

Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

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Forename(s)

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Candidate signature

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I declare this is my own work.

# A-level BUSINESS

## Paper 1 Business 1

Time allowed: 2 hours

### 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 in **Section A** and **Section B**.
- Answer **one** question from **Section C** and **one** question from **Section D**.
- 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.

### Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 100.

For Examiner's Use	
Question	Mark
Section A	
16	
17	
18	
19	
20	
21	
22	
23	
24	
<b>TOTAL</b>	



J U N 2 1 7 1 3 2 1 0 1

**Section A**Answer **all** questions in this section.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****Statement 1:** 'In a SWOT analysis, high staff turnover is a threat.'**Statement 2:** 'In a SWOT analysis, excellent research and development facilities are an opportunity.'**Read statements 1 and 2** and select the correct option from the following options.**[1 mark]****A** Statement 1 is true. Statement 2 is true.☐**B** Statement 1 is true. Statement 2 is false.☐**C** Statement 1 is false. Statement 2 is true.☐**D** Statement 1 is false. Statement 2 is false.☐**0 2**

After five years of trading, the value of a company's initial ordinary share capital is identical to the value of its market capitalisation. No further shares have been issued during this period.

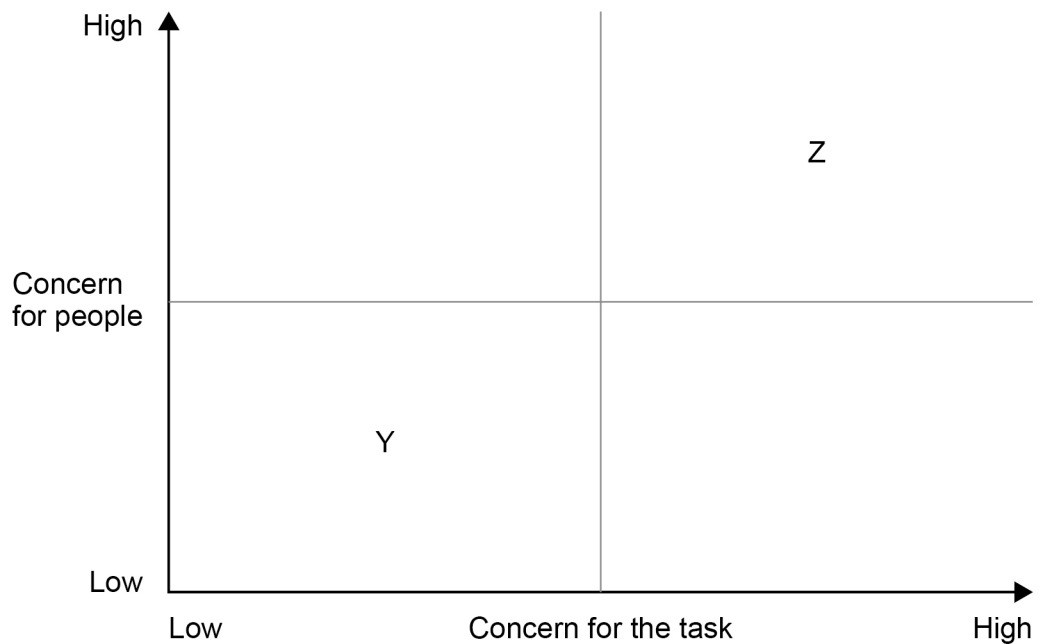
These two values will only be identical if:

**[1 mark]****A** all of its profit has been distributed to shareholders.☐**B** all of its profit has been retained in the business.☐**C** it has made a total profit of zero over the five years.☐**D** the current market price of the shares is the same as the initial share price.☐

0 3

**Figure 1** below shows the Blake Mouton grid.

**Figure 1 Blake Mouton grid**



In **Figure 1**, the move from point Y to point Z shows a change in leadership style:

**[1 mark]**

- A** from country club leader to 'produce or perish' leader.
- B** from country club leader to team leader.
- C** from impoverished leader to 'produce or perish' leader.
- D** from impoverished leader to team leader.

☐
☐
☐
☐

**Turn over for the next question**

**Turn over ►**



0 4

In which of these situations is a business most likely to use outsourcing for some of its production?

Situation	Current level of capacity utilisation	Predictability of demand
A	High	High
B	High	Low
C	Low	High
D	Low	Low

[1 mark]

A Situation A

☐

B Situation B

☐

C Situation C

☐

D Situation D

☐

0 5

In 2019, the niche market of electric cars increased its share of the global car sales market from 0.8% to 2.4%. However, global car sales fell by 2.5%. Model X was the most popular electric car. On a Boston Matrix for the global car market in 2019, Model X was a:

[1 mark]

A cash cow.

