

Please write clearly in block capitals.

Centre number

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Forename(s) _____

Candidate signature _____

I declare this is my own work.

INTERNATIONAL GCSE BUSINESS

Paper 1 Influences of Operations and Human Resources on Business Activity

Monday 26 October 2020 07:00 GMT

Time allowed: 2 hours

Materials

For this paper you must have:

- a calculator, which you are expected to use where appropriate.

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).
- All calculations must be shown.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Advice

You may use a bilingual dictionary.

For Examiner's Use	
Question	Mark
1–9	
10	
11	
TOTAL	






Section A


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

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

When does an employee receive induction training?

[1 mark]

- A** Before receiving a pay rise
- B** Just before they leave a job
- C** Once a year
- D** When they begin to work for a business

0 2

Which **one** of the following statements is true?

[1 mark]

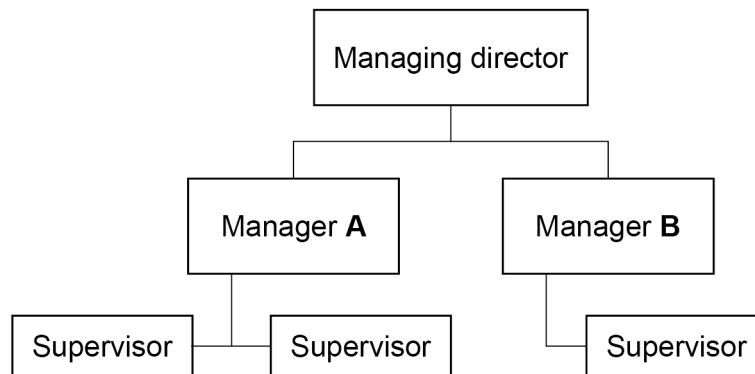
- A** Revenue is one of the four factors of production
- B** Sole traders can only have two shareholders
- C** The owners of a limited company can only lose the money they have invested in the business
- D** All private sector businesses are owned by the government



0 3

Figure 1 shows an extract from the organisational structure of a business.

Figure 1



What is Manager A's span of control?

[1 mark]

- A 1
- B 2
- C 3
- D 5

0 4

What term is used to describe an organisational structure where decision-making power is spread out among all levels of the structure?

[1 mark]

- A Chain of command
- B Decentralised
- C Delaying
- D Outsourcing

Turn over ►



0 5

A business manufactures highly-priced products in India which are then exported and sold in the USA.

Which **one** of the following changes is most likely to lead to an increase in profit for the business?

[1 mark]

- A** A reduction in the value of the Indian Rupee compared to the US Dollar
- B** An increase in unemployment in the USA and in India
- C** Increased interest rates in both India and the USA
- D** A 15% reduction in consumer spending in India

0 6

Explain **one** way that consumer protection law could affect a restaurant.

[2 marks]

0 7

Explain **one** way that poor customer service could affect a business.

[2 marks]

0 8

Explain **one** way a car manufacturer could measure the quality of its production.

[2 marks]



0 9

Explain **two** reasons why quality may suffer if a business expands using franchising. **[4 marks]**

Reason 1 _____

Reason 2 _____

15

Turn over for Section B

Turn over ►



Section B

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

1 0

Item A

Steven had worked as an electrician for the national electricity company for five years. He was unhappy that he had to work ten night-shifts each month. This stopped him spending time with his young children.

Steven decided to start his own electrical business so he could control when he works. To help him achieve this, he has set clear objectives for his business.

1 0 . 1

Steven started his business to allow him to spend more time with his family. State two **other** reasons why entrepreneurs start their own business.

[2 marks]

Reason 1 _____

Reason 2 _____

1 0 . 2

Identify and explain two benefits to Steven of setting clear business objectives.

[6 marks]



Item B

Steven's business involves travelling to customers' houses to fix electrical problems or install new electrical equipment. He has bought a van and some tools, and found an excellent supplier for the other items he needs such as wiring, electrical plugs and tape.

At the end of his first year, Steven looked at his financial records:

- number of customers: 200
- average price charged to each customer: \$180
- average variable cost per customer: \$60
- fixed costs for the year: \$8,000

1 0 . 3

Using the information from **Item B**, calculate Steven's net profit for the year.

[3 marks]

1 0 . 4

State **two** of Steven's variable costs.

[2 marks]

Variable cost 1 _____

Variable cost 2 _____

Turn over ►

Item C – Early expansion

Steven’s business grew during the first three years. After the first year, he recruited two other electricians so the business could accept more work.

Last year, twelve more electricians were recruited, with the original two recruits now acting as supervisors.

Table 1

Year	History of Steven’s business
2016	Starts the business.
2017	Recruits two other electricians.
2019	Recruits twelve more electricians. The original two recruits are promoted to supervisors.

1 0 . 5

Analyse the benefits of effective recruitment when Steven was expanding his business.

[6 marks]



1 0 . 6

Analyse why the motivation of Steven’s employees may not be as high now as it was in 2017.

[6 marks]

Item D – More growth?

Steven is now considering expanding his business to another city. He will need to recruit ten more electricians and three more supervisors. He will be the manager for the business in both cities.

1 0 . 7

Analyse the advantages **and** disadvantages of Steven’s new expansion plan **and** recommend whether he should expand.

[12 marks]

Turn over ►



Section C

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

1 1

Item E – MEKO Group

MEKO Group is a company from Finland that mainly specialises in fashion clothing retail. The business sells a huge range of men’s, women’s and children’s clothing. To ensure its product range is fashionable, new products appear in store nearly every day.

In recent years, MEKO has invested heavily in developing its online presence. This has involved introducing e-commerce. In addition, the business uses a range of digital technology to communicate with stakeholders.

1 1 . 1

Explain why MEKO uses digital technology to communicate with customers and suppliers.

[4 marks]

Customers: _____

Suppliers: _____

Turn over ►



1 1 . 2

Explain **two** ways that e-commerce can help MEKO access new markets.

[4 marks]

1 1 . 3

Identify and explain two reasons why managing stock is very important to MEKO.

[6 marks]



Item F – Ethical issues

Two major issues affecting the fashion industry are:

- working conditions in supplier factories
- the use of scarce resources.

MEKO was recognised in 2019 as one of the world’s most ethical companies. MEKO has told its suppliers that they must use 100% sustainable cotton by 2021 and reduce the amount of waste they create. Customers are encouraged to bring any old clothes into MEKO stores to be recycled.

1 1 . 4

Analyse the benefits of behaving ethically for MEKO.

[6 marks]

Question 11 continues on the next page

Turn over ►



1 1 . 5

Analyse how improving sustainability might affect MEKO's profits.

[6 marks]

Item G – Global expansion

The first MEKO shop was opened in Finland in 1953. By 2020, MEKO had stores in 73 different countries across 6 continents. The business had total sales of over \$20 billion in 2019, with annual profit of over \$1.5 billion and it continues to grow, most recently opening new stores in Malaysia and Jordan. \$10bn worth of MEKO clothes are made in over 2000 factories around the world. Its growth has made it harder to manage the business. Operating in so many different countries also presents challenges.



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38

END OF QUESTIONS



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ANSWER IN THE SPACES PROVIDED**



