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AQA

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I declare this is my own work.

GCSE
BUSINESS

Paper 1 Influences of operations and HRM on business activity

Thursday 21 May 2020 Afternoon Time allowed: 1 hour 45 minutes

Materials
For this paper you must have:
- a calculator.

Instructions
- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this answer book. Cross through any work you do not want to be marked.

Information
- The marks for each question are shown in brackets.
- The maximum mark for this paper is 90.

For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

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Section A

Answer **all** questions in the spaces provided.

For questions with four responses, only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD ⬬ WRONG METHODS ⊗ ⊙ ≈ ✓

If you want to change your answer you must cross out your original answer as shown. ⬬

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. ⬬

0 1 . 1 Identify which of the following is a characteristic of a tall organisational structure.

[1 mark]

A Junior employees make more decisions. ⬭

B There are few employees. ⬭

C There are many levels of the hierarchy. ⬭

D There will be a short chain of command. ⬭

0 1 . 2 Which of the following describes a situation when a profit must be made?

[1 mark]

A Revenue is equal to total costs. ⬭

B Revenue is higher than fixed costs. ⬭

C Total costs are higher than revenue. ⬭

D Total costs are lower than revenue. ⬭

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0 1 . 3 Which of the following is an explanation of opportunity cost?

[1 mark]

A Identifying business opportunities and bringing together resources to meet them

B Seeing a problem with the way things are done and thinking of a better way of doing it

C Seeing a gap in the market and calculating the cost of entering the market

D The cost of making one choice concerning the use of limited resources at the expense of an alternative choice

0 1 . 4 Which of the following would be correct if a business decreases its span of control?

[1 mark]

A The junior employees would have more independence and make more decisions.

B There will be a passing down of authority to more junior employees.

C There are less levels of hierarchy in a business's organisational structure.

D There would be a smaller number of people for whom a manager is directly responsible.

0 1 . 5 Which of the following describes the process of collecting and interpreting information about a particular job?

[1 mark]

A Curriculum Vitae

B Job advert

C Job analysis

D Person specification

Question 1 continues on the next page

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0 1 . 6 Which type of training has the benefit of bringing new ideas into the business?

[1 mark]

A Induction ⬭

B Mentoring ⬭

C Off-the-job ⬭

D On-the-job ⬭

0 1 . 7 Identify **two** consequences for a business of producing poor quality goods.

[2 marks]

1 _____

_____

_____

2 _____

_____

_____

0 1 . 8 Identify and explain an objective a business might set.

[2 marks]

_____

_____

_____

_____

0 1 . 9 Explain **one** way a rise in unemployment might affect a business.

[2 marks]

_____

_____

_____

_____

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0 1 . 10 Explain **one** disadvantage of flow production.

[2 marks]

0 1 . 11 Explain **one** way health and safety law might affect a business.

[2 marks]

0 1 . 12 Explain **two** benefits to a business of having an effective recruitment and selection process.

[4 marks]

Benefit 1

Benefit 2

20

Turn over for Section B

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Section B

Answer **all** questions in the spaces provided.

0 2 **Item A: Adventures**

John is a sole trader who owns a business called Adventures. The business was set up seven years ago to sell activity holidays in the UK. John has been a keen water-sports enthusiast for many years. He had been unhappy when working for a large insurance company. He therefore decided to set up Adventures. Adventures offers a range of activities such as windsurfing, canoeing and surfing.

One holiday that Adventures sells is a weekend course where people can learn to windsurf. The business employs an instructor and books the hotel. This is then sold as a package holiday to customers.

Table 1: Cost information for a windsurfing weekend

Number of participants	Fixed costs	Total variable costs
10	£1500	£2600

John strongly believes that a successful business should be a sustainable business. Adventures will only book hotels that take responsibility for their impact on the environment by recycling and using renewable energy. This means Adventures often pay a premium price for accommodation.

Many of John's customers go skiing during the winter months and he would like to expand and sell ski holidays in Italy. John has never skied himself so he has asked his friend Lucas for some advice. Lucas has never run his own business before but has lived and worked in an Italian ski resort called Folgaria for several years. He is familiar with the local hotels there and knows several ski instructors. Lucas does not believe that the business should pay a premium price for hotels but is keen to invest in the business. Lucas would like to form a partnership in which decisions are shared equally with John.