☐

B dog.

☐

C problem child/question mark.

☐

D star.

☐


0 6

**Statement 1:** 'Total revenue – profit = Total contribution + fixed costs'

**Statement 2:** '(Selling price x quantity) – fixed costs = Profit + variable costs'

**Read statements 1 and 2** and select the correct option from the following options.

[1 mark]

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐

0 7

Assuming no other changes, capacity utilisation is likely to be:

[1 mark]

**A** decreased by dynamic pricing and decreased by penetration pricing.

☐

**B** decreased by dynamic pricing and increased by penetration pricing.

☐

**C** increased by dynamic pricing and decreased by penetration pricing.

☐

**D** increased by dynamic pricing and increased by penetration pricing.

☐

**Turn over for the next question**

**Turn over ►**



0 8

**Table 1** below shows efficiency ratios for four different companies.

**Table 1 Efficiency ratios for four companies**

Ratios	Company			
	A	B	C	D
Payables days	35 days	35 days	25 days	25 days
Receivables days	25 days	25 days	35 days	35 days
Inventory turnover (times)	15	10	15	10

Based on these ratios, which company is most likely to have the best cash flow?

[1 mark]

**A** Company A

☐

**B** Company B

☐

**C** Company C

☐

**D** Company D

☐

0 9

A business introduces two strategies (X and Y) to improve profits:

Strategy X: Focusing on selling goods with a positive income elasticity of demand.

Strategy Y: Reducing unit costs through economies of scope.

**Statement 1:** 'Strategy X will not be effective if GDP declines.'

**Statement 2:** 'Strategy Y will only be possible if the business produces a wider range of products.'

**Read statements 1 and 2** and select the correct option from the following options.

[1 mark]

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐


1 0

The two statements below refer to Hackman and Oldham's model of job design. According to this model, employee performance will be improved by:

**Statement 1:** 'constant feedback on performance.'

**Statement 2:** 'each employee focusing on the task in which they excel most.'

**Read statements 1 and 2** and select the correct option from the following options.

[1 mark]

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

☐

1 1

A business that trades abroad changes its strategy because:

1. The pressure for global integration changes from low to high.
2. The pressure for local responsiveness changes from low to high.

Based on Bartlett and Ghoshal's model, the business should change its strategy:

[1 mark]

**A** from a global strategy to a multi-domestic strategy.

☐

**B** from a global strategy to a transnational strategy.

☐

**C** from an international strategy to a multi-domestic strategy.

☐

**D** from an international strategy to a transnational strategy.

☐

**Turn over for the next question**

**Turn over ►**



**1 2****Table 2** below shows investment appraisal data for four projects.**Table 2 Investment appraisal data**

Project	Initial cost (£m)	Net return (£m)		
	Year 0	Year 1	Year 2	Year 3
A	(12)	12	10	0
B	(15)	10	12	15
C	(16)	18	0	0
D	(20)	19	15	4

Which project has the best payback?

**[1 mark]****A** Project A☐**B** Project B☐**C** Project C☐**D** Project D☐**1 3**

The leadership crisis occurs at the end of which of Greiner's stages of growth?

**[1 mark]****A** Growth through collaboration☐**B** Growth through creativity☐**C** Growth through delegation☐**D** Growth through direction☐



1 4

An employee resists change because it will not help her personally. The business overcomes her resistance by offering her a role in managing the change. This is an example of using:

[1 mark]

**A** coercion to overcome fear and misunderstanding.

☐

**B** coercion to overcome self-interest.

☐

**C** manipulation to overcome fear and misunderstanding.

☐

**D** manipulation to overcome self-interest.

☐

1 5

**Statement 1:** 'A prediction based on a strong, negative correlation will have a higher confidence level than one based on a weak, positive correlation.'

**Statement 2:** 'A business will base extrapolation on its qualitative market research.'

**Read statements 1 and 2** and select the correct option from the following option:

[1 mark]

