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Centre Number						Candidate Number				
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**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
ADVANCED GCE**

F248

APPLIED BUSINESS

Unit 9: Strategic Decision-Making

THURSDAY 14 JANUARY 2010: Morning

DURATION: 2 hours

SUITABLE FOR VISUALLY IMPAIRED CANDIDATES

Candidates answer on the Question Paper

OCR SUPPLIED MATERIALS:

Clean copy Case Study

OTHER MATERIALS REQUIRED:

Calculator

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes on the first page.**
- **Use black ink. Pencil may be used for graphs and diagrams only.**
- **Read each question carefully and make sure that you know what you have to do before starting your answer.**
- **Answer ALL the questions.**
- **Write your answer to each question in the space provided.**

INFORMATION FOR CANDIDATES

- **The number of marks for each question is given in brackets [] at the end of each question or part question.**
- **The total number of marks for this paper is 100.**
- **The quality of written communication will be taken into account in marking your answer to the question marked with an asterisk (*).**

1 (a) What is meant by the term 'business aim'?

[2]

(b) Other than the owners, identify TWO stakeholder groups of *Natracleanse*.

1. _____

2. _____

[2]

(c) Explain ONE way in which Stewart and Mary's strong environmental and ethical beliefs may benefit stakeholders of *Natracleanse*.

[2]

[Total: 6]

2 Every year Stewart uses personnel performance data to calculate key workforce indicators.

(a) What is meant by the term ‘rate of absenteeism’?

[2]

Table 1

	INDICATOR	FORMULA
1	Rate of Labour Turnover	$\frac{\text{Number of staff leaving per annum}}{\text{Number of staff}} \times 100$
2	Rate of Absenteeism	$\frac{\text{Number of days of staff absence per annum}}{(\text{Total number of staff} \times 230 \text{ days}^\#)} \times 100$ <p># 230 days = average working year in UK manufacturing industries</p>

Table 2

WORKFORCE PERFORMANCE DATA FOR NATRACLEANSE 2009	
Number of staff	20
Staff leavers	1 employee
Staff absences	69 days

(b) Using the information given in TABLES 1 AND 2 (opposite), calculate for *Natracleanse* in 2009:

(i) the rate of labour turnover;

[2]

Show your workings:

Rate of labour turnover = _____

(ii) the rate of absenteeism.

[2]

Show your workings:

Rate of labour turnover = _____

(c) Explain ONE reason why the labour turnover OR absenteeism indicators at *Natracleanse* are likely to be LOWER than the national average.

Indicator chosen: _____

_____ [3]

[Total: 9]

3 (a) What is the purpose of contingency planning?

[2]

(b) Explain TWO steps a business such as *Natracleanse* is likely to have taken in order to produce a comprehensive contingency plan.

1. _____

2. _____

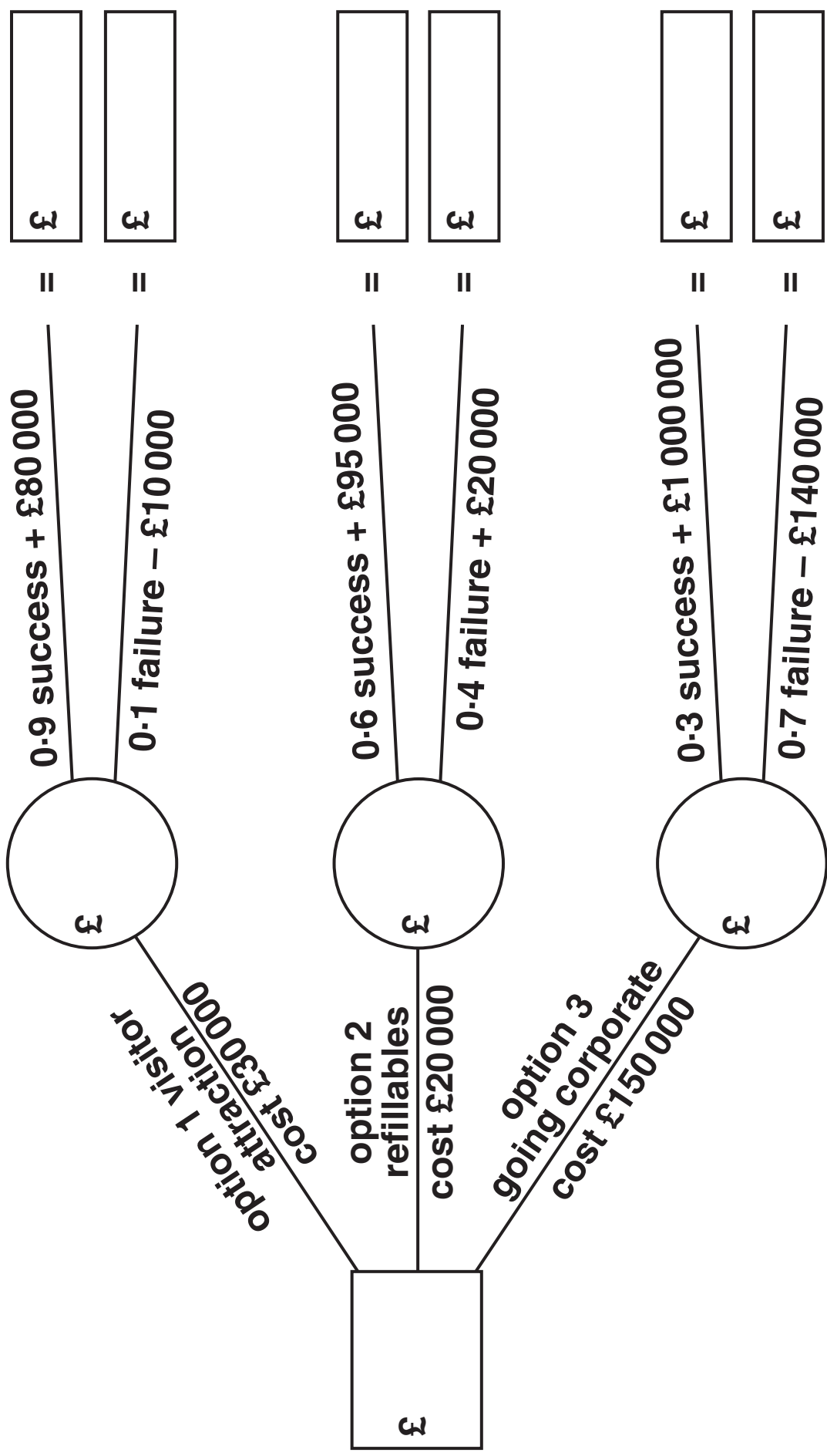
[4]

