AQA

Please write clearly in block capitals.

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

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Candidate signature _____

I declare this is my own work.

GCSE
BUSINESS

Paper 1 Influences of operations and HRM on business activity

Tuesday 14 May 2024 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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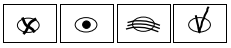
Section A

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 Which of the following is a benefit to an entrepreneur of operating as a sole trader?

[1 mark]

A Can sell shares ⬭

B Easy to set up ⬭

C Limited liability ⬭

D Many owners ⬭

0 1 . 2 Which of the following is a method of internal recruitment?

[1 mark]

A Advertising at a job centre ⬭

B Advertising in a newspaper ⬭

C Advertising on a noticeboard in the staffroom ⬭

D Advertising with an employment agency ⬭

Do not write outside the box

0 1 . 3 Which of the following describes when induction training should take place?

[1 mark]

A When an employee first joins a business ⬭

B When an employee leaves a job ⬭

C When an employee needs to learn new skills ⬭

D When an employee starts using new technology ⬭

0 1 . 4 Which of the following is correct for a flat organisational structure?

[1 mark]

A Many levels of hierarchy ⬭

B Many opportunities for promotion ⬭

C Narrow span of control ⬭

D Short chain of command ⬭

0 1 . 5 Which of the following is the most likely effect of a decrease in interest rates?

[1 mark]

A Borrowing will be cheaper. ⬭

B Business investment will fall. ⬭

C Consumer spending will reduce. ⬭

D More people will save. ⬭

Question 1 continues on the next page

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0 1 . 6 Which of the following is an example of a fixed cost?

[1 mark]

A Interest payments ⬭

B Packaging for goods ⬭

C Production wages ⬭

D Raw materials ⬭

0 1 . 7 Explain **one** method of growth used by a business when expanding organically or externally.

[2 marks]

0 1 . 8 Explain why a business uses delayering.

[2 marks]

0 1 . 9 Explain **one** way a person specification can be used as part of the recruitment process.

[2 marks]

Do not write outside the box

0 1 . 10 Businesses aim to meet the needs and wants of customers. Explain the meaning of the term 'need' using an example.

[2 marks]

0 1 . 11 Explain **one** disadvantage to a business of expanding through external growth.

[2 marks]

0 1 . 12 Land is one of the four factors of production.

Identify and explain **two** factors of production other than land.

[4 marks]

Factor 1 _____

Explanation _____

Factor 2 _____

Explanation _____

20

Turn over for Section B

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Section B

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

0 2 **Item A: Luscious Locks by E**

Elaine owns her own hair salon called Luscious Locks by E (LLE). The salon has one senior hairdresser and five junior hairdressers.

The senior and most qualified hairdresser is leaving the business at the end of the month. They are leaving because Elaine did not listen to ideas from employees on new hairstyles to offer.

John will be promoted to the senior hairdresser role. He is the most experienced of the junior hairdressers and is frequently fully booked. Customers are charged a premium price for bookings with the senior hairdresser and expect a high level of skill.

John has asked Elaine if the salon would pay for him to go on a college course. He would need to attend the course one afternoon every week for 2 years. The course will be led by a specialist trainer in the latest hair techniques. An alternative would be for John to receive on-the-job training from the current senior hairdresser until they leave the business.

LLE's sales and profits have recently fallen due to the opening of a new salon that offers the latest up-to-date celebrity styles.

0 2 . 1 Explain **one** benefit to a business of employing workers on a part-time contract.

[2 marks]

Do not write outside the box

0 2 . 2 Elaine makes all of the decisions in the business. She rarely consults with anyone.

Analyse **one** drawback for LLE of Elaine's management style.

[6 marks]

Extra space

Question 2 continues on the next page

Do not write outside the box

0 2 . 3 The college course would allow John to gain an advanced qualification in the latest hairstyling techniques.

Recommend whether Elaine should allow John to attend the college course. Give reasons for your answer.

[9 marks]

Extra space

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Question 2 continues on the next page

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Item B: Luscious Locks by E

Elaine has been looking into ways to increase LLE's revenue. Elaine has identified a growing trend for organic hair treatments. Demand has risen after a popular celebrity promoted the benefits of organic hair treatments on her television show.

Elaine has found a new supplier that makes homemade organic hair treatments. The treatments are vegetable based and have a shelf life of a month. After this date they will need to be thrown away.

When making an appointment, customers have to give the salon 24 hours' notice if they want an organic hair treatment. Twenty customers booked the treatments last week. A customer has complained that she could not get an organic hair treatment whilst at the salon as she had not booked this in advance and no stock was being held.

The supplier is not local and the delivery costs are high. The supplier is encouraging Elaine to make a bulk purchase by offering a large discount on orders over 100.

0 2 . 4 Explain **one** benefit of growth to a business.

[2 marks]

Do not write outside the box

0 2 . 5 Elaine ordered 20 organic hair treatments for £300 in total.

Calculate the unit cost of each treatment.
Show your workings.

[2 marks]

£ _____

0 2 . 6 The supplier has offered a 35% discount.