**A** Statement 1 is true. Statement 2 is true.

☐

**B** Statement 1 is true. Statement 2 is false.

☐

**C** Statement 1 is false. Statement 2 is true.

☐

**D** Statement 1 is false. Statement 2 is false.

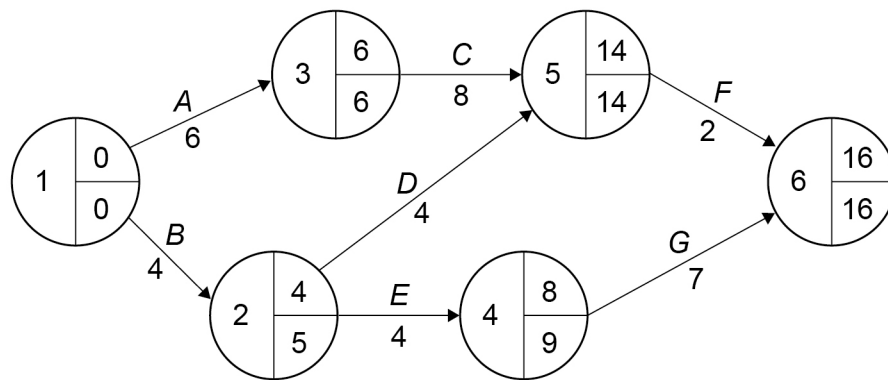
☐

**Turn over for Section B**

15

**Turn over ►**



**Section B**Answer **all** questions in this section.**1 6****Figure 2** shows a network for a project. All timings are shown in days.**Figure 2 Network for a project****1 6****. 1**

State the activities on the critical path.

**[1 mark]**


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**1 6****. 2**

What is the float time, in days, for Activity D?

**[1 mark]**


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The business has learned that Activity E will now take 7 days to complete.

1 6 . 3

Given this change, state the activities on the critical path.

[1 mark]

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1 6 . 4

Given this change, what is the duration of this critical path, in days?

[1 mark]

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Turn over for the next question

Turn over ►

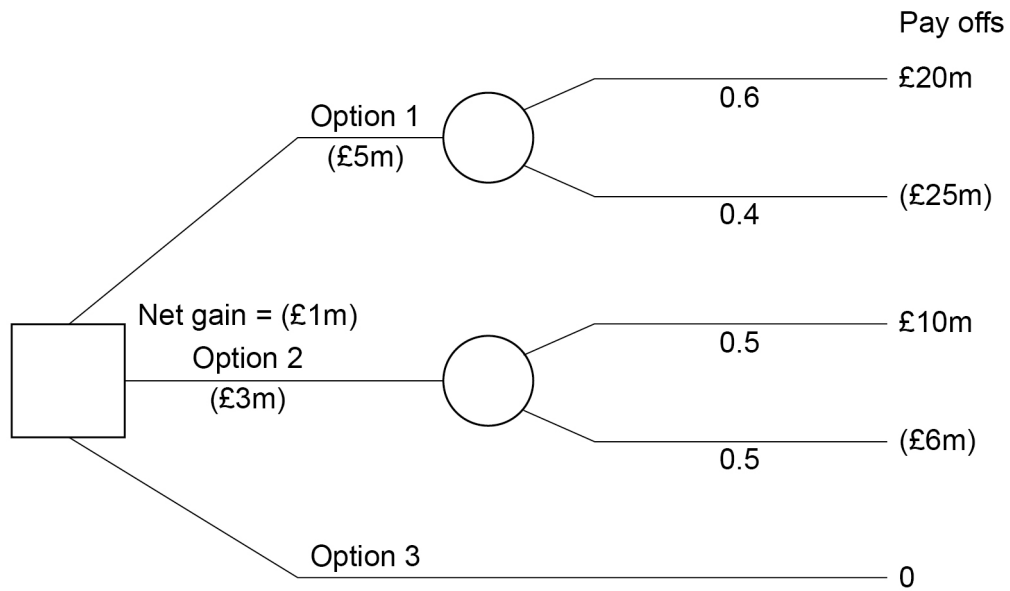


**1 7****Figure 3** shows a decision tree with three options:

Option 1 is a new promotional campaign.

Option 2 is a modified product.

Option 3 is to do nothing.

**Figure 3 Decision tree****1 7 . 1**Referring to **Figure 3**, calculate the expected value **and** the net gain of Option 1. Show your working.**[3 marks]**

Expected value = \_\_\_\_\_

Net gain = \_\_\_\_\_

Working

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**1 7 . 2**Using these calculations and the other data in **Figure 3**, state which one of the three options the business should choose.**[1 mark]**


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**[9 marks]**

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9

**Turn over ►**



The currency of Country X is the peso.

	2019	2020
Index of GDP	200	210
Value of peso in US \$	\$1.00	\$1.10

Analyse the possible impact of the changes in these data on the profitability of this business.

**[9 marks]**

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**C**



Managers undertake a number of roles. Analyse how the reviewing role of a human resource manager can improve the performance of the workforce.

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Answer **either** Question 21 **or** Question 22.

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**[25 marks]**

**[25 marks]**

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Answer **either** Question 23 **or** Question 24.

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Question 

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2	3
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**[25 marks]**

2	4
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Justify your view.

**[25 marks]**

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END OF QUESTIONS



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