



**Wednesday 21 May 2014 – Morning**

**GCSE BUSINESS STUDIES**

**A292/01 Business and People**

Candidates answer on the Question Paper.

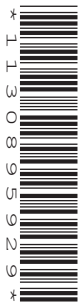
**OCR supplied materials:**

None

**Other materials required:**

- Calculators may be used.

**Duration: 1 hour**



Candidate forename		Candidate surname	
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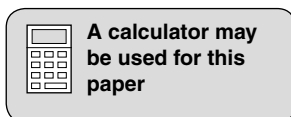
Centre number						Candidate number				
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**INSTRUCTIONS TO CANDIDATES**

- 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.



Answer **all** questions.

1 In 2006, Leroy opened a shop called Trendy which 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  or  or .

A sole proprietor is run by  or  or .

[2]

(ii) Explain **two** reasons why Leroy may have wanted to operate Trendy as a sole proprietor, rather than 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) One objective for Leroy when he started the business was for Trendy to grow.

(i) Identify **one** way in which the growth of a business can be measured.

..... [1]

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

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..... [3]

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

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

.....  
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..... [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 instead of continuing to operate it as a sole proprietor.

Reason .....  
.....  
Explanation .....  
.....  
..... [3]

- (f)\* After seven years, Trendy Ltd has grown significantly and now employs a number of staff. 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 in order to improve the motivation of Trendy Ltd’s employees. In your answer you should explain why you did **not** choose the other method.

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..... [6]

- (g) The growth of Trendy Ltd meant an additional office worker was required. Jane was recruited and she required 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 and sells them 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 requires 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.

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**[6]**



(d) Four by Four plc has 500 employees. The business carried out a survey about the methods of communication its employees preferred to be used. One of the findings is given in Fig. 3.

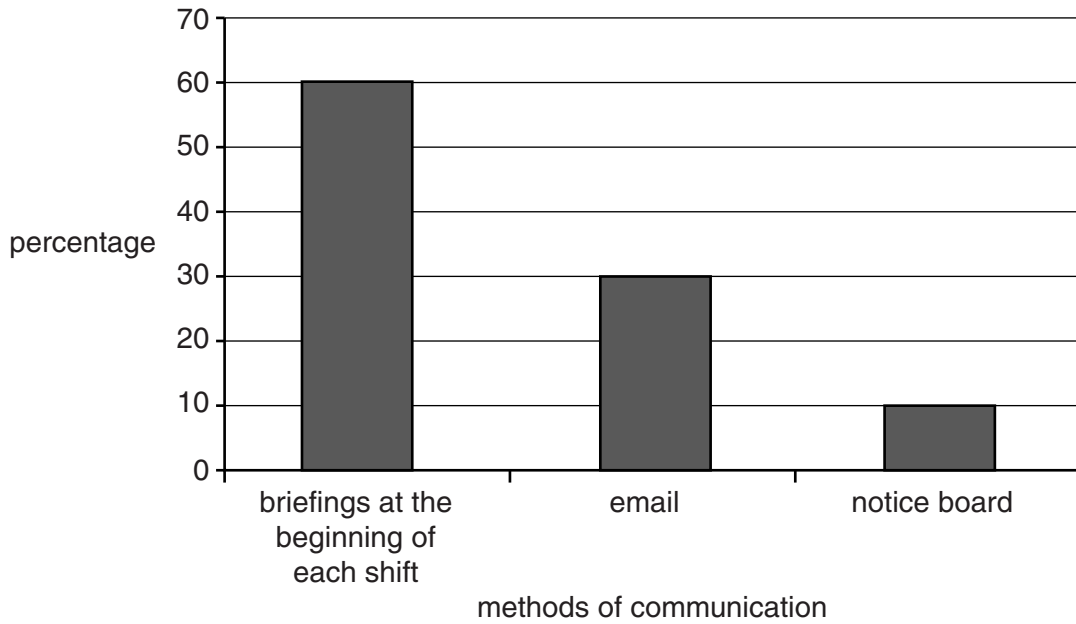


Fig. 3

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

..... [1]

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

Chosen method of communication

.....

Explanation .....

.....

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..... [2]

- (e) Given 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]



(g)\* Fig. 5 shows an extract from a national newspaper.

**The Transit Car union has warned that further industrial action is 'inevitable' as its members resist any reductions to their employment rights and living standards.**

**Fig. 5**

Evaluate possible effects on Four by Four plc of the information shown in Fig. 5.

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**[6]**

**END OF QUESTION PAPER**



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