AQA

Please write clearly in block capitals.

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

Surname _____

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 is a financial method of motivation?

[1 mark]

A Commission ⬭

B Greater responsibility ⬭

C Job share ⬭

D Training ⬭

0 1 . 2 Which of the following is an example of on the job training?

[1 mark]

A A health and safety course at a local college. ⬭

B An ICT course at a training centre. ⬭

C Observing an employee doing her job. ⬭

D Studying for a degree online. ⬭

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0 1 . 3 Which of the following is correct when a business uses just-in-case stock control rather than just-in-time stock control?

[1 mark]

A Deliveries are more frequent. ⬭

B Less warehouse space will be needed. ⬭

C Stock is less likely to go out of date. ⬭

D Sudden increases in demand are not a problem. ⬭

0 1 . 4 Which of the following is a benefit of using a website to provide **information** to customers?

[1 mark]

A Can include answers to customer questions. ⬭

B Followers can comment on your posts. ⬭

C Goods and services can be sold online 24/7. ⬭

D Products can be sold in many countries. ⬭

0 1 . 5 Which of the following describes the total quality management approach (TQM)?

[1 mark]

A Checking for faults only at the end of production. ⬭

B Preventing mistakes. ⬭

C Recalling faulty products sold. ⬭

D Repairing returned items free of charge. ⬭

Question 1 continues on the next page

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0 1 . 6 Which of the following is one of the four factors of production?

[1 mark]

A Competitors ⬭

B Enterprise ⬭

C Growth ⬭

D Quality ⬭

0 1 . 7 Explain **one** detail that could be agreed between partners in a partnership.

[2 marks]

0 1 . 8 Explain **one** reason why it is important for a business to have an internal organisational structure.

[2 marks]

0 1 . 9 Explain **one** example of how a business would meet the requirements of consumer law to provide safe goods or services.

[2 marks]

Do not write outside the box

0 1 . 10 Explain **one** reason for completing a job analysis.

[2 marks]

0 1 . 11 Explain **one** reason why a business would set objectives.

[2 marks]

0 1 . 12 Explain **two** benefits to a business of using internal recruitment.

[4 marks]

1

2

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Turn over for Section B

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Section B

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

0 2 **Item A: Premium Motors**

Janet owns and runs Premium Motors based in Manchester. Her business provides a luxury chauffeur service (a car and driver are hired). This has proved popular with customers who book the services for events such as weddings or parties.

Since the business started 10 years ago it has expanded slowly using organic growth. Janet would like to expand by offering the services in a new area. Her research has shown that chauffeur services are in the most demand in London. However, this is a highly competitive market.

There is an opportunity to take over an existing chauffeur company called London Luxury Cars (LLC). This takeover would cost £400 000. Premium Motors would instantly gain LLC's large customer base. This includes repeat bookings from TV celebrities and well-known hotels that book chauffeur services for their guests. Existing LLC agreements (contracts) with hotels will last for another year and Janet will then have to agree new contracts.

If Janet were to take over LLC, she would manage the company from her headquarters in Manchester. She is unfamiliar with the London area.

0 2 . 1 Identify **two** objectives of a business.

[2 marks]

1 _____

_____

2 _____

_____

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Premium Motors has received a booking for a wedding in Manchester that requires **four** cars. Premium Motors will make £50 profit per car.

The costs will be as follows:

- driver £50 per car
- petrol £20 per car
- £200 payment towards fixed costs.

0 2 . 2 Calculate Premium Motors' revenue for this booking.

[5 marks]

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Question 2 continues on the next page

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0 2 . 3 Since Premium Motors started 10 years ago it has expanded slowly using organic growth.

Recommend whether Premium Motors should now take over LLC. Give reasons for your recommendation.

[9 marks]

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Question 2 continues on the next page

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Item B: Premium Motors

Janet has decided not to expand the business in London as demand for its services has increased in the Manchester area. A new website now helps to manage the increase in enquiries. Customers can look at the cars from a web page of photos and videos. They can use the live online chat service to ask questions and get instant feedback. There is no set price for the hire of a car. The price depends on several factors, such as:

- distance and day of the journey
- the amount of time the car is needed
- the number of pickup and drop off locations.

At present there are no prices for car hire on the website. Customers must telephone a salesperson between 9 am and 6 pm Monday to Friday to agree the price of their car hire booking.

Premium Motors prides itself on the quality of its service. Drivers are encouraged to greet customers with a smile and engage in conversation several times throughout the journey. Janet has previously issued new drivers with a leaflet outlining the company policy on customer service.

Janet is considering introducing a new induction training programme for the new drivers. It will include:

- a video of an experienced driver dealing with a customer
- a role play exercise where a new driver can practise dealing with difficult customers.

0 2 . 4 Explain **one** economic change that can affect a business.

[2 marks]

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0 2 . 5 Janet is considering introducing a new induction training programme for the new drivers to ensure a high level of customer service.

Analyse **one** benefit of introducing the new induction training for drivers.

[6 marks]

0 2 . 6 Premium Motors has developed the new website to provide information about cars before making a booking. Janet is thinking of adding the option to book cars directly on the website.

Recommend whether Janet should use e-commerce to **improve customer service** at Premium Motors. Give reasons for your recommendation.

[9 marks]

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Section C

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

0 3 **Item C: Fone ltd**

Fone ltd produces ultra-thin mobile phone cases and accessories. The managing director Anita Wang started the business with her three brothers 15 years ago. Each of them provided £50 000 capital. Each member of the family has an equal number of shares. The brothers take no part in the running of the business. Fone ltd plans to spend £2 million introducing one new product and expanding the product range of the business. This expansion will be funded by a loan.

