Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer all questions in Section A and Section B.
- Answer the questions in the spaces provided – there may be more space than you need.
- You may use a calculator.

Information

- The total mark for this paper is 70.
- The marks for each question are shown in brackets – *use this as a guide as to how much time to spend on each question*.
- Quality of written communication will be taken into account in the marking of your response to Question 12 in Section B. This question is indicated with an asterisk *
  – you should take particular care on this question with your spelling, punctuation and grammar, as well as the clarity of expression.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.
SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may include diagrams and annotate them in your answers.

John Lewis plc is a leading UK retail business. A recent TV advertising campaign portraying ‘everywoman’ from infancy to old age accompanied by the song ‘Always a Woman’ led to a huge increase in sales.

1 (a) This success could be best described as a good example of

A niche marketing
B mass marketing
C profit forecasting
D online retailing

Answer

(b) Explain your answer.

(Total for Question 1 = 4 marks)
In the American state of Utah, state employees moved from a 5-day 9am-5pm working week to a 4-day, 8am-6pm working week. As a result staff absenteeism has fallen and total output has risen.

2 (a) Which **one** of the following can be concluded from this information? (1)

A  Increased efficiency will result
B  Unit costs will rise
C  The span of control will widen
D  A rise in staff travel to work costs

Answer

(b) Explain your answer. (3)

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(Total for Question 2 = 4 marks)
Nicholas Nichola runs a shoe repair shop in north London. During the recession of 2008 and 2009 he saw an increase in trade of 25 to 30 per cent.

3  (a) Which one of the following is most likely to be the reason for this? (1)

A  Poor management of cash flow
B  Overestimation of sales
C  Inadequate stock control
D  More favourable market conditions

Answer □

(b) Explain your answer.  (3)

(Total for Question 3 = 4 marks)
The city of Kingston Upon Hull is a major centre for the production of caravans. Over the years this has led to a pool of highly skilled manufacturing workers.

4 (a) When the market expands, which **one** aspect of the businesses’ operation would benefit most?

   A  Design mix
   B  Economic manufacture
   C  Product function
   D  Product market research

   Answer [ ]

   (b) Explain your answer.

   (Total for Question 4 = 4 marks)
Read the following information and then answer questions 5 and 6.

Mary Lewis's business, ID Jewellery, prepares cash flow forecasts on a monthly basis.

<table>
<thead>
<tr>
<th>Receipts</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>£7 500</td>
<td>£11 500</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>£1 000</td>
<td>£1 400</td>
</tr>
<tr>
<td>Wages</td>
<td>£2 500</td>
<td>£3 000</td>
</tr>
<tr>
<td>Overheads</td>
<td>£1 000</td>
<td>£1 000</td>
</tr>
<tr>
<td>Total payments</td>
<td>£4 500</td>
<td>£5 400</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>£3 000</td>
<td>(a)</td>
</tr>
<tr>
<td>Opening balance</td>
<td>£1 500</td>
<td>£4 500</td>
</tr>
<tr>
<td>Closing balance</td>
<td>£4 500</td>
<td>£10 600</td>
</tr>
</tbody>
</table>

5 (a) What is the missing figure at point (a) in the extract from her forecast? (1)

A £700 positive  
B £6 100 negative  
C £6 100 positive  
D £16 900 positive

Answer

(b) Explain your answer (show your workings). (3)

(Total for Question 5 = 4 marks)
When Mary’s actual receipts and payments for ID Jewellery were different to her forecast budgeted figures, she decided to review her budgets.

6  (a) When reviewing her budgets, which **one** of the following receipts/payments is **most likely** to be predicted accurately by Mary? (1)

A  Raw material costs  
B  Rent  
C  Cash sales  
D  Overtime payments

Answer

(b) Explain your answer. (3)

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS
SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

The Spice of Life

Nando’s is a chain of restaurants specialising in Portuguese chicken recipes

Survey results from the Sunday Times best 100 firms to work for

Nando’s Restaurants

<table>
<thead>
<tr>
<th>Top Marks</th>
<th>Male/Female ratio</th>
<th>43/57</th>
</tr>
</thead>
<tbody>
<tr>
<td>My manager</td>
<td>1st</td>
<td>Average age</td>
</tr>
<tr>
<td>My team</td>
<td>1st</td>
<td>Graduate vacancies</td>
</tr>
<tr>
<td>Wellbeing</td>
<td>1st</td>
<td>Staff turnover</td>
</tr>
</tbody>
</table>

A job at Nando’s is as hot as the restaurant’s popular peri-peri chicken dish, with happy employees ranking it the best large company to work for in the UK, according to the 2010 Sunday Times annual awards. “We wanted people to enjoy their jobs”, says human resources director Julia Clayton.

Employees say they love working for Nando’s because of the family atmosphere in the teams they work in. They feel that managers care about them as individuals and also talk openly and honestly with them. Paulo Santimano Sequira joined Nando’s as a cleaner nine years ago on arriving from Portugal. Within two years, thanks to the firm’s internal and external training, Paulo became an assistant manager. He then joined the firm’s central support team where he now oversees health and safety, food safety and licensing.

With more than 220 restaurants in the UK and more than 6 200 employees, the firm continues to see substantial growth with another 20 restaurants opening in 2010. Julia Clayton says that 75 per cent of her budget is invested in staff learning and development. That works out at about 45 hours of training annually per employee, at an average cost of £425. However, in Paulo’s case the support and training went further, with paid time off and help with tuition fees to complete a part-time business degree. “Decisions are not always made from the top, they will listen to everyone in the company,” he says, “and to have someone who will listen to you even when you are a cleaner, shows how it can motivate a person within a company.”

Nando’s provides generous maternity pay in addition to financial help towards childcare. Working hours are very flexible, enabling area manager Nicola Pegues to stay with the company for eight years during which time she has had three children. “There are some meetings I have to go to but some days I start in the afternoon, sometimes I work the weekends or extra hours,” Nicola says. Employees are happy with the balance between their work and home life and don’t feel work deadlines are unrealistic.

(Source: adapted from www.nandos.co.uk)
7 Fresh ingredients are an essential part of Nando’s success. Explain why maintaining good relationships with suppliers might be important to Nando’s.

(Total for Question 7 = 4 marks)
8 Nando's staff are well-motivated. Explain the relevance of Herzberg's two-factor theory to Nando's human resource policy.

(Total for Question 8 = 4 marks)
Low labour turnover is thought to be a good indicator of a happy staff yet Nando’s annual labour turnover is 32 per cent (see Evidence A).

9 Analyse two possible reasons why there is a relatively high annual labour turnover at Nando’s despite contented staff.

(Total for Question 9 = 8 marks)
Nando’s provides 45 hours of training per year for each member of staff.

10 Assess the likely value of training to Nando’s.

(Total for Question 10 = 8 marks)
11 Evaluate any two factors that may affect the price elasticity of demand for Nando's products.

(Total for Question 11 = 8 marks)
12 Evaluate how flexible working might affect:

(a) Nando’s, the business. (7)
(b) Nando's employees. (7)