

Write your name here

Surname

Other names

Pearson
Edexcel GCE

Centre Number

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Candidate Number

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Business Studies

Advanced Subsidiary

Unit 2A: Managing the Business

Tuesday 24 May 2016 – 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 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) London Wasps plays Rugby Union at Adams Park, a ground with a capacity of 10,000. All tickets are sold for every game.

If London Wasps raised the ticket price by 5%, its revenue is **most likely** to (1)

- A increase, as demand is price inelastic
- B increase, as demand is price elastic
- C decrease, as demand is price inelastic
- D decrease, as demand is price elastic

Answer

- (b) Explain your answer. (3)

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(Total for Question 1 = 4 marks)

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2 (a) Reckitt Benckiser manufactures a range of health and hygiene products. It would benefit from using the Boston Matrix if it has (1)

- A problems finding the right distribution channels
- B a wide product portfolio that needs careful management
- C only one product with fast rising sales
- D a fall in sales across its whole product range

Answer

(b) Explain your answer. (3)

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(Total for Question 2 = 4 marks)



3 (a) Ebac, a small-scale electronics manufacturer, is likely to base its marketing objectives on all of the following **except** (1)

- A market research
- B sales forecasts
- C mass marketing
- D profit forecasts

Answer

(b) Explain your answer. (3)

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(Total for Question 3 = 4 marks)



4 (a) Nissan introduced a rotating seat to assist car production after a suggestion by an employee. This helped reduce manufacturing time.

This is an example of

(1)

- A Taylor's motivation theory
- B capacity utilisation
- C stock control
- D Kaizen

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



5 (a) Faulty car ignition switches at General Motors led to a product recall of 2.6 million vehicles in 2014. Which element of the design mix does this relate to? (1)

- A Function
- B Aesthetics
- C Economic manufacture
- D Trademarks

Answer

(b) Explain your answer. (3)

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(Total for Question 5 = 4 marks)



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6 (a) In the fast changing marketplace for smartphones, too much cash tied up in stock can be a problem.

All of the following would minimise this problem **except**

(1)

- A JIT management
- B short product development lead times
- C using common components in each model
- D inadequate market research

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 questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

Too much co-operation?

The Co-operative Group (Co-op) is a British based mutual – a business owned by its members, that divides profits between them. The Co-op has its origins in the mid-19th century and is widely respected for its ethical stance, having regularly been voted amongst the most trusted of businesses by its customers. It has strong links with the Fairtrade movement.

5

In April 2014, Co-op announced losses for the year of over £2.5 bn, over half of which came from its banking business. The Co-op's Board of Directors is dominated by ordinary members, many of whom lack business expertise. It recently embarked on an expansion strategy which included buying up 600 branches of Lloyds Bank, a £1.6 bn purchase of the Somerfield food retail group, and a takeover of the Britannia Building Society who specialise in savings and mortgages.

10

The Co-op has been selling off profitable farmland and its pharmacy chain, said to be worth £600 m. A new slimmed down structure has been proposed, which will concentrate on bringing in experienced business people to the Co-op's Board of Directors. In 2013 the number of bank branches was cut by nearly 10% and staff numbers reduced by 1,000.

15

The Co-op's ethical policies range from stances on human rights to animal welfare and the environment. Its banking business restricts financing certain business sectors or activities (such as funding companies manufacturing or selling weapons), whilst at the same time it commits to provide finance to those organisations making a positive contribution to social and environmental causes.

20

The Co-op is owned by its eight million members who vote on who runs the 80 independent local societies. Each society then appoints members to the seven regional boards and from these the main Board of Directors is elected.

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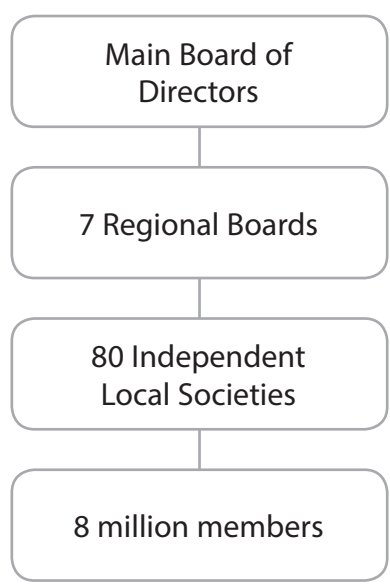


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Organisational Structure of the Co-op



The Co-op's favourable rating with consumers compares well when measured against other retailers. It will need to seek lenders to fund its remaining losses and capital expansion plans. However, this may prove difficult and costly given its recent poor financial performance. Other financial institutions may not be prepared to continue to support the Co-op if it does not adopt a better financial model.

25

(Source: adapted from articles by *The Sunday Times Business* 13.04.2014. Co-op woes mount as losses top £2.5bn. Iain Day *The Sunday Times Agenda* 13.04.2014, Co-op's 'ungovernables' must accept change <http://www.co-operative.coop/corporate/aboutus/ourhistory/2001present>)



7 Badly managed cash flow may lead to the failure of businesses.

Explain **one** way in which a business such as the Co-operative Group can improve its cash flow.

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8 Explain **one** reason why the appointment of an experienced Human Resources Director to the Co-operative Group's Main Board of Directors may lead to lower recruitment costs.

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(Total for Question 8 = 4 marks)



9 Explain **one** drawback of each of the following methods of contingency finance for the Co-operative Group

(a) Loan

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(b) Supplier credit terms.

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(Total for Question 9 = 6 marks)



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10 Assess whether or not the Co-operative Group's ethical trading stance will enable it to avoid business failure.

Handwriting practice area with horizontal dotted lines.

(Total for Question 10 = 8 marks)



11 Evaluate the merits of creating a centralised organisational structure for the Co-operative Group.

Area with horizontal dotted lines for writing the answer to Question 11.

(Total for Question 11 = 10 marks)

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***12** In 2013 the Co-operative Group made a number of its staff redundant.

Assess how each of the following may help the Co-operative Group keep its remaining staff motivated.

(a) Flexible working

(7)

Area with horizontal dotted lines for writing.



(b) Performance-related pay

(7)

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(Total for Question 12 = 14 marks)

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

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