

Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

I declare this is my own work.

GCSE BUSINESS

Paper 1 Influences of operations and HRM on business activity

Friday 9 May 2025

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.

For Examiner's Use	
Section	Mark
A	
B	
C	
TOTAL	

Information

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



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Section A

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

For questions with three or four responses, only **one** answer per question is allowed.

For each multiple-choice 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 an advantage of job production?

[1 mark]

- A** Allows a business to achieve economies of scale
- B** Allows for specialisation of workers
- C** Allows large quantities to be produced
- D** Allows the customisation of products

0 1. 2 Which of the following pairs of legal structures **both** benefit from limited liability?

[1 mark]

- A** Ltd and sole traders
- B** Partnerships and sole traders
- C** Plc and Ltd
- D** Plc and sole traders



0 2

0 1 . 3 Which of the following is an economic influence on businesses?

[1 mark]

- A Changes in global warming
- B Changes in legislation
- C Changes in levels of employment
- D Changes in technology

0 1 . 4 Which of the following is a method of digital communication?

[1 mark]

- A Computer-aided design
- B Laptop computers
- C Leaflets
- D Social media

0 1 . 5 Which of the following is the formula for average unit costs?

[1 mark]

- A $(\text{Total fixed costs} + \text{total variable costs}) \div \text{number of units produced}$
- B $(\text{Total fixed costs} + \text{total variable costs}) \times \text{number of units produced}$
- C $(\text{Total fixed costs} + \text{total variable costs}) \div \text{number of units sold}$
- D $(\text{Total fixed costs} + \text{total variable costs}) \times \text{number of units sold}$

Question 1 continues on the next page

Turn over ►



0 3

0 1 . 6 Which of the following describes the lean production technique of just-in-time (JIT)?
[1 mark]

- A** Where a product moves continuously from one stage of the process to another
- B** Where the business buys raw materials in bulk before orders are received
- C** Where the business only produces the product when a customer has placed an order
- D** Where the business produces the product to the requirements of the customer

0 1 . 7 Identify **two** factors a business may consider when choosing a supplier.
[2 marks]

Factor 1 _____

Factor 2 _____

0 1 . 8 Explain **one** reason why a person might want to become an entrepreneur.
[2 marks]

0 1 . 9 Explain **one** reason why the training of current employees may be needed.
[2 marks]



0 1 . 10 Explain **one** disadvantage to a business of decentralisation.

[2 marks]

0 1 . 11 Explain what is meant by opportunity cost for a business.

[2 marks]

0 1 . 12 State and describe **two** documents which may be produced during the recruitment and selection process of employees.

[4 marks]

