

323/01

**BUSINESS STUDIES**

**BS3**

P.M. MONDAY, 5 June 2006

(1 hour)

**ADDITIONAL MATERIALS**

In addition to this examination paper, you will need an 8 page answer book.

**INSTRUCTIONS TO CANDIDATES**

Answer **both** questions.

**INFORMATION FOR CANDIDATES**

Mark allocations are shown in brackets.

Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

1. Study the information below and then answer the questions that follow.

UK manufacturing companies often tend to have **hierarchical management structures** organised around **functional departments**. It is vital that people with the most appropriate skills and personality are recruited to each functional department to ensure that such companies operate efficiently.

One increasingly popular way to screen job applications is to use handwriting analysis, otherwise known as graphology. “Handwriting is the essence of what the brain is thinking” explains Elaine Quigley of the Graphology Institute. “It can be used to predict potential, compatibility, whether a person is a supportive team member, or whether they are entrepreneurial and work better alone,” she says.

Elaine agrees that the best use of graphology in selection is in conjunction with other methods. “Psychometric tests are fine but can be manipulated. Applicants can change their answers depending on what they think the company wants to hear. Used with graphology, however, one helps to confirm the other,” she says. Perhaps graphology and psychometric tests are more useful for external recruitment rather than **internal recruitment**.

As companies become ever more aware of recruiting costs, it looks likely that they will be open to a number of new screening processes. It looks certain that graphology will remain one of the methods used in deciding whether job applicants are taken on or written off.

*Adapted from The Times, 26 January 2005.*

- (a) Explain the meaning of:
- (i) *hierarchical management structures*; [3]
  - (ii) *functional departments*. [3]
- (b) Explain the advantages **and** disadvantages of *internal recruitment*. [6]
- (c) “Whilst graphology and psychometric tests are useful indicators of a candidate’s suitability for a job, other methods of selection are often more reliable.” Discuss. [8]

2. Study the information below and then answer the questions that follow.

### **FOLLEYS, THE TENT MANUFACTURERS**

Candice and Simon Folley have been running a business manufacturing tents quite successfully for the last eight years. They currently employ twelve people. Now their son, Patrick, has joined them as a partner with the long-term view of taking over the business. This means they need to increase the scale of the business to provide a comfortable living for them all.

The tent-making business is currently situated in premises just off the Aberystwyth Road not far from the town centre. Candice suggests that they move to a large unit on the local industrial estate near the motorway. Here they could have a large internal display area and a large sales area.

Whether Follleys moves or not, the business wishes to improve both the **quality of its products** and its **stock control**. Tent sales tend to be seasonal and consequently it does not have a steady flow of orders. This means that it has to discount its stock heavily towards the end of each season to make way for new designs.

- (a) (i) Explain the meaning of *stock control*. [2]
- (ii) What problems might Follleys face as a result of poor stock control? [4]
- (b) Explain **two** ways in which Follleys could improve the *quality of its products*. [6]
- (c) Consider the factors that Follleys should take into account when deciding whether or not to relocate. [8]