



GCE AS



B510U20-1

TUESDAY, 7 JUNE 2022 – MORNING

BUSINESS – AS component 2

Business Functions

2 hours plus your additional time allowance

Surname _____

First Name(s) _____

Centre Number _____

Candidate Number 2 _____

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	18	
2.	22	
3.	15	
4 or 5 or 6	25	
Total	80	

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink, black ball-point pen or your usual method.

Write your name, centre number and candidate number in the spaces provided on the front cover.

Answer ALL questions in section A.

Answer ONE question from Section B.

Write your answers in the spaces provided in this booklet.

If you run out of space, use the continuation page(s) at the back of the booklet, taking care to number the question(s) correctly.

You are advised to spend no more than 80 minutes on Section A.

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INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.

(Turn over)

SECTION A

Answer ALL questions from this section.

1. WORKFORCE PERFORMANCE AT TUFF PLATE LTD

Tuff Plate Ltd is a manufacturer of steel parts that are used in recycling crushers. Employees at Tuff Plate undertake a number of job roles including; operating drilling and cutting machines, welding and delivering finished parts to recycling centres across Europe. The human resource department keeps a record of LABOUR PRODUCTIVITY, LABOUR TURNOVER and ABSENTEEISM rates for the workforce.

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In 2020, Tuff Plate Ltd employed an average of 60 workers throughout the year who produced a total yearly output of 3120 hardened steel parts. During 2020, 3 workers left the business.

In 2021, Tuff Plate Ltd employed an average of 58 workers throughout the year who produced a total yearly output of 3422 hardened steel parts. During 2021, 2 workers left the business.

The human resource manager has provided industry average workforce performance data:

	2020 – 2021 INDUSTRY AVERAGE
Labour productivity	54 hardened steel parts
Labour turnover	4.15%

1. The human resource manager is keen to improve the motivation levels of the workforce and is considering financial motivational techniques.

(a) State what is meant by the term ABSENTEEISM. [2 marks]

1 (b) Using calculations of LABOUR PRODUCTIVITY and LABOUR TURNOVER, assess the workforce performance of Tuff Plate Ltd between 2020 and 2021. [10 marks]

[illegible]

(Turn over)

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1 (c) Explain TWO financial methods of motivation that could be used by the human resource manager of Tuff Plate Ltd to motivate the workforce.

[6 marks]

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2. IKEA'S CHANGE OF FOCUS

Ikea was founded in Sweden in 1943, and now operates in over 400 stores in over 45 countries. Ikea first opened its doors in the UK in 1987, and today has over 20 UK stores.

Ikea is a well-known BRAND that specialises in low price, high quality furniture and accessories. Recently, Ikea launched a new smaller store on the British high street. The first mini-Ikea opened in central London in late 2018 selling a “new capsule collection” of furniture and accessories such as beds, lighting, and office and gardening products. Up until this point Ikea were known for very large stores that sold the full range of Ikea's portfolio.

(Turn over)

Ikea's retail manager Javier Quinones said: "The opening of this new small city centre shop marks an exciting development for the Ikea business, as we continue to focus on INNOVATION and transform to better meet the needs of our customers". Mr Quinones said: "We know that by 2050, 70% of people will be living in cities. Our city centre approach is just the beginning of a new period of change for Ikea as a business".

Mr Quinones also unveiled plans for a 24-hour delivery service to cope with online demand and competition from internet sites such as Amazon. "If we do not adapt then in the long run we will not exist. By launching this new approach and investing more in multi-channel distribution, we are working to ensure Ikea

(Turn over)

remains affordable, convenient and sustainable, both now and in the future.” More mini-Ikea stores are planned in the UK, growing the business further.

Source: Adapted from: <https://www.mirror.co.uk/money/new-mini-ikea-stores-open-12968524>

**2 (a) Describe the meaning of the term
BRAND. [2 marks]**

2 (b) Consider whether the benefits of innovation outweigh the costs to businesses. [6 marks]

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2 (c) Explain TWO reasons why Ikea may have experienced diseconomies of scale. [6 marks]

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2 (d) “Selecting the right distribution channel is the most important part of the marketing mix for Ikea”, to what extent do you agree with this view?

[8 marks]

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3. DO I GROW MY BUSINESS?

For the past six months Neve has run her own sole trader dog walking business. Due to recent customer feedback she is now considering expanding and offering a pet grooming service alongside her current dog walking business. Neve understands that in order to offer this service she will need to rent a small premises that is accessible for customers, acquire various pet grooming equipment, and employ an additional part-time worker.

