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| For Examiner's Use | |
| Examiner's Initials | |
| Question | Mark |
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General Certificate of Education
Advanced Level Examination
January 2013

Applied Business

BS12

Unit 12 Managing People

Monday 21 January 2013 9.00 am to 10.30 am

You will need no other materials.

Time allowed

- 1 hour 30 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this 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 80.
- Questions 1(c), 2(c) and 3(c) should be answered in continuous prose. In these questions you will be marked on your ability to:
 - use good English
 - organise information clearly
 - use specialist vocabulary where appropriate.



J A N 1 3 B S 1 2 0 1

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

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

Item A

West Place

West Place (WP) specialises in events for the 16–30 age group by providing bouncy castles. These events take place in the evenings and at weekends. Rick Small started *WP* in Yorkshire ten years ago. He now has nine branches nationwide, each of which employs four to five part-time staff who cover events in their area.

Rick is finding it hard to control the network of part-time staff. He thought that the staff he employed to run the nine *WP* branches across the country would be as keen as his long-established team of 12 staff in Yorkshire, and could manage themselves. However, Rick has found that the new staff are much less committed.

“I can’t understand why the new staff find it so hard to organise local events. They are all under 35 and get to mix with lots of other young adults, having fun. The office does all the paperwork for them and they can always phone me if they have a problem. They get paid for every event they run and can still have a full-time job.”

Alex, who works for *WP*, summed up the feeling of many of the part-time staff.

“I have never worked anywhere like *WP* before. It is good fun, but I wish that Rick would give us more support, especially as most of us do this in addition to a full-time job. When I was interviewed, he said that he would provide support but he is always on the phone or out of the office. I like being able to make decisions, but I have seen Rick only once in nine months. All we get from the office is a booking form which tells us what the client wants but then everything else is left up to me to organise. If we have a problem, Rick expects us to solve it.”

Sam, who also works at *WP*, added:

“We have had no training. I was given a book on how to set up the bouncy castles, but I am still not sure I am doing it right. I took this job only because I needed extra money to pay my bills, but I never know how much I will earn because it depends on the number of bookings. The management doesn’t seem to care if we fail to hit our target earnings.”



1 (a) Explain why Rick uses a laissez-faire leadership style to manage the network of part-time staff.

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1 (b) Using **Item A**, analyse the factors that de-motivate the part-time staff at *WP*.

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

Item B

WP suffers a crisis

Last week, one of the staff running an event in London broke his ankle when a gust of wind moved a bouncy castle onto his leg. The member of staff was trapped for 30 minutes. The morning after the accident, Rick was contacted by a number of staff at *WP* who said that they wanted him to conduct an investigation into the accident.

The staff told Rick that they were not surprised that the accident had taken place as they did not feel that they had had enough training. As their work was never monitored, they did not know whether or not they were working safely. They were also concerned as they were unclear who they should report to, as it was impossible to get in touch with Rick directly as he was so busy. The staff have asked Rick what he is going to do about the problems and have said that they want an answer within a week or they would stop running events until their issues were addressed.

That evening, Rick discussed the problems with his wife, Zara. She said that Rick should appoint a manager in each branch from the current staff as this would answer all the problems that the staff had raised. Zara told him that he should allow these managers to organise the staff, liaise with customers and make sure that health and safety was improved. Zara also said that Rick was struggling to manage all the staff. The current organisational structure was too centralised and this was putting too much pressure on him.

Whilst Rick accepted that he needed to make changes, he was shocked at the cost of employing nine branch managers. Rick also admitted to Zara that he was concerned that he would lose control if he appointed so many managers.

Rick tried to convince Zara that he could divide the business up into three area teams, each with a manager who would report to him. He calculated that this would save £100 000 per year compared with having nine branch managers. Zara said that there would still be problems with supervision because at weekends all nine teams were usually running events at the same time.

Rick understands that he has to make a decision on how to change the organisational structure to keep the staff happy and motivated. Whilst he knows that Zara's recommendation is the ideal solution, the cost of nine new managers would halve his profits. This would put the business at risk if there was any decline in the market for bouncy castle hire.



2 (a) Using **Item B**, explain **one** reason why the staff have asked for monitoring and reporting to be improved at *WP*.

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2 (b) Using **Item B**, analyse how the introduction of branch managers might affect the speed and quality of decision making at *WP*.

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

AZE Builders Ltd specialises in building timber holiday homes and is owned by Zac Enderby. In July 2012, *AZE Builders Ltd* won its largest ever contract for 38 holiday homes for Little Hale Holidays. This is a large contract for a business which normally only builds 25 homes per year. Little Hale Holidays had previously bought three holiday homes from *AZE Builders Ltd* and had been impressed by their quality. The build process had, however, been one month late.

The new contract will take 18 months to complete and is worth over £3 million. Little Hale Holidays has insisted that *AZE Builders Ltd* should complete a Critical Path Analysis (CPA) plan for the development. It also requested the appointment of a dedicated project manager to ensure that half of the holiday homes are completed in time for the start of the 2013 season in April and the rest for the 2014 season. There is a £200 000 penalty clause in the contract if *AZE Builders Ltd* does not meet the deadlines.

To manage the project, Zac employed Jane Sutton who has worked in a similar role for a large national building company. Jane is very focused and prides herself on delivering every contract she manages on time and in budget.

In her previous job, Jane was allowed to manage projects herself as long as she met the targets set by head office. Jane has found working with Zac frustrating as he wants to be involved in every decision and demands daily feedback, which she thinks is unnecessary and takes up too much time.

By the start of January 2013, bad winter weather meant that the first 19 holiday homes were a month behind schedule. Little Hale Holidays' boss, Mark Lovatt, talked to Jane about the delays. Jane said that she had been told by Zac that she could not employ extra staff to make sure that the deadline was met, even though she did not think that this would increase costs because they had made savings when they were not able to work in November.

Mark held a meeting with Zac to resolve the problem, but it was obvious that Zac was not keen to change his position. Mark became very annoyed with him and said:

"Do you want me to cancel the contract? Jane tells me you have stopped her from employing extra staff. Jane is excellent and if she worked for me, I would let her get on with it, so why can't you just trust her?"

Zac replied:

"Jane works for me and so she has to answer to me, and not try to be my boss. I can't just employ more staff because of the costs involved. I will make sure Jane follows my instructions so that we get the holiday homes finished on time."



3 (a) Using **Item C**, explain why Little Hale Holidays has insisted on *AZE Builders Ltd* completing a CPA plan for the new development.

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3 (b) Analyse how Jane may have to change her approach to management now that she is working for *AZE Builders Ltd*, which is a small business.

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END OF QUESTIONS



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