



*Rewarding Learning*

ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
January 2014

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## Business Studies

### Assessment Unit AS 2

*assessing*

Managing Business Resources

[AT121]

TUESDAY 21 JANUARY, AFTERNOON

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#### 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:

**ASDA**

ASDA is recognised nationally for its low prices and warm and friendly service. The business has over 500 retail stores across GB and Northern Ireland and its “George” label is one of the UK’s leading fashion brands. ASDA’s customer base has increased through its online service, which is supported by 27 distribution centres.

ASDA’s mission is to be the “best value retailer exceeding customer needs everyday”. The business claims its three values, i.e. service to customers, respect for the individual and striving for excellence, are lived and communicated effectively in everything it does.

ASDA employs 170 000 staff. The firm’s values form part of their induction programme and are constantly reinforced through an extensive training and development programme. ASDA rewards long service and this is illustrated clearly by the fact that 80% of its managers began their careers in its stores. ASDA uses both on-the-job and off-the-job training to develop workers at all levels. As part of their training process, trainee managers will get the chance to gain a better insight into the internal operation of food trading, home shopping, warehousing and effective stock control.

Job enrichment is key to motivating staff, so General Store Managers (GSMs) who wish to become Regional Operational Managers (ROMs) would be expected to provide holiday cover for their ROMs, attend ROM meetings and take ownership of regional projects. Wendy, who developed from her role as a GSM to a ROM stated, “ ... working in ASDA is dynamic, fast-paced and challenging. I’m given all the space I need to do things my way, which I find really inspiring”. ASDA also runs Development Days with senior managers and activities such as presentations, simulations, in-depth interviews and psychometric tests are used to identify development opportunities.

By promoting and supporting programmes at all levels, ASDA enables workers to “become their best” and grow within the organisation. This leads to improved morale, increased retention, better quality and profitability, thus allowing ASDA to meet its business goals.

*Adapted from www.times100.com-asda-meeting business needs through training and development*

- (a) Explain what is meant by induction using an example from the case study to illustrate your answer. [4]
- (b) Explain what is meant by a psychometric test using an example from the case study to illustrate your answer. [4]
- (c) Analyse barriers to effective communication that ASDA may experience. [8]
- (d) Discuss the advantages and disadvantages of job enrichment as a method of motivating staff in ASDA. [12]
- (e) Evaluate the usefulness of on-the-job training to a firm such as ASDA. [12]

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

**Bridal Wear by Alexis**

Alexis Murray has recently returned to Northern Ireland to set up her own exclusive Bridal Wear shop in Newry. She had previously worked in London for five years and spent the last two with the renowned designer Elizabeth Bennett. Alexis inherited some premises from her uncle and after carrying out detailed market research she decided there was a good opportunity to grow a successful bridal wear business.

Through her London contacts, Alexis secured orders for bridal wear for three weddings so she had to act fast to get the business up and running. Alexis drew up a list of priorities to ensure that the business would open as planned in three months time and she hoped that her fixed budget would cover all the costs. An extension to the workshop was urgently required (costing £5,000) and Alexis needed to recruit two staff to help make the bridal wear. In addition, she had to spend time researching reliable suppliers. In London Alexis had worked under a laissez-faire style of management. However, she felt that this would not be appropriate when trying to establish her own business. She considered quality, customer service and meeting delivery dates to be of paramount importance to her reputation and future success.

Throughout the first two years Alexis struggled to balance her budget for materials and labour so she contacted a financial consultant who examined the figures shown in **Table 1** below. The consultant advised Alexis to develop a system of variance analysis to help her identify specific problems at an early stage.

The consultant also strongly recommended that she draw up a cash flow forecast to monitor the other financial aspects of the business. Alexis has agreed to further consider both these proposals.

**Table 1: Financial Data for Bridal Wear as at 31 December 2012**

	<b>Budgeted figures</b>	<b>Actual figures</b>
<b>Material</b>	220 metres @ £48 per metre	240.5 metres @ £52 per metre
<b>Labour</b>	23 hours @ £25 per hour	20 hours @ £25 per hour

- (a) Explain what is meant by a fixed budget using an example from the case study to illustrate your answer. [4]
- (b) Calculate the material and labour variances from the information given in **Table 1** clearly indicating whether each is favourable or adverse. [4]
- (c) Analyse why Alexis may have decided not to use a laissez-faire style of management within Bridal Wear. [8]
- (d) Discuss the advantages and disadvantages of preparing a cash flow forecast to a business such as Bridal Wear. [12]
- (e) Evaluate the usefulness of carrying out variance analysis to a business such as Bridal Wear. [12]

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**THIS IS THE END OF THE QUESTION PAPER**

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