0 2 . 1 Define sustainability.

[2 marks]

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0 2 . 2 Using **Item A**, give **one** reason why John became an entrepreneur.

[1 mark]

_____

_____

0 2 . 3 Using **Table 1**, calculate the average unit cost for 24 participants in the windsurfing weekend.

State the average unit cost formula used and show your workings.

[5 marks]

Formula _____

_____

Workings _____

_____

_____

_____

_____

_____

Answer £ _____

Question 2 continues on the next page

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0 2 . 4 John is considering forming a partnership with his friend Lucas. Although the extra investment his friend will contribute to the business is a benefit, John does not want to make his decision based on this.

Recommend whether John should form a partnership with Lucas.

Give reasons for your recommendation.

[9 marks]

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Question 2 continues on the next page

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Item B: Adventures

Adventures currently employs eight staff in the UK, who are all keen sporting enthusiasts. Adventures' employees are expected to sell holidays and take payments but also deal with all customer enquiries such as advice on local facilities.

Sales have fallen recently and staff absenteeism has increased. Other rival businesses have increased their salaries. As John is unable to offer a competitive salary, employees have been asking for extra benefits. Discounts on holidays, commission or profit sharing are being used by different competitors.

John is drawing up a business plan to expand into ski holidays in the Italian resort of Folgaria. The business plan outlines the objectives of the business. Within three years, John aims to double profits and would like to have a 30% market share of ski holidays to Folgaria. To achieve this, the business would need to sell on average 2000 ski holidays each winter. Adventures will increase its number of employees to 10 to sell ski holidays, so the company is moving to a new office with more space. The new employees enjoy skiing; one of them will live in the ski resort for the winter and support customers when on holiday.

0 2 . 5 Explain, using an example, the difference between a need and a want.

[2 marks]

0 2 . 6 Analyse **one** benefit to John of drawing up a business plan to expand into ski holidays.

[6 marks]

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0 2 . 7 Adventures made a profit of £50 000 last year. John would like to reward all his employees and is considering offering profit sharing of 10%. This would be shared amongst all the employees in equal amounts, regardless of their sales or how long they have been employed.

Recommend whether John should introduce this profit-sharing scheme as a way of motivating employees.

Give reasons for your recommendation.

[9 marks]

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Section C

Answer **all** questions in the spaces provided.

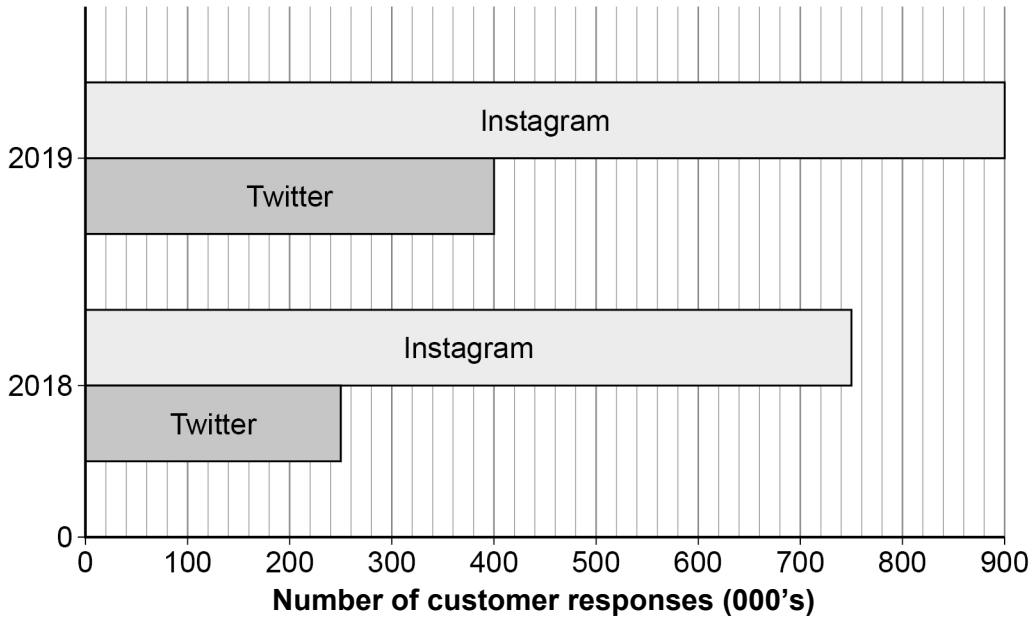
0 3 **Item C: JCC Shoes**

JCC Shoes is a manufacturer and retailer of shoes. The business has a reputation for making shoes that are strong, hard-wearing and comfortable. The business is facing increasing competition from other shops selling school shoes. Competitors' shoes are regarded as more fashionable. In response to this competition, JCC Shoes has redesigned some of its shoes.