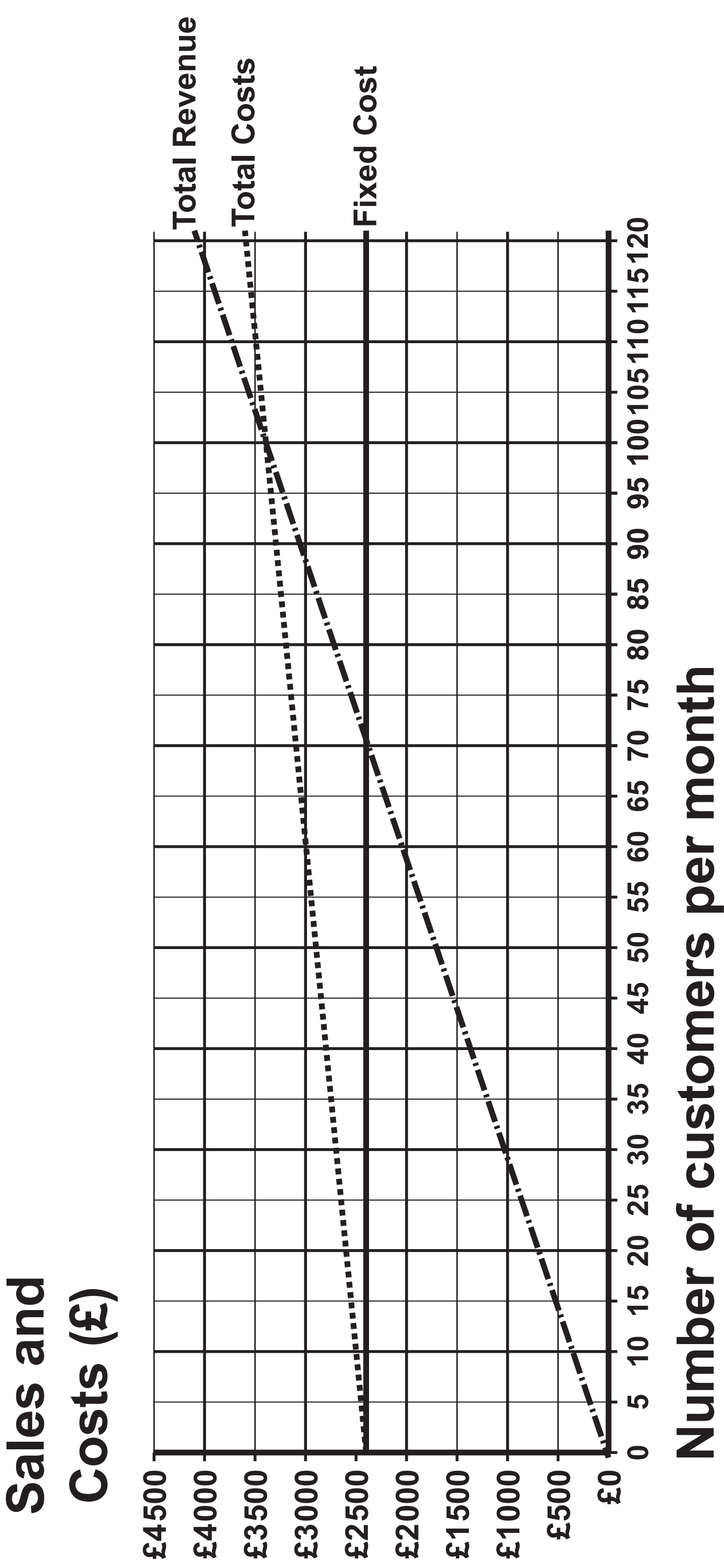
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Neve has prepared the following financial information for her potential pet grooming service idea. The information is based on a small sample of her current customers' feedback and secondary market research.

EXTRACT 1: Predicted costs and sales research for Neve’s pet grooming service idea

Fixed costs per month	£2400
Variable cost per unit	£10
Average selling price	£34
Average number of customers per month	121 customers

EXTRACT 2: Predicted monthly break even graph for Neve's pet grooming service idea



Neve currently has a closing balance of £1000 in her bank account. If she goes ahead with her pet grooming service idea, she will need to create a BUDGET and acquire external source(s) of finance.

3 (a) State what is meant by the term BUDGET. [2 marks]

3 (b) Describe TWO external sources of finance that Neve could use for the expansion of her business.

[4 marks]

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3 (c) Using the quantitative and qualitative data available, assess whether Neve should go ahead with her pet grooming service idea. [9 marks]

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SECTION B

Answer ONE question from this section.

EITHER,

4. PRODUCTION – HOW SHALL WE APPROACH IT?

- (a) Describe the different types of production methods which might be used by a business manufacturing budget products compared to one that produces premium products.**

[10 marks]

- (b) “Lean production techniques should be implemented in all businesses.” Discuss this statement. [15 marks]**

(Turn over)

OR,

5. WORKING RELATIONS

- (a) Describe the possible conflicts between employers and employees that could occur within public sector organisations such as the NHS, police and schools. [10 marks]**
- (b) Evaluate the impact of equal opportunity legislation on businesses and their employees. [15 marks]**

(Turn over)

OR,

6. MARKETING FOR THE FUTURE

- (a) Describe the different extension strategies that might be used by producers of ice cream. [10 marks]**
- (b) “Businesses that use new technology within their marketing will benefit all stakeholders.”
Discuss this statement. [15 marks]**

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**ANSWER THE QUESTION FROM SECTION B
USING THE FOLLOWING PAGES**

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END OF PAPER

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