



**Wednesday 21 May 2014 – Morning**

**GCSE BUSINESS STUDIES**

**A292/01** Business and People

Candidates answer on the Question Paper.

**OCR supplied materials:**

None

**Other materials required:**

- Calculators may be used.

**Duration: 1 hour**

**MODIFIED LANGUAGE**



Candidate  
forename

Candidate  
surname

Centre number

Candidate number

### INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the bar codes.

### INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- Your quality of written communication will be assessed in questions marked with an asterisk (\*).
- This document consists of **12** pages. Any blank pages are indicated.



**A calculator may  
be used for this  
paper**

Answer **all** questions.

- 1** In 2006, Leroy opened a shop called Trendy. The shop sells clothes for men to customers in the local area. Leroy operates Trendy as a sole proprietor.

**(a) (i)** Complete the **two** sentences below by circling the **correct answer** in each sentence.

A sole proprietor has unlimited liability or limited liability or no liability .

A sole proprietor is run by shareholders or partners or one owner .

**[2]**

- (ii)** Explain **two** reasons why Leroy may have wanted to operate Trendy as a sole proprietor, and not as a partnership, when he started his business.

Reason 1 .....

.....

.....

.....

Reason 2 .....

.....

.....

.....

**[4]**

- (b) The stakeholders of a business often have conflicting objectives.

List **two** of Trendy's possible stakeholders and explain why they may be in conflict with each other.

Stakeholder 1

.....

Stakeholder 2

.....

Conflict.....

.....

[3]

- (c) When Leroy started the business, one objective was for Trendy to grow.

- (i) Identify **one** way of measuring the growth of a business.

..... [1]

- (ii) Explain why it is important for the owners of a business to think carefully about its organisational structure.

.....

.....

.....

.....

.....

..... [3]

(d) Leroy decided that Trendy should grow by lateral integration.

(i) Explain the meaning of the term **lateral integration**.

.....

.....

.....

..... [2]

(ii) State and explain **one** advantage to Trendy of growing through integration with another business.

Advantage .....

.....

Explanation .....

..... [2]

(e) Leroy decided to change Trendy's business organisation to a private limited company.

State and explain **one** reason why Leroy may have decided to operate Trendy as a private limited company and not continuing to operate it as a sole proprietor.

Reason .....

.....

Explanation .....

.....

.....

..... [3]

- (f)\* After seven years, Trendy Ltd has grown significantly and now has a number of employees. As a result, maintaining employee motivation has become increasingly difficult. To increase employee motivation, the directors of Trendy Ltd are considering whether to introduce **fringe benefits** or an employee **profit sharing scheme**.

Discuss which of these two methods you would choose to improve the motivation of Trendy Ltd's employees. In your answer you should explain why you did **not** choose the other method.

[6]

- (g) The growth of Trendy Ltd meant an additional office worker was needed. Jane was recruited. She needed training on **how to deal with difficult customers on the telephone**, and on **how to use the photocopier**. Fig. 1 shows three possible training methods.

Training method
demonstration
role play
team building exercises

**Fig. 1**

Using Fig. 1, choose the training method which best suits **each** of Jane's training needs. Give a reason for **each** of your choices.

- (i) how to deal with difficult customers on the telephone

Training method.....

Reason .....

.....

**[2]**

- (ii) how to use the photocopier

Training method.....

Reason .....

.....

**[2]**

2 Four by Four plc makes cars at its UK factory. The cars are sold in Europe.

(a) (i) From the list below, tick (✓) **one** box which is a feature of a public limited company.

Feature	Tick (✓)
Shares must be sold to family and friends	
Income tax must be paid on profit	
Shares are sold on the stock exchange	
Accounts are kept private	

[1]

(ii) Four by Four plc has gone through the process of incorporation.

Explain the meaning of **incorporation**.

.....

.....

.....

..... [2]

(b) State and explain **two** factors which Four by Four plc may have taken into consideration when locating its factory.

Factor 1 .....

.....

Explanation .....

