

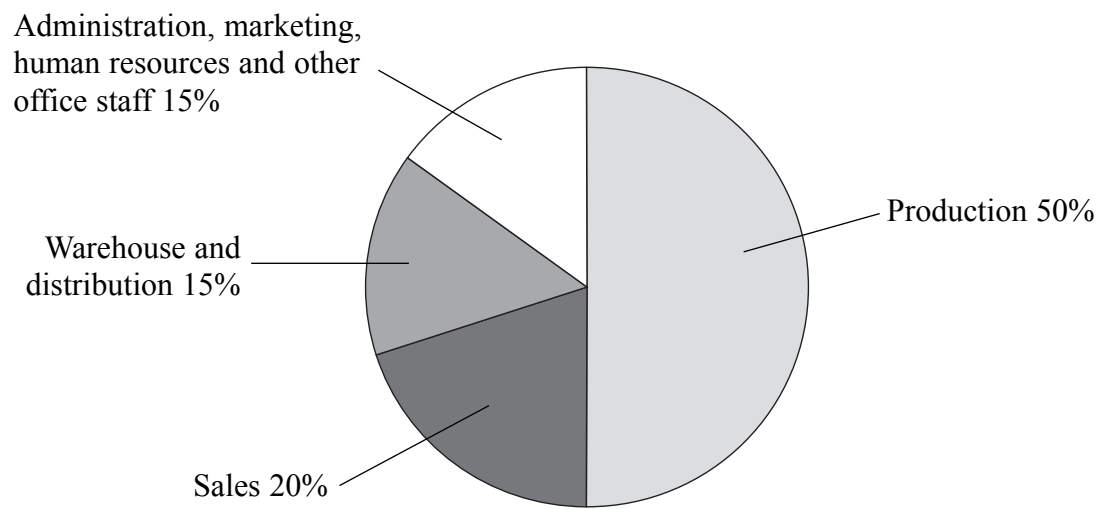


Situated in the small town of Oakham, *Poly Ltd* has been manufacturing household goods – buckets, bowls and bins – since 1930. It sells and distributes its products direct to major retailers and through a system of wholesalers and cash and carry outlets for smaller retail outlets. It is a private limited company, owned and controlled by joint managing directors, Janice and Simon Poly. The business employs 200 people.

The workforce is divided as shown in the pie chart in **Figure 1**.

**Figure 1**

**Percentage of workforce in functional areas of *Poly Ltd***



1. (a) Give **two** of the main business activities likely to be found in the largest functional area of *Poly Ltd*.

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- (b) Outline why good communication between sales and production is important.

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The managing directors set objectives for the sales and the production functional areas.

(c) Why is objective setting a good way to manage these two functional areas?

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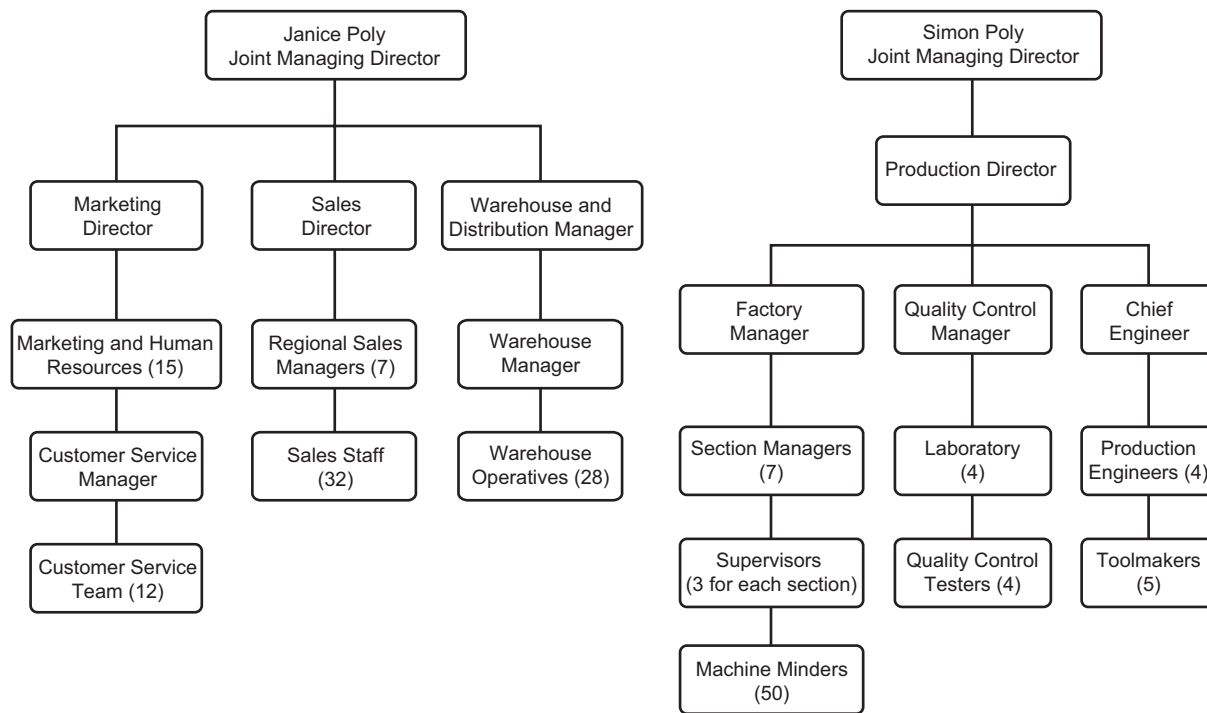
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**Figure 2**

**Organisational Chart of Poly Ltd**



Simon Poly wants to change the organisation of *Poly Ltd* from the present hierarchical structure (as shown in **Figure 2**) and bring in a matrix structure.













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Part of the recruitment process for the Regional Sales Manager involves psychometric testing.

(b) What can psychometric testing tell a business about this potential employee?

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The human resources function at *Poly Ltd* wants to protect the business from potential accusations of discrimination when recruiting new employees.

(c) Outline how it might do this.

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Some of the people employed in the production function are paid on a 'piece rate' basis; this means that they receive a fixed payment for each item they produce.

(b) Outline how the theories of F W Taylor supports the use of 'piece rate' payments.

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(c) What would be the effects of an increase in the National Minimum Wage on *Poly Ltd*?

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