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AQA

Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

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Forename(s) _____

Candidate signature _____
I declare this is my own work.

GCSE
BUSINESS

Paper 1 Influences of operations and HRM on business activity

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 Which of the following characteristics of an entrepreneur is the ability to develop new ideas/products?

[1 mark]

A Determined ⬭

B Hard working ⬭

C Innovative ⬭

D Organised ⬭

0 1 . 2 Which of the following describes the chain of command?

[1 mark]

A The allocation of a task to someone who would not normally be responsible for it. ⬭

B The line of authority within a business along which communication passes. ⬭

C The number of employees directly managed by another employee. ⬭

D The number of layers of authority in a business' organisational structure. ⬭

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0 1 . 3 Which of the following is a definition of a part time contract of employment?

[1 mark]

A An employee shares the responsibilities of a single job with another employee. ⬭

B An employee works a number of hours equal to a normal working week. ⬭

C An employee works a specific amount of time, then the contract will end. ⬭

D An employee works for fewer hours than a normal working week. ⬭

0 1 . 4 Which of the following is the formula for total costs?

[1 mark]

A Fixed cost per unit + variable cost per unit ⬭

B Total variable costs + average unit costs ⬭

C Total variable costs + fixed costs ⬭

D Variable cost per unit × number of units ⬭

0 1 . 5 Which of the following is the next stage in the selection process after the closing date for job applications?

[1 mark]

A Advertise the job ⬭

B Design the person specification ⬭

C Hold interviews ⬭

D Match applications to the job description ⬭

Question 1 continues on the next page

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0 1 . 6 Enterprise is one of the four factors of production. Which of the following is a definition of enterprise?

[1 mark]

A The equipment used to produce the goods and services. ⬭

B The process of changing inputs such as raw materials into goods and services. ⬭

C The skills and number of employees employed by the business. ⬭

D The skills of people involved in the business to identify business opportunities. ⬭

0 1 . 7 State **two** financial methods of motivation.

[2 marks]

1 _____

_____

2 _____

_____

0 1 . 8 Explain **one** method a business may use to expand.

[2 marks]

_____

_____

_____

_____

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0 1 . 9 Explain **one** benefit of job production to a business.

[2 marks]

0 1 . 10 Explain **one** benefit to shareholders of limited liability.

[2 marks]

0 1 . 11 Identify **two** stages of the process of procurement.

[2 marks]

1

2

0 1 . 12 State and explain **two** employment laws.

[4 marks]

1

2

20

Turn over for Section B

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Section B

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

0 2 **Item A: JAA Toys**

Jameel studied business at college and learnt about writing business plans. He has been employed as a carpenter for five years. As a hobby he has been making a small number of modern, stylish wooden toys and selling them to friends and family to cover his costs. Examples of toys he produces include trains, farm buildings, and cars. His friends and family have been impressed with the quality of the toys that he has made.

A local independent toy shop is interested in selling his toys as a trial. The business has asked Jameel to supply a range of different types of toys he thinks will be popular with its customers. It will accept up to 100 toys if they are delivered by October, ready for when it expects its peak demand as customers buy Christmas presents. The toys are time consuming to make so he will need to start production immediately. Jameel now plans to start his own business.

Jameel is going to produce the toys with the equipment he currently has in his garage at home. He is uncertain whether to create a business plan before making a decision about accepting the order. As the designs are very unusual, the toy shop will only pay Jameel for toys that sell. In December it will pay him for toys that have been sold and return any unsold toys.

0 2 . 1 Explain **one** reason why the objectives of a business may change over time.

[2 marks]

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0 2 . 2 Jameel expects to produce and sell 40 toys per month at a price of £30 each.

Each toy will cost £6.50 to make. Other business costs will be £80 per month.

Jameel plans to take some money from the business' profits.

Calculate how much Jameel would take each month if he pays himself 80% of the profit.

[5 marks]

Question 2 continues on the next page

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0 2 . 3 Jameel would have three months to make the 100 toys for the local toy shop.

Recommend whether Jameel should create a business plan before making a decision about accepting the order. Give reasons for your recommendation.

[9 marks]

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Question 2 continues on the next page

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Item B: JAA Toys

Jameel has been running his business JAA Toys for two years. The toys have become popular and the business is now receiving larger orders from many toy shops. To help meet this increasing demand Jameel has rented a small business workshop, purchased more machinery and plans to recruit staff.

Jameel wants to recruit four people; three to make the toys and one for administration. He has decided that he will not recruit a manager because he wants to keep control over the production of the toys. Instead he will manage the employees himself and communicate his new designs to staff. This means his business will have a flat organisational structure. Jameel will spend a lot of his time visiting toy shops in the North of England to get orders. He also has plans to visit exhibitions to gain ideas for new designs.