.....

Factor 2 .....

.....

Explanation .....

.....

[4]

(c) Four by Four plc needs a new head of marketing. After receiving 200 applications, Four by Four plc used the selection procedure as outlined in Fig. 2.

- **Shortlist** six of the 200 applicants
- Hold a 10 minute **interview** with each shortlisted candidate
- Have 15 employees from various levels in the business on the **interview panel**
- Ask each shortlisted candidate **different questions** in the interview
- Use **group activities** as part of the selection process

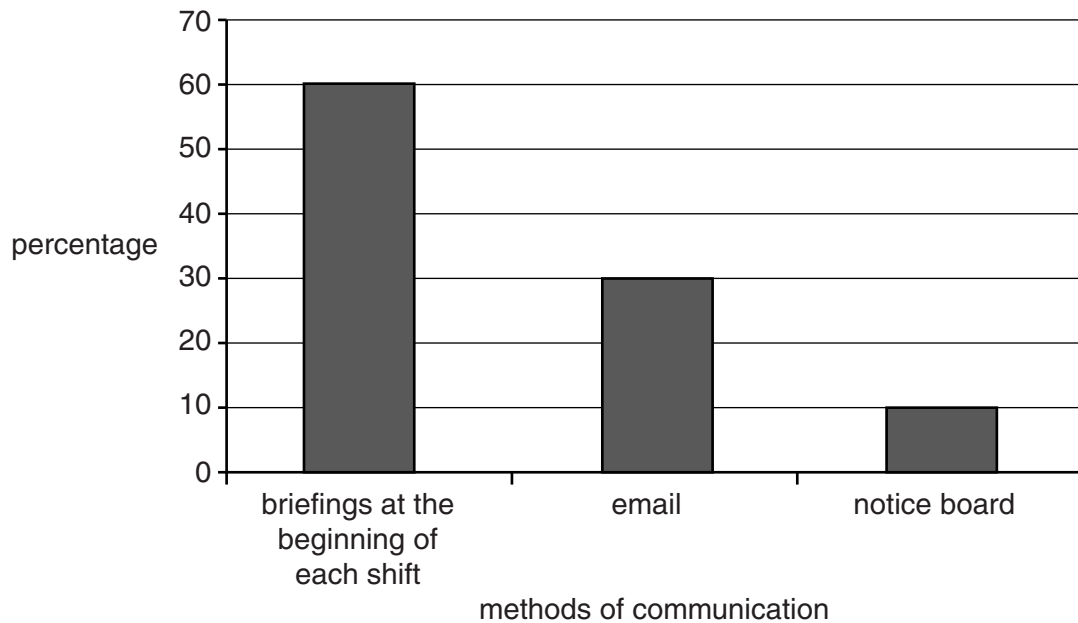
**Fig. 2**

Using Fig. 2, advise Four by Four plc **whether or not** this selection procedure is appropriate for selecting a new head of marketing. You should refer to both the **advantages** and **disadvantages** of this selection procedure in your answer.

[6]



- (d) Four by Four plc has 500 employees. The business did a survey about its employees' preferred methods of communication. One of the findings is given in Fig. 3.



**Fig. 3**

- (i) Identify which method of communication is the **most preferred** method in Four by Four plc.

..... [1]

- (ii) Choose **one** method of communication in Fig. 3. Explain **one** possible problem for Four by Four plc in using this method to communicate with its employees.

Chosen method of communication

.....

Explanation .....

.....

.....

..... [2]

- (e) Because of the developments in ICT, some employees at Four by Four plc have been able to change their pattern of work.

State and explain **two** advantages to **Four by Four plc** of the business allowing different patterns of work for its employees.

Advantage 1.....

.....

Explanation.....

.....

Advantage 2.....

.....

Explanation.....

.....

[4]



Explain whether or not the data in Fig. 4 shows that Four by Four plc has successfully motivated its employees between 2011 and 2013.

..... [4

**Question 2(g) begins on page 12**

**Fig. 5**

..... [6]

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