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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Education  
Advanced Level Examination  
June 2014

# Applied Business

# BS12

## Unit 12 Managing People

Wednesday 18 June 2014 9.00 am to 10.30 am

You will need no other materials.

### 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. Do not write outside the box around each page or on blank pages.
- 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 1(c), 2(c) and 3(b) should be answered in continuous prose. In these questions you will be marked on your ability to:
  - use good English
  - organise information clearly
  - use specialist vocabulary where appropriate.

A



J U N 1 4 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**

**Bartor Community Arts**

Bartor Community Arts (BCA) is a not-for-profit organisation which has an annual turnover of £250 000. It runs classes and events to promote interest in the arts, including painting and music. BCA has eight full-time staff but relies heavily on volunteers to run its activities.

Due to cuts to its council grant from October 2014, BCA must reduce its annual running costs by £40 000. The Events Manager, Alison Wood, has produced a plan for this which proposes three actions:

- making one member of staff redundant, with the remaining seven staff accepting a pay freeze for three years
- reducing the expenses paid to volunteers
- ending free training for volunteers.

When Alison told the staff and volunteers about her plan they were shocked at the proposals.

Angie, one of the full-time staff who has worked at BCA for six years, said:

‘The team work very well together. Our wages are low but we all love the work. I can accept a pay freeze and would be prepared to take a small pay cut if it meant we didn’t lose any jobs. I am sure there are other cost savings we could find but Alison does not want to discuss them.’

Faisal, an artist who has volunteered for BCA for the past seven years, commented that:

‘Alison now wants me to pay for my bus fares to get to BCA events. I want to do a training course so that I can teach pottery and she wants me to pay for this as well. I like volunteering here, but can’t afford to pay some of my own expenses.’

When staff and volunteers complained about the plan, Alison said that it was not for discussion. The staff approached Bill Jones, BCA’s Chairman, and told him that they did not want to work for BCA unless Alison discussed the plan with them.

When Bill tried to discuss this with Alison she became very defensive. Alison said that if she did not act decisively BCA would have to close and everyone would be made redundant. Bill pointed out that managers not only have to make difficult decisions but also have to successfully implement them. Bill assured Alison that he was very confident about her technical and organisational skills, but that she might reflect on the other management skills needed so that she can get the staff and volunteers to successfully implement her plan.



**1 (a)** Explain why the type of decision Alison made in producing the plan for BCA was a strategic one.

**[4 marks]**

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**1 (b)** Using **Item A**, analyse why the plan to reduce annual running costs might affect the motivation of the volunteers at BCA.

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**1 (c)** Bill believes that if Alison improves her management skills she will be able to get BCA's staff and volunteers to successfully implement her plan.

To what extent do you agree with Bill? Use **Item A** to justify your answer.

**[15 marks]**

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

**Item B**

**A drive for income**

Whilst Alison's plan will cut costs, the BCA board produced a new business plan to increase income. The new plan focused on running commercial events, such as local business conferences. The income from these events would support BCA's not-for-profit activities. The BCA board decided that Alison did not have the experience needed to manage the new commercial events and appointed Tina McKeefe as the Commercial Events Manager.

Tina reports directly to the Chairman, Bill Jones. She has been given a budget of £20 000 and an objective of making a profit of £45 000 in her first year. Bill has told Tina that she can use existing staff and facilities at BCA to run events. He has said that, in order for this matrix organisational structure to work, she would have to work closely with Alison.

Two months after starting her job, Tina is convinced that Alison is determined to make the new commercial events fail. She has found it hard to use staff to run events because Alison makes sure they are already booked for other work. Despite these problems, Tina has run two commercial events, which made a total profit of £8000, and has bookings for a further six events. With cooperation from everyone at BCA, Tina thinks that she has a chance of achieving her profit objective.

Alison, however, has complained about Tina to Bill. She does not see how she can deliver BCA's not-for-profit activities if Tina keeps using her staff and facilities. Alison is also concerned that many of Tina's events have nothing to do with the arts.

Bill has asked both Alison and Tina to make suggestions on how their problems could be resolved. Tina said:

'Alison has no idea how to run commercial events. Why can't we just tell Alison she has to let me use her staff and facilities so that I can make the profit which BCA needs? I believe that Alison should accept that we're using a matrix organisational structure and that we have to work together as a team.'

Alison replied:

'Tina would sell her pet if it made money. All our events should focus on the arts. If I were given overall control, it would be easier for everyone and I could ensure we made the best use of our resources.'

Bill believes that BCA needs both Alison's expertise in the arts and the profits which Tina can make. However, he is not sure that the matrix organisational structure is making effective use of BCA's staff and volunteers.





**2 (a)** Using **Item B**, explain why Tina would have to carry out the management roles of monitoring **and** evaluating when launching BCA's commercial events.

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**2 (b)** Using **Item B**, analyse why the matrix organisational structure caused problems for Tina in managing the new commercial events.

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2 (c) Should the board keep the matrix organisational structure, as Tina suggests, or give Alison overall control of all activities? Use **Item B** to justify your answer.

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

### Item C

#### Corporate sponsorship

Bill Jones, BCA's Chairman, was recently approached by Alexander Hitchin, the Managing Director of a nationwide supermarket, to discuss corporate sponsorship. The supermarket invests in local communities but has not yet made any significant contributions to the arts.

Alexander has proposed that the supermarket provides BCA with a grant of:

- £50 000 to renovate three of BCA's 10 rooms. This would allow BCA to offer a wider range of corporate and not-for-profit events in a modern and comfortable environment
- £15 000, every year, to help BCA run more not-for-profit events. This contribution would be reviewed in 2017.

In return, the suite of renovated rooms would be named after the supermarket and its logo would be present in BCA's external communications, eg in posters and newspaper adverts.

BCA accepted the offer of corporate sponsorship and used £2500 of the annual grant to increase Tina's salary. Tina will oversee the renovation of the rooms and has been given the additional responsibility of finding other businesses willing to sponsor BCA. The existing matrix organisational structure, where Tina and Alison jointly manage BCA's staff and volunteers, will remain in place.

Alexander was delighted to hear that Tina had been 'promoted', as he put it. It was Tina who gave him the idea of sponsoring BCA at one of its commercial events. He thought Tina had the qualities of an effective leader: she was decisive, charismatic and her enthusiasm was infectious. Tina understood the 'corporate world' and, under her leadership, he believes that the sponsorship would provide the supermarket with positive public relations.

Tina held a meeting with Alison, other BCA staff and volunteers to discuss the renovation of the rooms and the opportunities offered by corporate sponsorship. Given her extensive experience in the corporate world, Tina felt confident in her ability to run the meeting. She outlined her plans and gave examples of how other businesses might sponsor BCA. Tina was excited about seeking sponsorship from a well-known bank and was sure that, apart from Alison, the others would agree with her ideas. Tina had given up trying to convince Alison about the importance of corporate sponsorship.

To Tina's surprise, virtually everybody in the meeting objected to her ideas. The meeting rapidly descended into an argument about the need for corporate sponsorship at all, let alone receiving money from, as Alison put it, 'cheating bankers'. It was obvious that the staff and volunteers looked to Alison for answers and that Tina might need to rethink her leadership style.



**3 (a)** Using **Item C**, analyse why Tina found it difficult to use her power in the meeting she held to discuss corporate sponsorship at BCA.

**[9 marks]**

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3 (b) What leadership styles do you think that Tina should use if she is to successfully meet her responsibility of managing corporate sponsorships? Use **Item C** to justify your answer.

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