

New
Specification



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2009

Business Studies
Assessment Unit AS 2
assessing
Managing Business Resources
[AT121]



TUESDAY 16 JUNE, AFTERNOON

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.
Quality of written communication will be assessed in question 1 parts (d) and (e) and question 2 parts (d) and (e).
Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question or part question in allocating the available examination time.

- 1 Study the information below and answer the questions that follow:

The Cedar Foundation

The Cedar Foundation is an organisation based in Northern Ireland which engages in a range of business activities. The organisation works with physically disabled people and those with brain injuries to ensure that they are valued and can participate as equal citizens in society.

In the early 1990s, changes in the care market and the field of disability led to higher expectations from people donating funds. This highlighted the importance of having quality staff, and efficient services. In response, The Cedar Foundation appointed a new Chief Executive and management team. This was the first step towards a period of significant cultural change and organisation design. In 1995 a formal commitment was made by The Cedar Foundation to achieve the Investors in People award. Management believed this could deliver the professional personal care and support that the market demanded.

An induction process for all new employees was put in place and compulsory training in customer care was provided for all staff. The Cedar Foundation also worked with training providers to customise programmes for employees. In addition, The Cedar Foundation's own Management for Success programme trained all its leaders in operational or strategic management. Employees were also empowered to make decisions and improvements to their work roles. To stimulate further improvements in performance, employee recognition mechanisms were implemented to recognise commitment to continuous improvement. Significant events such as winning the European Excellence Award were recognised with an additional day's annual leave for employees.

These measures resulted in increased customer satisfaction levels and more people using the services. The Cedar Foundation also noticed improvements in other areas such as a reduction in employee turnover and absenteeism. Management believes that it can sustain this performance by fostering a culture based on continuous improvement: supporting its people, improving communication, acting on feedback and recognising achievement.

Source: Adapted from www.investorsinpeoplechampions.co.uk/CaseStudy.aspx?ChampionId=43

- (a) Explain what is meant by the term organisation design, using an example to illustrate your answer. [4]
- (b) Explain what is meant by the term employee empowerment within The Cedar Foundation. [4]
- (c) Analyse the main functions that management at The Cedar Foundation may need to perform. [8]
- (d) Discuss strategies that the management team of The Cedar Foundation could use to improve communication. [12]
- (e) Evaluate The Cedar Foundation's decision to use non-monetary methods of motivation. [12]

2 Study the information below and answer the questions that follow:

O'Boyle Engineering

Terry O'Boyle is hoping to start a new business after recently taking voluntary redundancy from his employment of 25 years. In addition to a redundancy payment of £45 000, his former employer has offered retraining by enrolling him on a course that will help Terry set up a new business.

As an engineer, Terry is planning to open an engineering business, O'Boyle Engineering, using his redundancy payment and savings. Although he has technical expertise, he is struggling with some of the financial aspects of the course. The course tutor has asked Terry to provide financial information so that she can help him prepare a budget for his business. Terry understands the benefits to be gained by preparing a budget and of using variance analysis within his business. However, he is confused when his tutor talks about the difference between cash and profit.

Terry sets about gathering the required information but runs into difficulties predicting some figures. For example, he is unsure about the level of sales that he can expect to make and the amount of credit that he will be able to allow. He plans to ask his tutor about this at their next meeting. Additionally, he wants advice on how he should go about recruiting staff for his new business and which type of organisational design might suit his business best.

- (a) Explain the difference between cash and profit, using an example to illustrate your answer. [4]
- (b) Explain **two** problems that Terry might encounter when drawing up a budget for O'Boyle Engineering. [4]
- (c) Analyse the benefits to O'Boyle Engineering of carrying out variance analysis. [8]
- (d) Discuss the different methods of recruitment available to Terry. [12]
- (e) Evaluate **two** different types of organisational design that Terry could use within O'Boyle Engineering. [12]

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