Calculate the total cost of 120 organic hair treatments with this discount. Use your answer to Question **2.5** in your calculation.

Show your workings.

[3 marks]

£ _____

Question 2 continues on the next page

Do not write outside the box

0 2 . 7 Elaine orders the treatments to arrive just in time for each customer's appointment.

Recommend whether Elaine should change to just-in-case stock control. Give reasons for your recommendation.

[9 marks]

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33

Turn over for Section C

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Section C

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

0 3 **Item C: Bootmills Ltd**

Bootmills Ltd is a UK producer of high-quality leather boots. Many of the boots have designs and patterns which keep up with fashion trends.

The factory in Birmingham employs a highly skilled labour force. Some machinery is used but the boots are largely handmade. All employees are responsible for checking their work. Boots are sent back to the previous employees if production is not at the required quality standard.

The factory holds a small stock of raw materials. New deliveries are needed every 24 hours. The boots are made from the highest quality leather. A wide range of supplies such as suede and rubber are also needed. Bootmills Ltd also needs different thicknesses of raw materials to make different parts of the boots.

Bootmills Ltd offers a 3-month refund policy for any boots which are faulty. Faults include where stitching comes undone or where the leather cracks. Very few boots are returned to the company because of faults.

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0 3 . 1 State **one** benefit to a business of providing a high level of customer service.

[1 mark]

0 3 . 2 Explain **one** benefit to Bootmills Ltd of using total quality management (TQM).

You should use information in **Item C** in your answer.

[4 marks]

Question 3 continues on the next page

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0 3 . 3 Bootmills Ltd recently started using local suppliers of raw materials who have agreed to meet its needs.

Analyse **one** factor which would have been considered when making the decision to change suppliers.

[6 marks]

Extra space

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Item D: Bootmills Ltd

Bootmills Ltd sells boots to retailers around the world. 2023 was a very successful year. Profits increased by 43% to £64.3 million. Sales of boots abroad account for 60% of total sales. Half of these are in Europe. Raw materials are sourced in the UK. The variable cost of each pair of boots is £50.

The business has 1300 employees. The average salary is £38 000 a year which is higher than competitors' salaries. Employee turnover is low. In 2023, a profit-sharing bonus of 5% was awarded to all employees who have worked for the business for over 12 months.

Table 1 Exchange rate of the pound to the euro

	November	**December**	**January**	**February**	**March**
£1 =	1.19 €	1.20 €	1.18 €	1.17 €	1.17 €

0 3 . 4 Explain how **one** financial method of motivation is being used at Bootmills Ltd to motivate employees. You should use the information in **Item D** in your answer.

[4 marks]

Question 3 continues on the next page

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0 3 . 5 Calculate the percentage (%) change in the value of the pound against the value of the euro from December to March.

Use the information in **Table 1** in your calculation.

Show your workings.

[4 marks]

_____ %

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0 3 . 6 In Europe, Bootmills Ltd sells boots to retailers for an average of £95. The business plans to maintain this selling price.

Analyse **one** impact of the falling value of the pound on the profits of Bootmills Ltd.

[6 marks]

Extra space

Question 3 continues on the next page

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Item E: Bootmills Ltd

Bootmills Ltd is the market leader in the UK. To improve profits, Bootmills Ltd must increase sales to China and the USA. However, international markets are highly competitive. Boots are currently sold for an average of £95 to retailers. The variable cost of each pair of boots is £50.

In China, retailers prefer 'face-to-face' meetings with the manufacturer. Chinese retailers are prepared to pay a premium price for British brands. The size of the Chinese boot market is $79 billion for sales of all brands.

Retailers in the USA have indicated that they are more likely to buy the product if the price can be reduced to £70. The size of the USA boot market is $99 billion for sales of all brands.

Bootmills Ltd's directors are considering two options.

Introducing flow production.
Boots can be made quickly using a fully automated process. The skilled workforce will be offered jobs elsewhere in the business. There will be an estimated 300 redundancies. Employees have indicated they will strike if this many jobs are lost.

The savings on salaries over 2 years will cover the cost of the new machinery and redundancies. After this, the cost saving can be passed on to customers. The variable costs of production will fall to £20 per pair of boots.

Changing the role of the workforce.
Bootmills Ltd currently has 50 employees who deal with sales over the telephone and email. Thirty of these employees could change to being based abroad in countries such as China and the USA. These employees will meet with the local retailers to:

- show new designs
- take orders
- get feedback on the needs and wants of customers in overseas markets.

These employees will be offered a £10 000 pay rise. The directors are confident many of the existing sales team will be interested in working abroad. This should reduce redundancies.

Recruiting and training for the new role should take 8 months.

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0 3 . 7 Bootmills Ltd wishes to make its boots more competitive abroad. The directors are considering **two** options.

1. Introducing flow production.
2. Changing the role of the workforce.

Analyse the effect of **each** of these **two** options on Bootmills Ltd.

Evaluate which of these **two** options will have the bigger impact on Bootmills Ltd competing internationally.

[12 marks]

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END OF QUESTIONS

37

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