

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Business Studies

Thursday, 15 December 2016

Paper Reference

Time: 1 hour 15 minutes

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 ►

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.

1 (a) At the Atrium Café in Beverley, in Yorkshire, the bacon, lettuce and tomato baguette is a popular item. The owner described it as a 'cash cow'. A cash cow is (1)

- A a product which generates all the profit for a firm
- B a product with a high market share and a high rate of growth
- C a product with a low market share and a high rate of growth
- D a product which generates a significant amount of revenue for a firm

Answer

(b) Explain why this answer is correct. (3)

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(Total for Question 1 = 4 marks)

- 2 (a) Convention dictates that a company looks after its shareholders first, their customers next and their employees last of all. At Virgin we do the opposite because our employees matter most.

Richard Branson

Which of the following would **not** be considered a maintenance or hygiene factor according to Herzberg's theory of motivation?

(1)

- A Working conditions
- B Recognition
- C Pay
- D Administration

Answer

- (b) Explain why this answer is correct.

(3)

(Total for Question 2 = 4 marks)

3 (a) McDonald's, a chain of fast food restaurants, has set itself the marketing objective of sales growth. Which of the following constraints to sales growth is an external constraint?

(1)

- A The business is unable to generate new funds
- B Management are reluctant to reduce prices
- C Advertising legislation
- D The firm uses a limited number of channels of distribution

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 3 = 4 marks)

4 (a) Schools and colleges in the UK are changing the way they operate their administration systems.

Which of the following is **least** likely to result from the introduction of a more decentralised system of management?

(1)

- A Increased motivation amongst those empowered to make decisions
- B Greater consistency in the decisions made
- C The development of skills among the junior members of the management team
- D An increase in the speed at which essential decisions are made

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 4 = 4 marks)

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

- 5 (a) When seeking to fill the position of Football Development Officer at the East Riding County Football Association, the Board of Directors discussed whether to recruit internally or externally.

Which **one** of the following is the best argument for **internal** recruitment of this post?

(1)

- A** Those that are not promoted may become demotivated
- B** An external agency does not need to be hired
- C** Valued employees who are clearly not qualified may apply
- D** External candidates may be better qualified

Answer

- (b) Explain your answer.

(3)

(Total for Question 5 = 4 marks)

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

- 6 (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 6 = 4 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/>)



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

(Total for Question 7 = 4 marks)

Some decision making within JLP is decentralised.

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

(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.

Dotted lines for writing.

(Total for Question 9 = 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)

