Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

1104203498

BUSINESS STUDIES **7115/14**

Paper 1 Short Answer and Data Response **October/November 2022**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 BSB manufactures a range of cakes and cookies. It has 400 employees who are all members of a trade union. Having a well-motivated workforce is important to BSB. All of its managers use a democratic leadership style. The Operations Director is analysing BSB's costs. She is worried about high levels of waste in the factory and is considering introducing Kaizen to help the business achieve lean production.

(a) Define 'trade union'.

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..... [2]

(b) State whether the following are classified as a fixed cost or a variable cost.

Raw materials: .....

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Insurance: .....

..... [2]

(c) Outline **two** benefits to BSB of having a well-motivated workforce.

Benefit 1: .....

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Benefit 2: .....

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..... [4]

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(d) Explain **one** advantage and **one** disadvantage to BSB of its managers using a democratic leadership style.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

(e) Do you think introducing Kaizen is the best way for a manufacturing business to achieve lean production? Justify your answer.

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..... [6]

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2 Ayesha wants to start up a business. After carrying out secondary market research she has decided to open a jewellery shop selling watches and rings. Ayesha plans to use crowd-funding as her source of finance. She has prepared a cash-flow forecast. An extract is shown in Table 2.1. Ayesha has to decide whether buying a franchise is the best way to start up a business.

Table 2.1

Extract from Ayesha's cash-flow forecast for the first three months ($)			
	June	**July**	**August**
Cash inflow	1000	2000	3000
Cash outflow	**X**	1500	1500
Net cash flow	(2000)	**Y**	1500
Opening balance	0	(2000)	(1500)
Closing balance	(2000)	(1500)	0

(a) Identify **two** reasons why a business might need finance.

Reason 1: .....

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Reason 2: .....

..... [2]

(b) Calculate **X** and **Y**.

X: .....

Y: ..... [2]

(c) Outline **one** advantage and **one** disadvantage to Ayesha of using crowd-funding as a source of finance.

Advantage: .....

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Disadvantage: .....

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..... [4]

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(d) Explain **two** methods of secondary market research Ayesha could have used.

Method 1: .....

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Explanation: .....

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Method 2: .....

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Explanation: .....

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..... [6]

(e) Do you think buying a franchise is the best way to start up a business? Justify your answer.

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3 BHA is a clothing retailer. It is a multinational company. BHA has 2100 employees and operates in 5 countries. Last year BHA's profit was $90 million. The owners of BHA want the business to grow but the Managing Director is worried about the problems this might cause. The Managing Director has learned that one of BHA's suppliers uses child labour. She has to decide whether changing supplier is the best way to respond to this ethical issue.

(a) Define 'profit'.

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..... [2]

(b) Identify **two** reasons why the owners of a business might want to expand their business.

Reason 1: .....

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Reason 2: .....

..... [2]

(c) Identify **four** possible drawbacks to a country if a multinational company locates there.

Drawback 1: .....

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Drawback 2: .....

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Drawback 3: .....

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Drawback 4: .....

..... [4]

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(d) Explain **two** possible problems for BHA caused by the growth of its business.

Problem 1: .....

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Explanation: .....

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Problem 2: .....

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Explanation: .....

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(e) Do you think changing suppliers is the best way for a business to respond to the ethical issue of child labour? Justify your answer.

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4 YCG is a private sector business. It manufactures toothpaste and toothbrushes. The production process makes use of quality control. The Marketing Manager is reviewing sales data for one of its best-selling products. He thinks the product has reached the maturity stage of its product life cycle and is considering possible extension strategies. There are many legal controls related to the marketing of YCG's products.

(a) Define 'private sector'.

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..... [2]

(b) Identify **two** stages (other than maturity) of the product life cycle.

Stage 1: .....

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Stage 2: .....

..... [2]

(c) Outline **two** ways legal controls related to marketing might affect YCG.

Way 1: .....

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Way 2: .....

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..... [4]

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(d) Explain **one** advantage and **one** disadvantage to YCG of using quality control.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

(e) Do you think introducing new features to a product is the best extension strategy for a business to use? Justify your answer.

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