During the last year, there have been some newspaper reports of children being sent home from school for wearing JCC Shoes branded 'Scope Shoes'. These shoes are sold as part of JCC Shoes' new redesigned school range. Many schools are reporting that the shoes are too similar to trainers and do not meet their rules on uniform.

Over the last two years JCC Shoes has increased its use of social media to improve interaction with customers. Posts are made daily on new shoes and events, such as price discounts, and enquiries can be answered quickly. The business encourages customers to respond to its posts, add their own comments, and upload pictures and videos.

Number of customer responses on social media posts by JCC Shoes (000's)



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0 3 . 1 Businesses are affected by changes in the external business environment.

Identify **two** factors in the business environment that can influence a business.

[2 marks]

1 _____

_____

2 _____

_____

0 3 . 2 Using **Item C**, explain **one** risk for JCC Shoes as a business operating in the shoe market.

[2 marks]

_____

_____

_____

_____

0 3 . 3 Using the information in the graph, calculate the percentage increase of Instagram responses between 2018 and 2019.

Assuming this percentage increase continues in 2020, calculate the number of customer responses JCC Shoes should receive in 2020 on Instagram.

Show your workings.

[4 marks]

Percentage increase of Instagram responses

Workings _____

_____

Number of customer responses on Instagram in 2020

Workings _____

_____

_____

Final answer _____

Turn over ►

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0 3 . 4 Analyse **one** way in which the greater use of social media can improve customer service for JCC Shoes.

[6 marks]

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Item D: JCC Shoes

JCC Shoes has a tall organisational structure. At Head Office, different departments employ specialist staff. The company's human resource (HR) employees have extensive knowledge of employment law. The HR department deals with the recruitment of employees, designs job advertisements, and interviews employees at the level of store manager or above.

JCC Shoes has 200 stores in the UK; each store has a manager. In addition, the business employs 20 area managers who line-manage, on average, 10 stores each. The area managers are loyal staff who have been promoted from within the business.

Extract of area managers' job description

- Pass on information from the stores to Head Office.
- Hold fortnightly meetings on sales with store managers.
- Recruit and train store sales assistants.
- Attend a monthly meeting at Head Office.

At times, area managers have been so busy travelling that there are delays in passing on messages to Head Office. Store managers do not directly contact Head Office. Recently this has resulted in a store being without a manager for four weeks.

Each store offers measurements of children's feet, and lots of advice on the correct fitting of shoes. Sales assistants are given one week of intensive training on how to deal with customers, measure and fit shoes. The company believes that children's shoes should be correctly fitted so that they don't affect the growth of the child's feet. The business offers a full money-back guarantee on its fitted shoes. No other shoe shops offer this. Customers value this high level of service and many return each time that their child needs a new pair of shoes.

JCC Shoes' profit has been falling. However, dividend payments have been high, and the share price has increased by 10% in the last year.

0 3 . 5 JCC Shoes currently measures the success of the business by its sales and the amount of profit that it makes.

Explain **one** other way JCC Shoes could measure the success of the business.

[4 marks]

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0 3 . 6 All important decisions at JCC Shoes are made at its Head Office.

Analyse **one** advantage of the centralisation of recruitment at JCC Shoes.

[6 marks]

Question 3 continues on the next page

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0 3 . 7 The managers of JCC Shoes want to reduce costs and are considering **two** options to achieve this. Both options will result in exactly the same amount of cost savings for the business.

- Use delayering, with the area manager jobs being removed.
- Reduce the one-week training of sales assistants in customer service to one day.

Analyse the effect of **each** of these **two** options on JCC Shoes.

Evaluate which of these **two** options will have the biggest long-term impact on JCC Shoes.

You are not expected to evaluate the effect on costs as this will be the same.

[12 marks]

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