Document 1

Document 2

20

Turn over for Section B

Turn over ►



0 5

Section B

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

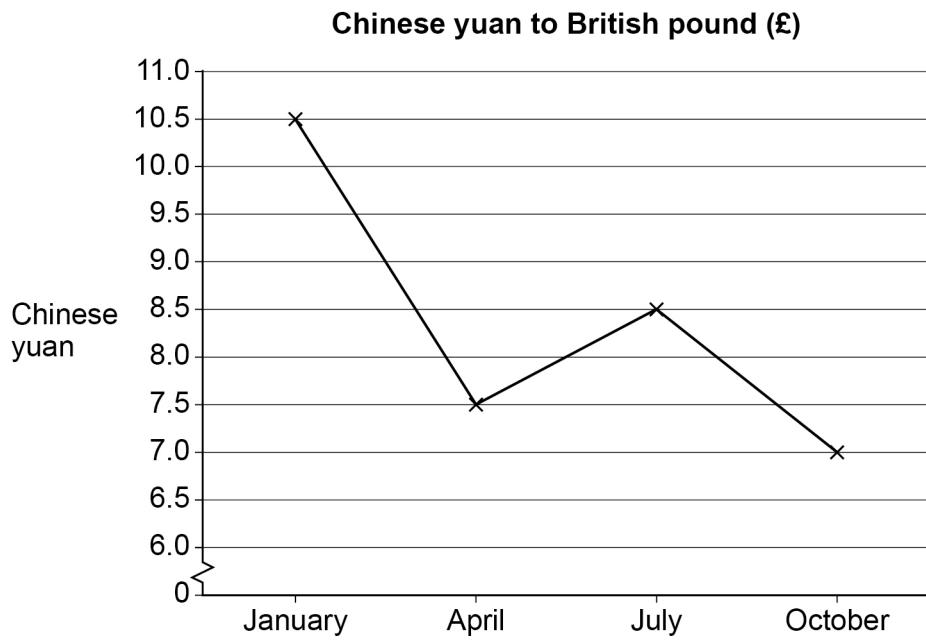
0 2

Item A: D@SO Ltd

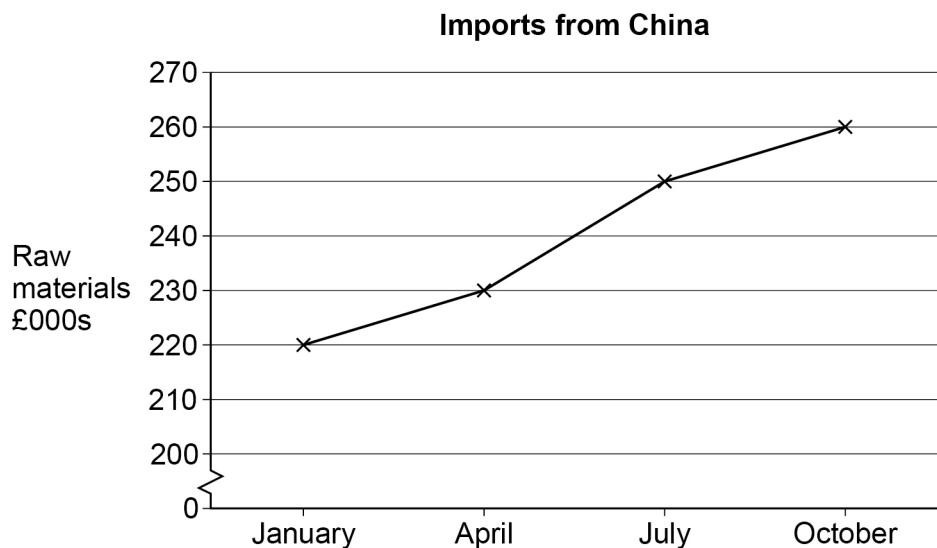
D@SO Ltd is a manufacturer of lights and decorations for special occasions. The company imports raw materials from China at a low price. Raw materials are purchased 3 months in advance by estimating future customer orders. D@SO Ltd receives a discount from suppliers for buying in bulk. It holds a buffer stock which helps during busy times such as Christmas when demand is unpredictable.

A local supplier can deliver raw materials within 24 hours. If D@SO Ltd switches to this supplier, it would be able to order small quantities when customer orders are received. The current stock storage room could then be used to expand the production area. However, prices from the new local supplier are higher than those from the current supplier in China.

Figure 1 Exchange rate of Chinese yuan to British pound 2025



0 6

Figure 2 Cost of raw materials purchased from China by a business

0 2.1 Explain **one** benefit for a business of using a lean production approach.

[2 marks]

0 2.2 A business is exporting products to China.

Explain how the change in the value of the British pound (£) against the Chinese yuan from January to October would affect the price of its products in China.

Use the data in **Figure 1** in your answer.

[2 marks]

Turn over ►



0 7

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0 2 . 3 Using the data in **Figure 2**, on **page 7**, explain the change in the import costs and how a business could respond to this change.

[3 marks]

0 2 . 4 D@SO Ltd has set an aim of increasing profits.

Recommend whether D@SO Ltd should introduce just-in-time (JIT) stock control. Give reasons for your recommendation.

[9 marks]



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Question 2 continues on the next page

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Item B: D@SO Ltd

D@SO Ltd has recently employed more production staff. Gwen is a production manager; she now has 12 production employees to supervise. She must ensure that work is given to suitable employees and that quality is at the expected level.

D@SO Ltd has decided to introduce two new supervisor roles. These supervisors will report to Gwen and oversee the 12 production employees. Two highly experienced and well-trained production employees have applied to job share one of the supervisor's roles. They have offered suitable ways in which the hours can be shared. However, they cannot agree on how they will hand over work each day. Both have different ideas on how the supervisor's role should work. Gwen is concerned the two employees will leave if the job share is not offered.

0 | 2 | . | 5 |

Explain **one** reason why a business may need to recruit a new employee.

[2 marks]



1 0

0 2 . 6

Gwen managed 5 experienced production employees before D@SO Ltd expanded and increased production staff to 12.

Analyse how the organisational structure of the production department will change with the expansion.

[6 marks]

Extra space _____

Question 2 continues on the next page

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0	2	.	7
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The two employees who have applied to job share have worked for the business for 5 years and know the other employees well.

