

New
Specification



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2010

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



TUESDAY 22 JUNE, MORNING

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:

Madame Tussauds

The Tussauds Group is the world's second-largest entertainment group after Disney. In July 2007, it merged with Merlin Entertainments and the new group employs more than 13 000 staff worldwide. The group includes 50 attractions and four hotels in 12 countries, each one supported by a separate Human Resources function.

Fiona McGregor (not related to Douglas McGregor), joined one of these attractions, the London Madame Tussauds waxworks in 2005 as Head of Human Resources (HR) where she is responsible for the welfare of more than 250 employees.

Fiona claims that since the attraction is founded on customer service, its success is dependent on employees being able to help deliver a magical journey for every visitor. She considers the employee experience to be as important as the customer experience, so her team works hard to create what are described as 'magical moments' for employees.

For new employees this is first experienced in the form of the company's one-and-a-half day **induction** programme 'Creating the Magic', which encourages starters to take part in interactive quizzes with colleagues, helping them to bond as quickly as possible.

Last year, Fiona launched a monthly magazine, 'HR Hot Stuff', based on glossy celebrity titles. "We wanted to promote HR's profile," she enthuses. "The magazine publishes star nominations for employees who have been voted for by their peers for outstanding work, along with monthly features, promotions and new joiners."

Fiona believes HR must listen to employees and learn from them. With this in mind she set up a forum, 'Your Voice Counts,' which gives elected staff representatives a say in the day-to-day running of the business.

"Listen to your employees. They really tell you what they want," she says.

On the back of this, Fiona McGregor introduced the 'Magic Miles' incentive scheme, through which employees can nominate each other for outstanding service and build up a balance of miles to be exchanged for vouchers.

Other reward initiatives are 'One-hit Wonders' – quirky one-off incentives to keep employees engaged. Fiona says: "You constantly need to change the carrot so you keep everything fresh and exciting. This helps to keep up healthy internal competition so that employees strive to exceed customer expectations."

Tussauds gave a car to its Employee of the Year in January 2007. Twelve shortlisted employees who had the greatest number of peer votes had to take part in a Deal or No Deal style game at the Christmas party.

Keep it fresh and current, is Fiona's advice. "Never settle for what you have in place already. What's in today is gone tomorrow," she says.

Adapted from © Reed Business Information - <http://www.personneltoday.com/Articles/2007/09/17/42328/oom>

- (a) Explain what is meant by the term **induction**. Illustrate your answer using an example from the case study. [4]
- (b) Explain what is meant by a democratic leadership style. Illustrate your answer using an example from the case study. [4]
- (c) Analyse the potential barriers to effective communication that The Tussauds Group may experience. [8]
- (d) Discuss whether Douglas McGregor's Theory X and Theory Y approaches to motivation are appropriate to Madame Tussauds. [12]
- (e) Evaluate the use of team working and employee empowerment as non-monetary methods of motivation within Madame Tussauds. [12]

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

Biz Solutions

Trevor Shields is the owner of a business consultancy firm called Biz Solutions. He specialises in providing assistance and advice to new businesses, especially those that have been set up by entrepreneurs who have little business knowledge.

His latest client is Enginworks, a small but growing organisation that specialises in engineering solutions. Enginworks has gained a reputation for providing quality products and a personalised service. This has resulted in improved customer loyalty and reputation.

Table 1: Accounting Extracts for Enginworks as at 31st December 2009

| | |
|---------------------|---------|
| Opening Stock | £23 000 |
| Closing Stock | £21 000 |
| Sales | £97 000 |
| Purchases | £43 000 |
| Current Assets | £22 000 |
| Current Liabilities | £11 500 |
| Machinery (at cost) | £85 000 |

As the business has grown, Mike Chambers, the owner, has found it increasingly difficult to concentrate on both the engineering side of the organisation and the business aspects. When the organisation was small he had no problems with the day to day running, but this has now changed. He is hoping that Biz Solutions will give him advice on how to solve these issues.

Trevor Shields has visited Enginworks and has identified some areas of concern:

- the accountant has depreciated the machinery at 10% per annum using the Straight Line Method. Trevor feels that a figure of 20% would be more realistic
- the stress of trying to concentrate on the day to day running of Enginworks and the business side of things has had a negative impact on Mike's management style
- the organisation needs to recruit more staff. However, recruitment and selection procedures need to be updated
- some existing staff need to be retrained, however, this has proved difficult as they are so busy carrying out their daily duties.

Trevor believes that if these issues are resolved, Enginworks should continue to be successful.

- (a) Show by calculation, Enginworks' Gross Profit. [4]
- (b) Calculate this year's depreciation on machinery at 20% using the Straight Line Method. [4]
- (c) Analyse factors that may affect Mike Chambers' management style. [8]
- (d) Evaluate the use of interviewing in Enginworks' recruitment and selection process. [12]
- (e) Evaluate whether Enginworks should use off-the-job training. [12]

THIS IS THE END OF THE QUESTION PAPER

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