



## 2: People in business

### Paper 1 – Topic questions

The questions in this document have been compiled from a number of past papers, as indicated in the table below.

Use these questions to formatively assess your learners' understanding of this topic.

Question	Year	Series	Paper number
4d	2017	March	12
4e	2017	March	12
1c	2018	March	12
1d	2018	March	12

4 BGN sells furniture such as beds and tables. It started as a partnership but is now a private limited company. BGN has expanded quickly and has 10 shops located in different cities. Each shop manager is responsible for recruitment and decisions about inventory levels. They send the Board a monthly report. The Managing Director has a laissez-faire leadership style. There has been an increase in customer complaints and employees think internal communications need to be improved.

(d) Identify and explain **one** advantage and **one** disadvantage of the Managing Director's leadership style.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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..... [6]

- (e) Explain **two** ways BGN could try to improve internal communication. Recommend which way BGN should choose. Justify your answer.

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..... [6]

- 1 Ruby is a sole trader. She produces handmade, individually designed greetings cards using job production. High quality cards are important to Ruby's customers. Ruby has 3 part-time employees who are paid an hourly wage rate. Ruby is thinking of changing from an hourly wage rate to a piece rate system, where the employees are paid depending on the quantity of products they make. Ruby thinks this will help to improve the motivation of her workforce. During festivals and celebrations she receives a higher number of orders.

(c) Identify and explain **two** advantages to Ruby of having part-time employees.

Advantage 1:.....

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Explanation:.....

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Advantage 2:.....

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Explanation:.....

..... [4]

(d) Identify and explain two non-financial methods of motivation which Ruby could use.

Method 1:.....

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Explanation:.....

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Method 2:.....

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Explanation:.....

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..... [6]

Question	Answer	Mark
4 (d)	<p><b>Identify and explain one advantage and one disadvantage of the Managing Director's leadership style.</b></p> <p>Knowledge [2 × 1] – award one mark for an advantage and one mark for disadvantage</p> <p>Application [2 × 1] – award 1 mark for each relevant reference made to this business</p> <p>Analysis [2 × 1] – award 1 mark for each relevant explanation</p> <p>Relevant points might include:</p> <p>Advantages:</p> <ul style="list-style-type: none"> <li>• Encourages loyalty / motivation [k] as managers can run own shops [app] so less likely to leave [an]</li> <li>• Maximise skills of employees [k] could help reduce number of complaints [app] increasing sales [an]</li> <li>• MD has time to focus on strategic/other issues [k] such as expansion to more cities [app]</li> </ul> <p>Disadvantage:</p> <ul style="list-style-type: none"> <li>• No real direction / different opinions [k] of shop managers [app] leading to wrong decisions/ disputes [an]</li> <li>• Employees may not have skills / experience to make decisions [k] leading to mistakes [an] when doing recruitment [app]</li> <li>• Higher costs [k] as shops arrange own inventory [app] so no economies of scale [an]</li> <li>• Work might not get done in time [k] so customer complaints [app] leading to poor reputation [an]</li> </ul> <p>Application marks may be awarded for appropriate use of the following: furniture or similar references such as tables, chairs; 10 shops, different cities, (increase in) customer complaints, decisions over inventory and / or recruitment, partnership or private limited company, expanded quickly, monthly report</p>	6

Question	Answer	Mark
4 (e)	<p><b>Explain two ways BGN could try to improve internal communication. Recommend which way BGN should choose. Justify your answer.</b></p> <p>Knowledge [1] – award 1 mark for identification of relevant issue(s) [max 1]  Application [1] – award 1 mark for relevant reference made to this business  Analysis [2] – award up to 2 marks for relevant development of point(s)  Evaluation [2] – award up to 2 marks for a justified decision as to which option BGN should choose</p> <p>Relevant points might include:</p> <ul style="list-style-type: none"> <li>• Email [k] as have copy to refer to [an] but may not open when needed [an]</li> <li>• Text [k] can only send a short message [an]</li> <li>• Video conference [k] as also able to see non-verbal signs [an]</li> <li>• Phone calls [k] allows for feedback / two way communication [an]</li> <li>• Meetings [k] rather than monthly reports [app]</li> <li>• Change leadership style [k] from laissez faire [app]</li> <li>• Changes to organisation structure e.g. change chain of command [k]</li> </ul> <p>Application marks may be awarded for appropriate use of the following:  furniture or similar references such as tables, 10 shops, different cities, (increase in) customer complaints, decisions over inventory and / or recruitment, partnership or private limited company, expanded quickly, monthly report</p> <p><b>Do not accept</b> answers that discuss external methods of communication, as this does not answer the question.</p> <p><b>Do not accept</b> one way or two-way communication as these are classifications not ways</p>	6
1 (c)	<p><b>Identify and explain two advantages to Ruby of having part-time employees.</b></p> <p>Knowledge (2 × 1) – award 1 mark for each relevant advantage (max 2)  Application (2 × 1) – award 1 mark for each relevant explanation in context</p> <p>Advantages may include:</p> <ul style="list-style-type: none"> <li>• Helps keep experienced staff [k] which is important as cards are handmade [app]</li> <li>• Flexible OR can call in workers when needed [k] such as during festivals and celebrations [ app]</li> <li>• Lower labour costs OR when not working no need to pay wages [k] which is important for a sole trader [app]</li> <li>• Help attract workers who need flexible working hours [k] to produce greetings cards [app]</li> <li>• Provide a wider range of skills / ideas [k] as products are individually designed [app]</li> </ul>	4

Question	Answer	Mark
1 (d)	<p><b>Identify and explain two non-financial methods of motivation which Ruby could use.</b></p> <p>Knowledge (2 × 1) – award 1 mark for identification of each relevant issue (max 2)</p> <p>Application (2 × 1) – award 1 mark for each relevant reference made to this business</p> <p>Analysis (2 × 1) – award 1 mark for each relevant development</p> <p>Relevant points may include:</p> <ul style="list-style-type: none"> <li>• Job rotation [k] could help staff to become multi-skilled and more flexible [an] when producing hand made cards [app]</li> <li>• Job enlargement [k] as greater variety of work can help keep them satisfied [an] to help meet the higher orders during festivals [app]</li> <li>• Job enrichment [k] which may increase quality which is important to Ruby [app] as workers feel they have been given more responsibility [an]</li> <li>• Ruby could use fringe benefits (allow only once) [k] as she is a sole trader [app]</li> <li>• Praise [k]</li> <li>• Employee of the month awards [k]</li> <li>• Team working</li> <li>• Delegation OR empowerment OR decision making [k]</li> <li>• Opportunity for promotion [k]</li> </ul> <p>Application marks may be awarded for appropriate use of the following:</p> <ul style="list-style-type: none"> <li>• festivals OR celebrations</li> <li>• sole trader</li> <li>• individually designed</li> <li>• greetings cards OR related words such as paper</li> <li>• hand made</li> <li>• quality cards are important</li> <li>• three (employees)</li> <li>• job production</li> <li>• part-time</li> <li>• piece rate</li> </ul> <p><b>Do not</b> accept financial methods such as pay rises, bonuses, shares, pension, commission as this does not answer question</p>	6