[Total: 6]

4 Stewart and Mary decided to use a decision tree to help them evaluate the three strategic options under consideration at *Natracleanse*.

- (a) Complete the decision tree opposite. You are advised to show your working in the box below and to enter and clearly show each answer in the appropriate boxes and nodes on the decision tree. [10]**

Show your working:



(b) State TWO limitations of using a decision tree as a strategic decision-making tool.

1. _____

2. _____

_____ **[2]**

[Total: 12]

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TURN OVER FOR QUESTION 5

5 Zeeta usually uses a discount rate of 5% to judge the value of her investments. However, the current economic climate leads Zeeta to think that a discount rate of 10% may be more appropriate.

(a) Using the discount factors in TABLE 3 below, calculate the net present value for OPTION 3 – ‘GOING CORPORATE’ – for EACH of Zeeta’s chosen discount rates. Complete TABLE 4 opposite, with your answers.

Table 3

YEAR	DISCOUNT FACTORS AT 5%	DISCOUNT FACTORS AT 10%
0	1.00	1.00
1	0.95	0.91
2	0.91	0.83
3	0.86	0.75
4	0.83	0.68
5	0.78	0.62

Table 4

YEAR	ESTIMATED NET CASH-FLOW	PRESENT VALUE AT 5% DISCOUNT RATE	PRESENT VALUE AT 10% DISCOUNT RATE
0	(£100 000)	(£100 000)	(£100 000)
1	£30 000		
2	£42 000		
3	£62 000		
	TOTAL		

[8]

Show your workings:

(b) Assess the extent to which net present value calculations are of use to ZETA when judging an investment opportunity.

[8]

[Total: 16]

6 (a) Identify and explain TWO suitable promotional methods Stewart and Mary could use if they decide to take OPTION 1 – ‘VISITOR ATTRACTION’.

1. _____

2. _____

_____ **[6]**

(b) Explain ONE likely impact on *Natracleanse's* PUBLIC IMAGE if Stewart and Mary decide to take OPTION 2 – 'REFILLABLES'.

[2]

(c*) Quality of written communication will be taken into account.

Evaluate the STAFFING issues which might arise if Stewart and Mary decide to take OPTION 3 – 'GOING CORPORATE'.

[14]

[Total: 22]

- 7 (a) Label the **FOUR** quadrants in the Ansoff's Matrix grid below. [4]
- (b) Insert each of the **THREE** options under consideration at *Natracleanse* into the correct quadrant. [3]

		PRODUCTS	
		EXISTING	NEW
MARKETS	EXISTING	1. _____	2. _____
	NEW	3. _____	4. _____

- (c) Distinguish between **QUANTITATIVE** and **QUALITATIVE** information.

[2]

(d) Using BOTH quantitative and qualitative information, recommend and fully justify which option Stewart and Mary should choose.

[20]

[Total: 29]



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