

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Economics and Business
Advanced Subsidiary
Unit 2B: Business Economics

Tuesday 22 January 2013 – Afternoon
Time: 1 hour 15 minutes

Paper Reference
6EB02/01

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.*
- You may use a calculator.

Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Question 12 in Section B. This question is indicated with an **asterisk*** – *you should take particular care on this question with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- 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 (a) Tata Steel uses Total Quality Management (TQM) in its steel production processes.

Which **one** of the following is likely to increase as a result of Tata Steel using TQM?

(1)

- A** Empowerment
- B** Wastage levels
- C** Labour turnover
- D** Stock levels

Answer

(b) Explain your answer.

(3)

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(Total for Question 1 = 4 marks)



2 (a) The model of perfect competition is at one end of the spectrum of competition.

Which **one** of the following is a characteristic of a perfectly competitive market?

(1)

- A Several large firms dominating the market
- B Homogeneous products
- C Non-price competition
- D High barriers to entry

Answer

(b) Explain your answer.

(3)

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(Total for Question 2 = 4 marks)



3 (a) Goodfella's Pizza use mass production techniques to produce more than 150 million frozen pizzas a year. This helps the company to achieve economies of scale.

Economies of scale for Goodfella's are **most likely** to lead to a decrease in

(1)

- A output levels
- B total costs
- C average costs
- D profitability

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

Number of businesses on eBay turning over a million expected to surge

The number of UK businesses turning over more than a million pounds on eBay is set to increase by 25% in 2011. eBay expects the number of million pound businesses to rise to 159, with growth being driven by fashion, cars, and electronics. Most of these businesses boosted their export sales to the USA and Europe due to a weaker pound. Many of these businesses are based in large cities such as London, Birmingham and Nottingham which have high levels of unemployment.



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(Source: adapted from <http://www.thisislondon.co.uk/standard-business/article-23981377-number-of-ebay-millionaires-expected-to-surge.do>)

Evidence B

Small is beautiful in the new capitalism

There is a new trend in corporate culture – to keep things simple, passionate and on a human scale. So why did Joe Corre walk away from his empire of 46 Agent Provocateur designer clothing shops to run a scruffy, independent shop in East London? “As the pressure to increase profits grew, we were manufacturing clothes in cheaper and cheaper locations. Agent Provocateur didn’t stand for much at the end of the day and if I’m going to produce something, it should do something really good.” said Corre.

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According to Corre, doing good is supporting the remains of Britain’s manufacturing industry and using otherwise wasted resources. For his menswear boutique, ‘A Child of the Jago’, he has launched a clothing range for which he produces small batches of 3 to 60 pieces out of old fabrics. The clothes are all made within five miles of his shop using short product development lead-times.

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These days more and more companies are setting up **micro businesses*** that deliver a more personal, differentiated experience – far from mass production with its hunger for profit.

Deborah Meaden, from the BBC’s Dragons’ Den, recently acquired Fox Brothers, an “unprofitable” woollen mill that produces top quality cloth. “It’s a very nice feeling to be in a small, niche business – nice to know you’re not going for huge numbers” Meaden explains. “We’ve seen what’s happened with a huge boom, and now people are asking what life is really about.” The answer, says Meaden, is that consumers want quality and individuality: “Things that are hard to come by”. Fox Brothers supplies the finest wool and cashmere to London’s famous Savile Row tailors and top fashion houses.

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20

* The European Commission defines a micro business as one which has fewer than ten employees and a turnover or balance sheet total of less than €2 million.

(Source: adapted from Katie Antoniou, *The Sunday Times*, 28 March 2010)



7 Explain why the 'weaker pound' may have helped to boost exports from UK businesses using eBay (see Evidence A, lines 4–6).

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(Total for Question 7 = 4 marks)

8 Explain why high profits can act as a signal to enter a marketplace such as eBay.

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(Total for Question 8 = 4 marks)



Method 2

(5)

Handwriting practice area consisting of 20 horizontal dotted lines.

(Total for Question 11 = 10 marks)



Strategy 2

(7)

Area with horizontal dotted lines for writing.

(Total for Question 12 = 14 marks)

TOTAL FOR SECTION B = 46 MARKS
TOTAL FOR PAPER = 70 MARKS



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