Two possible options to expand the product range are:

1. introduce car phone holders
2. introduce headphones.

The business will recruit a team leader for the new production department. Anita is keen to attract an experienced manager. The salary and benefits for the job are above the average for the local area. She wants someone who can lead the new department effectively to help the success of the expansion.

Table 1 Extract of person specification for team leader's job

Essential	Desirable
Three years' experience of leading employees in a production environment	Experience of working in the mobile phone industry
Good communication skills	Health and safety training

0 3 . 1 Using **Item C**, explain **one** advantage to Fone ltd of being a private limited company when expanding the business.

[4 marks]

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0 3 . 2 The business has decided to expand by introducing car phone holders to its product range.

Using **Item C**, explain the opportunity cost of this decision.

[4 marks]

0 3 . 3 There have been 500 applications received for the team leader's job and the business now needs to shortlist only the most suitable applicants.

Using **Item C**, analyse **one** way the person specification can be used to decide which applicants to invite for an interview.

[6 marks]

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Item D: Fone ltd

Demand for the ultra-thin phone cases has been increasing. However, the production department has not been able to make them in the quantity required. Fone ltd has decided that it will introduce flow production in the department.

Specialist machinery was installed in April. In the new flow production process, workers have specific jobs, such as loading different coloured materials into the machines. The process will allow changes to be made quickly, such as the shape and style of the phone cases for different makes and models of phones. The new flow production process means the business can produce up to 100 000 phone cases a month.

Table 2 Information on production of phone cases at Fone ltd

	March	**April**	**May**	**June**
Number of employees in the production department	14	10	10	10
Total costs	£160 000	£179 000	£234 000	£275 000
Total output (number of phone cases)	20 000	25 600	?	50 000
Average unit cost of each phone case	£8	£7	£6	£5.50

0 3 . 4 Identify **one** reason for diseconomies of scale occurring.

[1 mark]

0 3 . 5 Using the information in **Table 2**, calculate the average number of phone cases per month produced from April to June.

[4 marks]

Answer _____

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0 3 . 6 Demand for the new ultra-thin phone cases is increasing.

Analyse **one** advantage to Fone ltd of introducing its new flow production process.

[6 marks]

Question 3 continues on the next page

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Item E: Fone ltd

Average unit costs have increased recently at Fone ltd. Anita feels that low employee productivity is the reason for this. To improve productivity, she is considering two options.

Introduce a new lean production technique

- Each department can have a group of up to three employees making suggestions on how to improve the process to lead to higher productivity.
- It will be optional to join these groups.
- Groups can be set up immediately and will have responsibility for reviewing roles and tasks within the department and suggesting changes.
- There will be a bonus of £5000 for each department (to be shared within the department) if they improve productivity in the next three months.

Change the organisational structure and recruit internally for new assistant managers within each department

- Internal recruitment for assistant managers can be completed within a month.
- This will result in a pay rise of £5000 for successful applicants.
- Assistant managers will have the authority to make some decisions and will oversee training.

Figure 1 Current organisational structure of Fone ltd

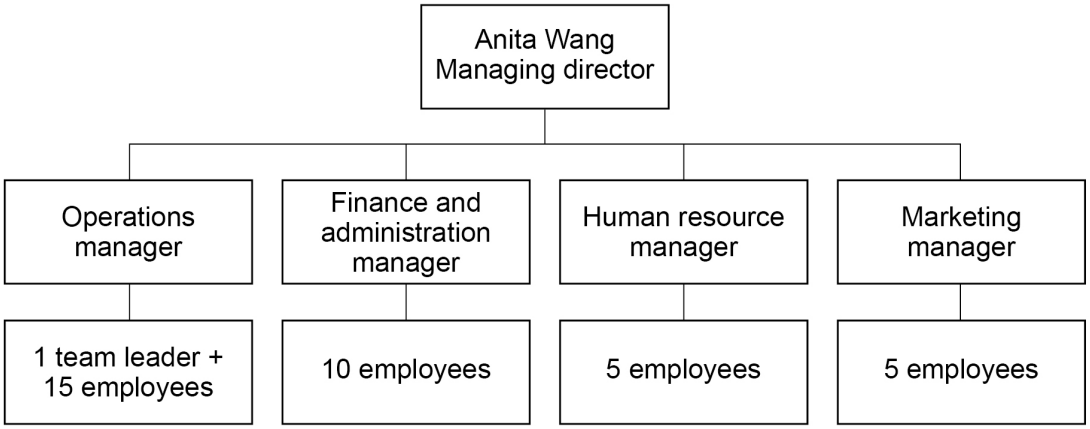


Table 3 Information about employees' productivity in each department at Fone ltd

	Operations	Finance and administration	Human resources	Marketing
Daily hours employees are working productively (maximum = 8 hours)	6	7	7.5	7.7

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0 3 . 7 Anita wants to increase the productivity of all employees quickly and plans to use **two** options to achieve this.

1. Introduce a new lean production technique to each department.
2. Change the organisational structure and recruit internally for new assistant managers within each department.

Analyse the effect of each of these **two** options on all employees at **Fone ltd**.

Recommend which option **Fone ltd** should introduce first to improve productivity of all its employees in the short term.

[12 marks]

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END OF QUESTIONS

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