainability and a low price. Our designers have to find the right balance of these elements. It's a unique challenge that keeps us innovative. What makes us unique is that our suppliers play a very important role. Early in the design phase, our designers work with teams of technicians, manufacturers and specialists – often on the factory floor.

5

We work hard to achieve quality at affordable prices through maximising value. We build long-term supplier relationships and invest in highly automated production to produce large volumes. We ensure that high volumes of *IKEA* products are available to customers in perfect condition, at the right time and at minimum cost. This is a challenge that requires detailed planning and flexibility. Our objective is to increase sales and focus on growth in Asia and Australia.

10

(Source adapted from: [http://www.IKEA.com/ms/en\\_GB/about-the-IKEA-group/company-information/](http://www.IKEA.com/ms/en_GB/about-the-IKEA-group/company-information/))





## Evidence C A little bit of Sweden in the UK

Cathy Donnelly, *IKEA's* Human Resources (HR) Operations Manager in the UK, says health and well-being for staff is key to *IKEA's* success. Company policy is to have a 50/50 male female split in senior management. Three of the five members of *IKEA* UK's top management team are women.

*IKEA* has a decentralised organisational structure operating throughout all of its stores worldwide. Many employees work part time or have other forms of flexible working. In one store two HR Managers job share. Staff can work set rotas so they can drop their children at school and work later or earlier shifts. 5

"As long as it works for the business, employees have the freedom to work flexibly," says Cathy. One store manager in Manchester works flexible hours. "Her line manager is not interested in whether she starts at nine or 10 but in the store's performance." *IKEA* stores often have long opening hours so flexible working fits well into this. *IKEA* has contracts where people work longer hours in busy periods such as September when the new catalogue is launched. They can then work fewer hours in less busy periods. This may allow them to spend more quality time with the family. 10 15

"We are keen to support women after maternity leave. The average *IKEA* customer is a 35-year-old female living with children. We need to have like-minded people working in our organisation and meeting these customers. It makes sense to attract and retain them."

(Source adapted from: <http://www.workingmums.co.uk/working-mums-magazine/hot-topics/2864706/a-little-bit-of-sweden-in-the-uk.shtml>)

## Evidence D Selected *IKEA* products



**Billy Bookcase – 503,441 sold between 1 September 2012 and 25 October 2012**



***IKEA* have sold 11.6bn Swedish meatballs to British customers since 1987. Growth of ready meals market up by 4%**



**The UK market for solar panels is currently growing at 25% per year. *IKEA* is launching packs of solar panels in 17 UK stores in 2013**

Sources: [http://www.wpp.com/wppedcream/2010/images/original/digital\\_011a.jpg](http://www.wpp.com/wppedcream/2010/images/original/digital_011a.jpg)

[http://www.bitterwallet.com/wp-content/uploads/2010/04/ikea\\_meatballs.jpg](http://www.bitterwallet.com/wp-content/uploads/2010/04/ikea_meatballs.jpg)

[http://www.wpp.com/wppedcream/2010/images/original/digital\\_011a.jpg](http://www.wpp.com/wppedcream/2010/images/original/digital_011a.jpg)





8 (a) Analyse **two** factors that may affect the price elasticity of demand for *IKEA's* furniture products.

(6)

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(b) Analyse the importance of the design mix to *IKEA*.

(6)

Handwriting practice area consisting of 20 horizontal dotted lines for writing the answer.

**(Total for Question 8 = 12 marks)**

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9 (a) Explain **one** benefit to *IKEA* of setting a marketing objective.

(4)

Dotted lines for writing the answer.



(b) Evaluate *IKEA*'s decision to have a decentralised organisational structure.

(8)

Area with horizontal dotted lines for writing the answer.

**(Total for Question 9 = 12 marks)**





(Total for Question 10 = 12 marks)







**(Total for Question 11 = 14 marks)**

**TOTAL FOR SECTION B = 56 MARKS**

**TOTAL FOR PAPER = 80 MARKS**



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