

Surname					Other Names				
Centre Number					Candidate Number				
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General Certificate of Education
Specimen Paper

APPLIED BUSINESS
Unit 12 Managing People

BS12



Date and time

You will need no other materials.
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Time allowed: 1 hour 30 minutes

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- Answer the questions in the spaces provided.
- Do all rough work in this book. Cross through any work you do not want marked.
- If you need additional space, you should continue your answers at the end of this book, indicating clearly which question you are answering.

Information

- The maximum mark for this paper is 80.
- The marks for questions are shown in brackets.

For Examiner's Use			
Number	Mark	Number	Mark
1			
2			
3			
Total (Column 1)			
Total (Column 2)			
TOTAL			
Examiner's Initials			

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

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

Item A

Kingsmith Valley Railway Preservation Society

Kingsmith Valley railway has been operated by the *Preservation Society* since 1960. The railway runs through an area of outstanding natural beauty which also contains many historic buildings. The railway has recently been connected to the East Coast mainline which makes it possible for trips to be made from the national rail network. Central Trains has recently concluded a deal to use the Kingsmith Valley track for weekend excursions.

The *Preservation Society* has eight full-time employees and a team of 123 volunteers who work part-time. It is managed by Bill Knock, a former British Rail executive. Bill took charge last year and is keen to maintain his pro-active approach to management. He also wants to ensure that the railway has a sound financial future.

Since the *Preservation Society* started, it has been traditional for all volunteers to be involved in any major decisions. However, last month, Bill had to break this tradition. Central Trains needed a quick decision and the deal would have fallen through by the time all the volunteers had been consulted. Bill is convinced that the railway cannot survive if it continues to be run on traditional lines as it needs the revenue to keep pace with rising costs.

Charlie Preston, the Chairman of the *Preservation Society*, has set up a committee to make proposals for the future management of the railway which will satisfy all members. Although Bill does not question the involvement of the volunteers, he feels he must be allowed to be proactive in managing the *Preservation Society*. He has suggested that the volunteers should continue to have a say in day-to-day operations, but all decisions on commercial arrangements must be left to himself and Charlie Preston.

(a) Using **Item A**, explain why Bill thinks it is important for him to be proactive in his management of the *Preservation Society*.

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(5 marks)

(b) (i) Using **Item A**, explain why Bill wants to take more of the decisions himself.

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(5 marks)

Question 1 continues on the next page

Turn over for the next question

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

Item B

Stacey's Car Sales Ltd

Stacey's Car Sales Ltd owns franchises for *Volkswagen*, *Peugeot*, *Skoda*, *Seat*, *Subaru* and *Mitsubishi*. It has six sites and employs 220 staff. It is highly regarded in the industry for its professional management approach. Its staff are highly trained and well rewarded. The business also offers good career progression opportunities based upon six grades from trainee up to management.

The business is owned by Marcus Stacey who is due to retire next month. He wants to continue to own the business but, after a serious illness, he has been advised to give up all management responsibilities. However, he has no family to succeed him and he cannot see a natural successor within his management team. Marcus is concerned not only for the survival of his business, but that its values of integrity and support for staff should continue. Marcus has used his power as owner to ensure that his staff not only do as they are told but have also been looked after by the business. This support for staff has included an active training programme and involving the staff in the future of the business.

Marcus has been approached by *Karman Holdings plc (Karman)*, a city-based investment business, about buying the company. He is concerned that *Karman* appears to be more interested in the sites his business owns rather than the business itself or the staff he employs. A business bought by *Karman* last year was closed within six months and its city centre site redeveloped as an office complex.

The management team of *Stacey's Car Sales Ltd* are interested in buying the business with the help of a large bank loan. Marcus is concerned that the very high debt they will incur will make it difficult for them to be successful.

(a) (i) Marcus’s attitude towards his staff has been described as McGregor’s Theory Y.

Using **Item B**, explain what this means.

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(5 marks)

(ii) Using **Item B**, analyse whether Marcus has been successful in applying his management style to the business.

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(8 marks)

Turn over for the next question

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

Item C

Bachus Entertainments

Bachus Entertainments serves the summer tourist season on the east coast. It comprises two amusement arcades, a bingo hall and a seafront children's fair. It is owned by Fred Thickpenny, who has owned and managed the business on his own for 20 years. All decisions have to go back to Fred although he has three full-time staff, one who oversees the amusement arcades, one for the bingo hall and one for the children's fair. He also employs 60 casual workers to run the various attractions which are only open from April to September.

Traditionally, the casual staff were local people who worked in tourism during the summer. In recent years, this supply of labour has fallen as most workers preferred to find more secure, permanent jobs with better prospects. Fred has, therefore, increasingly turned to the unofficial employment market to meet his staffing needs. Many of Fred's new staff have not paid tax for years and are used to working in a cash economy with as little contact with the government as possible. Fred has been happy to allow this situation to continue.

Unfortunately, this recently led to an inspection of his business by Social Security and Inland Revenue officials. It was discovered that 23 staff were working illegally, either claiming benefits whilst working or not paying tax.

Fred has had his gaming licence suspended and the local authority have refused to re-issue the licence until they are convinced that he is a fit and proper person to run the business. He needs to recruit new employees, comply with employment law and pay a demand for unpaid taxes amounting to £68 000 on his employees' estimated earnings.

Fred, therefore, has to make significant changes to the business to make it legitimate. His major problem is that this will take time to achieve and, in the meantime, his business is unable to trade and many of the staff will have found other jobs.

(a) (i) Using **Item C**, discuss the factors motivating Fred’s workforce.

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(9 marks)

Question 3 continues on the next page

