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Other names

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Edexcel GCE

Centre Number

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Candidate Number

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Business Studies

Advanced Subsidiary

Unit 2A: Managing the Business

Friday 26 May 2017 – 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.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

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 (a) Nissan's UK car plant is the most productively efficient in the UK, manufacturing more than 500,000 vehicles a year.

This productive efficiency is **most likely** because

(1)

- A the technology used was last changed 25 years ago
- B Nissan has a high labour force turnover
- C Nissan has a trained and skilled labour force
- D the rate of interest on loans has increased

Answer

- (b) Explain your answer.

(3)

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(Total for Question 1 = 4 marks)

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- 2 (a) The NHS dentistry firm 'My dentist' charges £50 per patient and each dentist treats 50 patients a week. This price is expected to rise to £60 per patient with a price elasticity of demand of -0.2 .

What would be the new number of patients per dentist per week?

(1)

- A 48
B 52
C 46
D 54

Answer

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

(3)

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(Total for Question 2 = 4 marks)



3 (a) The Kingston Hotel keeps its labour costs under control by operating a system of flexible working.

Which **one** of the following is **most likely** to achieve flexible working for the hotel?

(1)

- A Staff choose their own hours
- B Staff hours are related to the level of demand
- C Staff wage rates are related to the previous day's turnover
- D A fixed number of staff are employed each day

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



4 (a) In its first year of trading, SE Electricals had cash flow problems, even though it was making a profit.

To correct these cash flow problems SE Electricals should

(1)

- A allow customers more time to pay
- B obtain a loan from a bank
- C reduce customer credit terms
- D pay suppliers more quickly

Answer

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

(3)

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(Total for Question 4 = 4 marks)



5 (a) Apple, the iPhone producer, is facing increased competition from rivals such as Samsung.

The **most likely** way for Apple to stay ahead of its rivals is by reducing (1)

- A its product development lead time
- B the number of Apple retail outlets
- C the number of apps available for the iPhone
- D the amount spent on research and development

Answer

(b) Explain your answer. (3)

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(Total for Question 5 = 4 marks)



6 (a) Amazon, the online retailer, announced record breaking sales over the Christmas period in 2015.

This could be due to all of the following **except**

(1)

- A more people using smartphones to do their shopping
- B a super-fast delivery service offered in 20 cities
- C a wider range of goods on offer
- D a reduction in retailer purchasing power

Answer

(b) Explain your answer.

(3)

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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

COUNTING THE COSTS OF DISCOUNTING

Sports Direct is the UK's biggest sportswear retailer as measured by sales and profit. In December 2015 half-yearly sales had increased by 7.6% and profit by 3.6% from its 440 UK stores. Sports Direct operates in 20 European countries and has a brand portfolio that includes Dunlop, Slazenger, Everlast and Karrimor. Sports Direct's trading has been in line with management expectations but the Stock Exchange was not impressed by this and the share price fell by nearly 11%. 5

Sports Direct saw 2016 as an important year for trading. There were many sales opportunities arising from the Olympic Games and the European Football Championship in which England, Wales, Northern Ireland and the Republic of Ireland competed. 10

Founder, Mike Ashley, built Sports Direct on being cheaper than its rivals and this is seen in stores where almost all goods seem a bargain. This discounting is the most obvious tactic; at its flagship store in London only 87 of its 3,218 men's styles of trainers were not discounted. Sometimes new price labels are put on top of old labels making it difficult to see the original price. Sports Direct's own brand trainers, such as Sondico, are often labelled as 20% off. It is not clear that they have ever been on sale at the higher price. 15

Consumer expert Deborah Parry said, "it is quite clear that Sports Direct's labelling is not providing sufficient information". Government legislation states that before discounting, all goods should have been available in a store for the previous 28 days at a higher price.

Sports Direct may have lost touch with its customers by stocking too many own brand goods. These are not well known by European customers who prefer better known brands, such as Adidas. 20

Sports Direct was accused of subjecting its distribution centre staff to a harsh disciplinary code that included bag searches and introduced penalties for excessive chatting, time wasting and errors. Employees walk up to 20 miles each shift to move boxes and clothing. There is little automation because labour is cheap. 25

Criticism has come from the Institute of Directors and even Sports Direct's own shareholders. In Parliament, a Labour party spokesman accused the business of operating a "culture of fear". Sports Direct says it is addressing concerns, including the time taken for security checks. 30

(Source: adapted from the Sports Direct website, *The Times* newspaper, 11 December 2015 and *The Guardian* newspaper, 11 December 2015)

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10 Assess the likely impact of Sports Direct's alleged harsh disciplinary code on the motivation of its distribution centre workers.

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(Total for Question 10 = 8 marks)



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11 Evaluate whether Sports Direct should rely on its own brand goods as a way of increasing sales.

(10)

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(Total for Question 11 = 10 marks)



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***12** Evaluate how major sportswear retailers, such as Sports Direct, could benefit from using:

(a) historical budgets to plan labour costs

(7)

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