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For Examiner's Use
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General Certificate of Education  
 January 2009  
 Advanced Level Examination



**APPLIED BUSINESS**  
**Unit 12 Managing People**

**BS12**

Tuesday 27 January 2009 9.00 am to 10.30 am

<b>You will need no other materials.</b>
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Time allowed: 1 hour 30 minutes

**Instructions**

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Answers written in margins or on blank pages will not be marked.
- Do all rough work in this book. Cross through any work you do not want to be marked.

**Information**

- The maximum mark for this paper is 80.
- The marks for questions are shown in brackets.
- Questions 2(c), 3(b) and 3(c), should be answered in continuous prose. In these questions you will be marked on your ability to use good English, to organise information clearly and to use specialist vocabulary where appropriate.

For Examiner's Use			
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J A N 0 9 B S 1 2 0 1

Answer **all** questions in the spaces provided.

**1** Read **Item A** and then answer the questions that follow.

**Item A**  
**First Fencing Ltd**

*First Fencing Ltd (FF Ltd)* is a successful business established in 1990. It specialises in industrial fencing used in road schemes and major housing developments. The business employs 44 staff and its sales for 2008 were £10 million. Over the past six years, *FF Ltd* has been very successful in securing major contracts with national house builders and the Department for Transport.

The business uses a flat organisational structure. The only managers are four specialists in their fields who report directly to the two sisters, Jane and Shona Rolfe, who own the business. The remaining 40 staff are divided between the managers as either administrative support or technicians. The technicians are recruited for their specialist technical knowledge.

Bruce Atkins, the Purchasing Manager, has worked at *FF Ltd* for 12 years. He summed up the feelings of the staff as follows.

“Jane and Shona are very astute businesswomen but they have always treated their staff fairly and with respect. They have provided us with excellent training and operate an open door policy for anyone with problems or new ideas. Each month, having received updates from the administrative support staff, the four managers and the technicians are also given the chance to sit down with the sisters, as one team, to talk about how contracts are progressing and to suggest areas for improvement. The sisters really value this feedback and it is really good to work for a business which implements our ideas.”

“The sisters let us make decisions about our own areas of the business and are also keen to hear how we think the business can grow. I have never before worked anywhere with so much opportunity to help to make decisions on the direction of the business. It is a really good place to work and all the staff are happy, dedicated workers.”



1 (a) (i) Explain what is meant by the term ‘flat organisational structure’.

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1 (a) (ii) Using **Item A**, explain how a flat organisational structure assists communications within *FF Ltd*.

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**1** (b) Using **Item A**, explain how feedback from the staff helps Jane and Shona to manage the business more effectively.

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2 Read **Item B** and then answer the questions that follow.

**Item B**

**Bricks n Mortar plc take over**

The sisters, Jane and Shona Rolfe, are now both in their early 60s and have sold the business to one of their major customers, *Bricks n Mortar plc*.

*Bricks n Mortar plc* is a large national building company that wishes to integrate industrial fencing into its own business and so has bought *FF Ltd* due to its success in this field. *Bricks n Mortar plc* has a very hierarchical structure and *FF Ltd* would become a new fencing department within the Product Development division.

Fred Delamore, the Product Development Manager at *Bricks n Mortar plc*, announced at a meeting with the *FF Ltd* staff that the directors of *Bricks n Mortar plc* want an immediate review of all the jobs at *FF Ltd*. Fred said that none of the staff would be made redundant if they agreed to the reviews and relocated 75 miles to the headquarters of *Bricks n Mortar plc*.

Full relocation packages would be available for the four managers and some key members of the staff whose expertise would be needed to run the new fencing department. The remaining staff, however, would be transferred to work in other divisions of *Bricks n Mortar plc*. These staff would be given reasonable assistance with their relocation. They would then be eligible to apply for promotional opportunities throughout the whole organisation in the same way as any other *Bricks n Mortar plc* employee.

The staff do not want to relocate as they like living where *FF Ltd* is currently based and have commitments there. The managers believe that the success of *FF Ltd* is due to the close working relationship between the staff and the sisters. They feel that this would be lost within the proposed organisational structure.

On behalf of the *FF Ltd* staff, Bruce Atkins, the Purchasing Manager, met with Fred to discuss the concerns of the staff regarding their transfer to *Bricks n Mortar plc*. Fred, who is used to an autocratic style of leadership, was not interested in listening.

Bruce informed him that, if *Bricks n Mortar plc* was not prepared to listen to and negotiate with the managers, then they would use their excellent contacts and expertise in the industrial fencing market to set up a new, competing business.





2 (a) Explain the type of decision which *Bricks n Mortar plc* is making in deciding to relocate the staff at *FF Ltd*.

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2 (b) Using **Item B**, analyse the type of power which the *FF Ltd* managers can use in negotiations with *Bricks n Mortar plc*.

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**3** Read **Item C** and then answer the questions that follow.

**Item C**

**Shared Farming Machinery**

Farmers use a range of machinery to plant and harvest their crops. Due to high purchase and maintenance costs, many farmers hire contractors rather than own farm machinery. The contractors supply the machinery and labour to farmers during the busy planting and harvesting periods.

Jill Starkey, the owner of a large farm, had been let down on a number of occasions by contractors who were either too busy to supply her farm with their services or who failed to carry out the work to her satisfaction. Jill knew that her farm was not the only one in her area to suffer from unreliable contractors. At the beginning of 2009, she contacted nine local farmers with a proposal that they form a machinery co-operative, called *Shared Farming Machinery (SFM)*, to buy collectively the farm machinery that they needed.

At the initial meeting between the ten farmers, Jill stated the following benefits of forming the co-operative.

- Minimising the problems caused by unreliable contractors – the farmers could decide on the best use of the farm machinery.
- Cost reductions – the farmers would not have to pay for the contractors' labour and, due to *SFM's* buying power, they might be able to negotiate discounts on the machinery they bought.
- Improved skills – arising from sharing knowledge and expertise between farmers within *SFM*.

Jill said that she would be willing to manage the operation of *SFM*. Whilst four farmers thought that the idea was a good one, the remaining five stated that Jill had not considered the following potential problems.

- The difficulties of ten busy farmers negotiating and agreeing on the use of the farm machinery – for example, what if two or more farmers wanted to use the same piece of machinery at the same time?
- Whilst Jill might be good at managing her farm, who is to say that she, or any of them, would be good at managing the operation of *SFM*?

Jill was disappointed that half of the farmers were not totally convinced of their ability to work together. Jill informed the farmers that, in fact, she did have management skills gained from her previous career in the building industry. She had often planned ahead and used decision-making techniques to manage complex operations. Jill could not see why managing the operation of *SFM* would be any different.



**3 (a)** Using **Item C**, describe **one** management role which Jill would need to fulfil to manage the operation of *SFM*.

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3 (b) If *SFM* were to be formed, discuss the most important management skills that Jill would need when encouraging the members of the co-operative to work together effectively.

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3 (c) To what extent would Critical Path Analysis (CPA) be an appropriate decision-making technique for Jill to use when managing the operation of *SFM*?

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**END OF QUESTIONS**

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