Write your name here

Surname	Other names

Centre Number | Candidate Number

Edexcel GCE

Business Studies

Advanced Subsidiary

Unit 2A: Managing the Business

Tuesday 22 January 2013 – Afternoon

Time: 1 hour 15 minutes

Paper Reference

6BS02/01

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) James Robinson, a timber merchant, purchased more cutting machines and increased the number of employees. He decided to widen the span of control of his two managers.

Which **one** of the following is an advantage of doing this?

(1)

A Managers will need to spend less time overseeing employees

B It will be easier to control a greater number of employees

C It can provide better opportunities for promotion

D No additional cost is incurred as no extra managers are needed

Answer ☐

(3)

(b) Explain your answer.

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(Total for Question 1 = 4 marks)

2 (a) MDB is a firm specialising in industrial design. As a result of taking out patents it will prevent others from doing all of the following, **except**

(1)

A copying its designs

B exploiting its inventions

C selling its inventions

D entering the industrial design market

Answer ☐

(3)

(b) Explain your answer

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(Total for Question 2 = 4 marks)

3 (a) Sarah Norman supplies fresh produce to local restaurants in East Yorkshire.

When dealing with a new client, which **one** of the following is **most likely** to ensure payment for Sarah?

(1)

A Checking on the client's creditworthiness

B Seeking references from a previous supplier

C Insisting on cash on delivery

D Setting a credit limit based on potential risk

Answer ☐

(3)

(b) Explain your answer.

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(Total for Question 3 = 4 marks)

4 (a) Bob Blanchard's business manufactures machine parts. He pays his employees piece rates, believing this achieves 'a fair day's pay for a fair day's work'.

The motivational theory this most closely illustrates is

(1)

A Maslow's self actualisation needs

B Taylor's scientific management

C Maslow's social needs

D Herzberg's motivational factors

Answer ☐

(3)

(b) Explain your answer.

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(Total for Question 4 = 4 marks)

5 (a) In May 2011 Liverpool Football Club increased ticket prices by 6 per cent. If the price elasticity of demand was –0.5, which **one** of the following occurred?

(1)

A Demand fell and revenue increased

B Demand increased and revenue fell

C Demand increased and revenue increased

D Demand fell and revenue remained constant

Answer ☐

(3)

(b) Explain your answer (show your workings).

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(Total for Question 5 = 4 marks)

6 (a) McFarland's Engineers Ltd is adopting a Just In Time stock system.

Which **one** of the following is **most likely** to result from this?

(1)

A Supplies will always arrive just before use

B The cost of delivery is likely to fall

C It should reduce the level of buffer stock

D Re-order quantities will increase

Answer ☐

(3)

(b) Explain your answer.

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(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS

SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

The John Lewis Partnership – 'Never knowingly undersold'

The John Lewis Partnership (JLP) operates John Lewis department stores and Waitrose supermarkets across the UK. JLP is run by a trust on behalf of its employees, each of whom has a say in its running and a share in its profits.

It is profit sharing day at John Lewis department stores and Waitrose supermarkets. Each partner (employee) will see an envelope being opened and hear a number read out. This is the percentage of salary – 15% in 2010 – that each partner, from the executive chairman to a checkout operative, will take home.

JLP is the UK's largest example of worker co-ownership. Its purpose is "the happiness of all its partners, through their worthwhile and satisfying employment in a successful business". John Lewis also offers its partners the chance to stay at one of five holiday centres it runs for their benefit at discounted rates. There is also a generous pension scheme. All partners get 25% off John Lewis and 15% off Waitrose products. John Lewis's employees stay with the company for twice as long as the industry average.

Partners are asked to take an active role as owners. The Chairman and Board run JLP's commercial activities, but an 82-member council – chosen by partners – elects nearly half the Board. Individual stores have some control over product range and choice of suppliers. Research indicates that employee-owned firms are more resilient in a downturn, deliver far better customer satisfaction and create jobs faster than large public limited companies.

Operating its business this way is not easy as JLP has to make 'sufficient profit' to sustain and develop its stores as well as sharing profits with its partners. In a business which is paying out more to its partners than a typical Plc pays out in dividends, achieving this balance is difficult and sometimes a source of conflict. A member of JLP's Board says: "In many ways it's simpler to have one boss who says: we're doing this".

JLP's culture of looking after partners and partners looking after customers has been built up over 85 years and has become a successful way of working. 'Never knowingly undersold' is part of JLP's marketing strategy. For many years JLP customers have been safe in the knowledge that if they found their purchase for a lower price elsewhere, then JLP would refund the difference!

(Source: adapted from http://www.johnlewispartnership.co.uk/)

7 Explain **one** reason why 'sufficient profit' (see Evidence A, line 24) is important to JLP in the long run.

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(Total for Question 7 = 4 marks)

Some decision making within JLP is decentralised.

8 Explain **one** likely disadvantage to JLP of decentralisation.

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(Total for Question 8 = 4 marks)

JLP states that it is: 'Never knowingly undersold'.

9 Analyse **two** reasons why JLP might benefit from this marketing aim.

(Total for Question 9 = 8 marks)

10 Evaluate the likely importance of low labour turnover to JLP.

(Total for Question 10 = 8 marks)

In 2011 Chairman Charlie Mayfield stated that: "A 36% rise in online retailing was at the heart of JLP's performance".

11 Assess the likely impact on JLP's marketing mix from the increased use of online retailing.

(Total for Question 11 = 8 marks)

***12** Evaluate the use of each of the following as means of motivating JLP partners:

(a) profit sharing

(7)

(b) non-financial incentives.

(7)

(Total for Question 12 = 14 marks)

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

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