Recommend whether D@SO Ltd should allow the two employees to job share the supervisor's role. Give reasons for your recommendation.

[9 marks]

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Extra space



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33

Turn over for Section C

Turn over ►



Section C

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

0 3 **Item C: Charlie Paul**

Charlie Paul (CP) is a successful retailer. It is located in most shopping centres around the UK.

Each CP store has several different floors. A wide range of products are offered including clothing, cosmetics and homeware. All products are high quality and sell for premium prices. Many of its products, such as furniture and bedding, are produced sustainably using recycled materials. The business has made a key pledge to stakeholders that by 2030, all of its 2700 vans used for deliveries will be electric.

Employees in all departments undergo training so they can provide detailed information about products. At the escalator on each floor, there are employees whose job it is to guide customers to the exact locations of the products they are looking for. These services contribute significantly to the store's appeal and attract customers.

0 3 . 1 State **one** method of good customer service.

[1 mark]

0 3 . 2 Using **Item C**, explain **one** way in which CP focuses on sustainability.

[4 marks]



0	3	.	3
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The shopping centres that CP operates in are very busy. CP offers customers free services, such as gift wrapping and beauty demonstrations.

Analyse how CP might benefit from good customer service.

[6 marks]

Extra space _____

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Item D: Charlie Paul

CP has replaced employees who assisted shoppers at each escalator with an interactive screen showing a map of different parts of each store. The map allows customers to search for products and plan their route around the store they are visiting.

At Christmas time, CP features a Santa's Grotto in each of its stores. Parents can book a time slot with Santa in-store using the interactive screen. Parents are placed in a virtual queue and receive a text message when it is their time to visit Santa.

The visit to Santa is free but parents are charged for extras, such as photos of their child with Santa. At the Grotto, employees are paid on commission to sell these extras. The employee who acts as Santa is paid £160 per day. The six other employees working in the Grotto are each paid £15 per hour. The Grotto is open 8 hours per day, but is closed on a Monday.

Table 1 Sales of Santa's Grotto extras at one store

Weekly total sales (over 6 days)	
Key rings	£2 500
Biscuit decorating	£3 000
Photos	£18 000



0 3 . 4 Employees receive 15% commission on the sale of extras.

Using **Table 1**, calculate the average daily commission paid by CP on key rings.

Show your workings.

[2 marks]

Workings

£ _____

0 3 . 5 Using **Item D**, calculate the daily wage costs of operating the Santa's Grotto.

Show your workings.

[2 marks]

Workings

£ _____

Question 3 continues on the next page

Turn over ►



1 7

0 3 . 6 The commission on extras is shared between all employees of the Grotto.

Explain **one** benefit of using commission to pay the Grotto employees at each CP store.

[4 marks]



0 3 . 7 CP uses a range of technologies to communicate with customers.

Analyse how CP will benefit from the use of digital technology.

[6 marks]

Extra space _____

Question 3 continues on the next page

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Item E: Charlie Paul

CP is a family-owned business which prides itself on the quality of products and services it offers. Its prices are high and the business rarely offers reductions.

CP's objectives

- CP has an outstanding reputation for treating employees and suppliers well. Profit is not the most important objective for the business.
- The owners of CP view their employees as family. Employees receive many benefits in addition to their wages, which are above the national average in retail. The business has never made employees redundant in the 50 years it has been operating.
- Suppliers are paid after 35 days and the business pays fair prices to support fairtrade and small producers.

Increasing competition from online retailers is reducing CP's sales. A large amount of cash is needed to develop its website. CP is considering **two** options.

Option 1 – Convert to a Plc

The business could sell 60% of its shares to the general public. A well-known business woman, Naia Hayat, has indicated she may be a possible investor if the business converts to a Plc. She managed successful and highly profitable retail outlets by keeping staff costs to a minimum to maximise profits.

Option 2 – Reducing the cost of supplies

CP has found a large manufacturer who can offer products at a slightly lower quality. This supplier will provide products at half the current price if CP guarantees to buy 65% of the stock it needs. CP will renegotiate cheaper contracts with existing suppliers for the remaining stock required but will offer to pay these contracts immediately upon order.



0 3 . 8

Increasing competition from online retailers is reducing CP's sales. A large amount of cash is needed to develop its website. CP is considering **two** options.

1. Converting to a Plc.
2. Reducing the cost of supplies.

Analyse the effect of each of these **two** options for CP.

Evaluate which of these **two** options will have the biggest impact on CP's ability to maintain its current objectives.

[12 marks]



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37

END OF QUESTIONS



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