



Rewarding Learning

ADVANCED

General Certificate of Education

January 2010

Business Studies

Assessment Unit A2 2

assessing

Modules 1 to 5

Objectives and The Business Environment,
People in Organisations, Accounting and Finance,
Marketing and Operations Management

[A2T21]

MONDAY 25 JANUARY, AFTERNOON



A2T21

TIME

1 hour 40 minutes.

INSTRUCTIONS TO CANDIDATES

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

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in **all** questions.

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 in allocating the available examination time.

This is a synoptic paper in which you are expected to demonstrate your understanding of the connections between the different elements of Business Studies.

Read the information below and answer the questions that follow.



- 1 W. K. Kellogg's original vision of health and nutrition for everyone is still the driving force at the very top level of this organisation today. Kellogg's is one of the most influential and innovative brands in the world. It produces more than 40 different cereals, has production plants in 19 countries, markets its products in more than 180 countries and employs 32,000 people worldwide.

Kellogg's *K Values*TM

- 2 The shared values, principles and behaviour that Kellogg's follow in providing high quality and great tasting foods worldwide are outlined below:

We act with integrity and show respect

- Demonstrate a commitment to integrity and ethics
- Show respect for and value all individuals for their diverse backgrounds, experience, styles, approaches and ideas

We are all accountable

- Accept personal accountability for our own actions and results
- Focus on finding solutions and achieving results, rather than making excuses or placing blame
- Actively engage in discussions and support decisions once they are made
- Personally commit to the success and well being of team-mates

We are passionate about our business, our brands and our food

- Show pride in our brands and heritage
- Promote a positive, energising, optimistic and fun environment
- Serve our customers and delight our consumers through the quality of our products and services
- Promote and implement creative and innovative ideas and solutions

We have the humility and hunger to learn

- Display openness and curiosity to learn from anyone, anywhere
- Personally commit to continuous improvement and are willing to change
- Admit our mistakes and learn from them
- Never underestimate our competition

We love success

- Achieve results and celebrate when we do
- Help people to be their best by providing coaching and feedback
- Have a "can do" attitude and drive to get the job done
- Make people feel valued and appreciated
- Make the tough calls

We strive for simplicity

- Stop processes and activities that slow us down or don't add value
- Work across organisational boundaries/levels and break down internal barriers
- Deal with people and issues directly and avoid hidden agendas

Responsible Marketing Strategy

- 3 Kellogg's is committed to providing high-quality foods that satisfy a diverse range of consumer needs and tastes. Its legacy is based on the philosophy that people can improve their health by eating a balanced diet and engaging in regular physical activity. Living a healthy lifestyle begins with a good understanding of nutrition, so in February 2005, Kellogg's became the first company to voluntarily introduce nutrition information labelling in the form of GDAs, i.e. Guideline Daily Amounts.
- 4 Kellogg's also has in place a global marketing code and a longstanding commitment to advertising in a responsible manner. Consequently, the company does not encourage over-consumption of food and never uses words such as "king-size" or "super-size" in promotional advertisements. In addition, Kellogg's has responded to specific societal health concerns relating to fitness levels and weight management by introducing promotions such as the Special K 10,000 Step Challenge in 2004 and the All-Bran Pedometer in 2006. It was reported that 1.3 million pedometers were distributed to Kellogg consumers during the Special K promotion and an evaluation of the All-Bran promotion revealed that 80% of those who responded used the pedometer to help them take more steps.
- 5 Kellogg's does not target any advertising at children under six years of age. It operates in the spirit, as well as the letter of the revised Ofcom Code on advertising to children. For example, Kellogg's advertisements include a complete breakfast sequence (cereal with milk, toast, orange juice and fruit) and balanced diet/exercise messages in all adverts for family brands. Advertisements for children's brands are aimed at parents who are the "gatekeepers" of their children's diets. Kellogg's is also a supporter of the media literacy programme "Media Smart" that educates children about advertising and marketing.

The Work Place

- 6 Kellogg's not only aspires to be the food company of choice but also strives to become the employer of choice in the communities in which it operates. Although this strategy adds substantially to the company's costs, management are convinced that these are outweighed by the benefits. Kellogg's *K Values*TM form the basis of the workplace culture. Employees at all levels in the organisation take the *K Values*TM seriously and refer to them regularly in the course of their daily jobs. New employees take part in an induction programme – customised to each location – that includes extensive training in the *K Values*TM. Staff performance appraisal reviews also take into account the extent to which individual employees have followed and demonstrated the *K Values*TM in achieving their targets.
- 7 Creating an environment that allows the business to deliver consistently strong results is essential and a good work/life balance is seen as being a vital part of this. Some initiatives run by Kellogg's include flexitime, home working, job share, career breaks, personal development planning, secondments, on-site gyms, free annual lifestyle assessments in work time and a variety of physical exercise programmes.

- 8 Kellogg's is also committed to providing a safe and healthy work environment and preventing accidents. Safety performance improvement goals are included in each sector of the company. In 2007 Kellogg's Total Recordable Injury Rate was 47% lower than the food industry average. Employees are accountable for observing the health and safety rules and practices that apply to their jobs. They are also expected to take precautions necessary to protect themselves and their co-workers, including immediately reporting accidents, injuries and unsafe practices or conditions.

Diversity and Inclusion

- 9 Kellogg's seeks to maintain a work force that is diverse in terms of gender, sexual orientation, age, culture, ethnicity, geography, experience, skills and work styles. It has set up a Global Leadership Team that is responsible for providing diversity and inclusion training to all employees. This is an on-going process and already has received recognition from several independent organisations.

Labour Standards

- 10 Kellogg's maintains high labour standards at its manufacturing and distribution locations around the world. It conducts regular audits to monitor compliance with health and safety and employment laws including child labour or forced labour. The company's suppliers must also follow the labour laws in the country of origin as well as Kellogg's own global Code of Ethics. Furthermore, each supplier has to comply with the Kellogg's Code of Conduct for Manufacturers and maintain a Social Accountability programme regarding working conditions.

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- 1 Evaluate the use of Kellogg's **K Values**TM as a strategy for motivating employees. [20]
- 2 Evaluate the implications of Kellogg's responsible marketing strategy. [30]
- 3 Kellogg's aim to be the "employer of choice in the communities in which it operates" (paragraph 6). Evaluate strategies used to achieve this. [30]