



GCE AS/A level

323/01

BUSINESS STUDIES

BS3

A.M. THURSDAY, 22 May 2008

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.

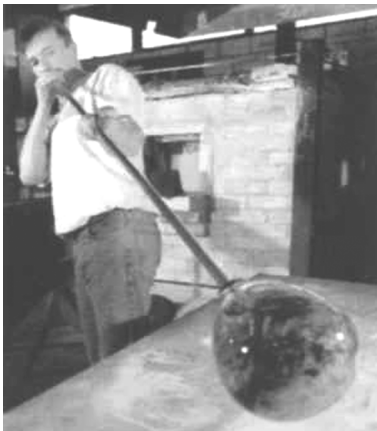
Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

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

A CUT ABOVE THE REST

Crystal Clear Ltd is a manufacturing company producing cut-glass perfume bottles. The company is run by the mother and son team, Sian and Dylan Protheroe.

The company has now decided to produce a new collection of luxury crystal glasses, in addition to supplying bottles to its regular outlets. Sian and Dylan anticipate that its workforce will have to be doubled from the current number of thirty employees. The larger workforce will include fifteen additional glassblowers and two new management positions, which will lead to a wider **span of control**. Up to now, the business has been a close-knit friendly organisation.



The design software and technology at its Clwyd (North Wales) glassworks is the most modern in the industry but the manufacturing process is still dependent on the highly skilled craftsmen it employs. There will need to be considerable training for all employees in order to produce the high quality required for the luxury crystal glasses. For these skilled positions the business will have to pay higher wage levels to recruit and retain staff.

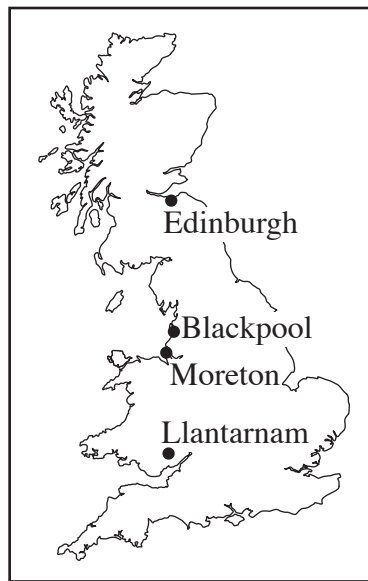
For the two management positions, Sian wants to reward loyal workers by promoting internally, but Dylan feels that they should go for external candidates for these positions. At least Sian and Dylan agree that having the right people who work with you, rather than for you, is vital.

- (a) Explain, with the use of a diagram, the meaning of the term *span of control*. [4]
- (b) With reference to Maslow's theory, how might the expansion of the company affect the motivation of new and existing employees? [8]
- (c) Discuss the view that the company should fill the new management posts through internal rather than external recruitment. [8]

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

WAGON WHEELS CONTINUE TO ROLL AT MORETON, CHESHIRE

Burton's Foods, which make Jammie Dodgers, Wagon Wheels and a range of own-label biscuits, owns factories in Blackpool, Moreton (Cheshire), Edinburgh and Llantarnam (South Wales). Due to **overcapacity in the biscuit industry**, it has decided to close one of its factories. After considering various alternatives, it proposed to close the Moreton, Cheshire factory, axeing 821 jobs.



After negotiations with the Transport and General Workers Union (TGWU) and having carried out a **benchmarking** exercise, a deal was agreed to keep the factory open with half of the workforce losing their jobs. In exchange, the company guaranteed the remaining workers a minimum of five years' work. The deal involves a £7.3 million package of savings and changes to the layout of the plant.

Paul Kitchener, Burton's chief executive said "We've developed an alternative proposal for the Moreton factory that will see the creation of a centre of excellence for our seasonal ranges. The factory is in need of updating and we have decided to invest in it because of its suitable location. We also propose to introduce **Total Quality Management (TQM)**."

Source: Adapted from The Daily Express, 17 August 2007

- (a) Explain the meaning of the following:
- (i) *overcapacity in the biscuit industry*; [2]
 - (ii) *benchmarking*. [2]
- (b) (i) What is meant by *Total Quality Management*? [4]
- (ii) Explain **two** benefits which Burton's might hope to gain from the introduction of TQM. [4]
- (c) Consider the factors that the owners of Burton's might have taken into account when deciding which one of its factories to close. [8]