Jameel is concerned about rising costs due to the expansion, so he wants to keep the cost of wages down. There are some weeks when production will be low because there are very few orders. The business will be very busy at other times, such as before Christmas. Jameel is aware he needs to recruit skilled production staff to make high-quality toys to his unique designs. This is important to maintain the unique selling point (USP) of JAA Toys.

0 2 . 4 Explain **one** way in which health and safety law might decrease the profits of a business.

[2 marks]

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0 2 . 5 Jameel will manage all the employees himself.

Analyse **one** drawback of a flat organisational structure for JAA Toys.

[6 marks]

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0 2 . 6 It is difficult for Jameel to predict demand and there are times when he has few orders.

Recommend whether Jameel should use zero-hour contracts for the new employees. Give reasons for your recommendation.

[9 marks]

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Turn over for Section C

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Section C

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

0 3 **Item C: Style the Chic (STC)**

Eve is a sole trader. She owns and runs Style the Chic (STC). STC is a fast fashion website aimed at females aged 16–24. Eve started the business five years ago. She invested her £5000 life savings. The business made a profit of £450 000 last year.

Fast fashion means producing cheap clothes as quickly and as frequently as possible. STC works with reality TV celebrities that have a large social media following. The celebrities help design and promote a collection (range of clothing items).

STC has 30 employees. However, Eve makes all the major decisions in the business. She decides which products to order from suppliers and the selling prices. The buying team works with suppliers. Recently staff turnover in the buying team has increased.

Table 1 – Information on STC

	2020	**2019**	**2018**
Average price that customers pay per item of clothing	£42	£55	£65
Market share	14%	15%	19%
Number of direct competitors	12	8	6

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0 3 . 1 Using **Item C**, explain **one** benefit to Eve of being a sole trader.

[4 marks]

0 3 . 2 Using the data in **Table 1**, explain **one** way in which competition affects STC.

[4 marks]

Question 3 continues on the next page

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0 3 . 3 Eve makes all the major decisions in the business.

Analyse **one** effect of Eve's style of management on staff motivation.

[6 marks]

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Item D: Style the Chic

STC has experienced rapid growth since 2018. It outsources all the production of its collections. It currently uses six suppliers who are based in the UK and China.

Each collection (range of clothing items) can contain up to 30 items of clothing including jackets, dresses and tops. Items will be available to buy for about four weeks. Suppliers are sent designs based on the current trend. They must create clothing samples for marketing within 48 hours. Full production and launch is a month later. If sales are high, more orders are expected quickly. Otherwise the business moves on to another collection.

Table 2 – STC's costs and sales

	2020	**2016**
Average unit cost	£29.99	£40.99
Output/sales (volume)	450 000	50 000

Table 3 – STC's suppliers

	2020	**2016**
Average amount (per unit) paid to suppliers	£29.99	£40.99

0 3 . 4 Identify **one** way a business' production of goods and services could be sustainable.

[1 mark]

0 3 . 5 Using data from **Table 2**, describe how the information indicates STC has experienced growth.

[2 marks]

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0 3 . 6 Using **Table 2**, explain **one** benefit to STC of its growth.

[2 marks]

0 3 . 7 STC currently uses six suppliers. The amount paid to them is shown in **Table 3**.

Analyse **one** benefit to STC of effective supply chain management.

[6 marks]

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Item E: Style the Chic

Fast fashion has received some bad press recently. Prices of these items are so low that they encourage customers to buy clothes often and throw them away. People are not encouraged by fast fashion businesses to think about how this affects the environment.

Customers are not returning as frequently as Eve would like. STC needs repeat customers so that it can sell a large number of products at low prices. Market research has indicated that some clothing items do not fit well. It also shows that customers are becoming more aware of the impact their repeat purchases have on the environment. Eve is considering two options.

Option 1 – Introduce live chat to the website

A team of two employees would be available from 9 am to 5 pm each day to:
- give advice on a wide range of issues
- give advice on the size and fit of the clothing before customers make the purchase
- explain in more detail the shape and style of the clothing
- recommend items which could be worn with the clothing being discussed.

Option 2 – Introduce a recycling scheme

- A pre-paid postage bag would be sent with all repeat purchases. Customers can use this to return old STC clothing free of charge. One supplier has agreed to recycle the material that has been returned in the production of new clothing.
- Customers would receive a 10% discount voucher off their next purchase for every two items of old clothing they send in.

0 3 . 8 STC wants to increase customer loyalty and is considering **two** options to achieve this.

1. Introduce live chat to the website to improve customer service.
2. Introduce a recycling scheme to improve the ethical behaviour of the business.

Analyse the effect of **each** of these **two** options on STC.

Evaluate which of these **two** options will have the biggest impact on **customer loyalty** for STC.

[12 marks]

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