

Surname						Other Names					
Centre Number						Candidate Number					
Candidate Signature											

For Examiner's Use

General Certificate of Education
 January 2007
 Advanced Level Examination



APPLIED BUSINESS
Unit 12 Managing People

BS12

Monday 22 January 2007 1.30 pm to 3.00 pm

You will need no other materials.
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For Examiner's Use			
Question	Mark	Question	Mark
1		3	
2			
Total (Column 1) →			
Total (Column 2) →			
TOTAL			
Examiner's Initials			

Time allowed: 1 hour 30 minutes

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- Answer the questions in the spaces provided.
- Do all rough work in this book. Cross through any work you do not want to be marked.
- If you need additional space, you should continue your answers at the end of this book, indicating clearly which question you are answering.

Information

- The maximum mark for this paper is 80.
- The marks for questions are shown in brackets.
- Questions 2(c), 3(b)(ii) and 3(c) should be answered in continuous prose. In these questions you will be marked on your ability to use good English, to organise information clearly and to use specialist vocabulary where appropriate.

Answer **all** questions in the spaces provided.

1 Read **Item A** and then answer the questions that follow.

Item A

Kennick Construction Ltd

Kennick Construction Ltd is a building firm specialising in city centre regeneration. It has a national management team which is responsible for carrying out the policies of the Board of Directors. Mark Kennick is the Managing Director.

To cope with expansion, Mark has recently introduced an extra tier of management. So far, six regional teams have been created, each with its own manager who reports to the national management team. This structure has been designed so that the regional managers can focus on local issues, whilst allowing the national management team to concentrate on new business opportunities.

In 2003, the business began to have problems finding enough local staff and started to recruit workers from overseas.

Mark said, “Our overseas workers have been excellent, they work very hard and now we could not manage without them. They are skilled, keen to progress and are very seldom late for work. Last year, we promoted Josef, an outstanding overseas worker, to the position of site foreman even though he had been with the company for only three years. Unfortunately, a few of our long-serving staff resented his success and started to question his authority, and two even refused to take orders from him.”

Mark gave official warnings to the two staff who had refused to work under Josef. He also held a meeting with the whole workforce on the site which Josef oversees and told them that Josef was one of the best foremen in the company and had full authority to make decisions. Mark also said that he would not tolerate any disrespect for Josef, and if any worker was not prepared to accept this, they could find another job.

(a) Using **Item A**, describe **one** management role which Mark fulfils in the business.

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(3 marks)

(b) (i) Explain why, despite his position as site foreman, Josef initially lacked authority in his new role.

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(6 marks)

Question 1 continues on the next page

(ii) Josef’s authority was reinforced in the short-term by Mark’s intervention.

Discuss the extent to which Mark’s intervention will be effective in establishing Josef’s authority in the longer term.

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(8 marks)

(c) Discuss **one** advantage and **one** disadvantage of introducing an extra management tier into the business.

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(8 marks)

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Turn over for the next question

2 Read **Item B** and then answer the questions that follow.

Item B

In addition to the general problem of finding good staff, *Kennick Construction Ltd* has had particular problems finding enough skilled craftsmen. Vacancies for plumbers and carpenters have been very hard to fill and the business has been regularly understaffed in these areas.

To keep enough plumbers, Mark has had to agree to some of them being self-employed, but this has caused problems as they then also work for other people and are therefore often not available when needed. The plumbers, however, prefer being self-employed as they earn more money. 5

Mark is keen to find a way to motivate his self-employed plumbers so that they show more commitment towards his business. A friend who runs a landscaping business, where self-employment of the workers is also common, has suggested that he should pay them on a payment per job basis and not per hour. Mark is concerned that this may encourage the plumbers to rush jobs and that quality may suffer as a result. 10

The only alternative idea that Mark has come up with is to pay for an ongoing training programme for the plumbers. Mark is concerned though that this runs the risk of the plumbers putting up their rates once they are more qualified or of their doing work for other businesses. 15

(a) Explain the type of decision which Mark needs to make in deciding how to motivate staff at the business.

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(5 marks)

(b) Use Maslow's Hierarchy of Needs theory to analyse the impact on the plumbers' motivation of:

(i) payment per job completed;

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(5 marks)

(ii) free ongoing training provided by the business.

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(5 marks)

Question 2 continues on the next page

(c) Select and justify which approach to motivating the self-employed plumbers Mark should use within the business (**Item B**, lines 9 to 18).

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(10 marks)

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Turn over for the next question

3 Read **Item C** and then answer the questions that follow.

Item C

Food Service UK Ltd

Food Service UK Ltd is a rapidly growing business working in the contract catering market. It supplies ready prepared meals to businesses, which have to be delivered and stored in controlled conditions to preserve freshness and quality.

Recently, it used outside contractors to deliver some of its meals after it picked up a large new contract. After using contractors to undertake these deliveries, the Managing Director, Nasser Rafiq, reviewed the costs of this approach and realised that the business would save around £5 250 per week if this approach were used for all the company's meals. Following a Board meeting, it was decided to contract out all deliveries.

When the union officials heard about this decision, they were very angry and demanded a meeting with Nasser. In advance of the meeting, Nasser worked with his HR Manager to produce an offer for all the delivery drivers to try to address their concerns. The new offer included:

- new jobs in the factory on equal pay and conditions as existing staff
- free training for their new roles and help to study for new qualifications
- the option to leave the company if they wanted, with a generous redundancy package and help to find new jobs.

Following the meeting, the delivery drivers and their union have rejected the offer and are still demanding the delivery jobs back, as this is the work that the drivers feel happy doing.

The drivers have also suggested that they could reduce the cost of deliveries if the managers allowed them to manage the delivery process themselves. The drivers feel that the high cost of deliveries in the business at the moment is caused by decisions made by managers who do not understand delivery driving.

- (a) Nasser was proactive in drawing up the proposals to solve the dispute.

Explain why he would want to be proactive in his leadership in this situation.

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(4 marks)

- (b) (i) Use Herzberg’s two factor theory to analyse the impact on the motivation of the drivers if they were empowered to manage the delivery process as they have suggested.

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(6 marks)

Question 3 continues on the next page

- (ii) Evaluate the extent to which Nasser would have to change his leadership style if the business allowed the delivery drivers to manage the delivery process as they have suggested.

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(8 marks)

