

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

BUSINESS STUDIES

2876

Further People in Organisations

Wednesday

26 JANUARY 2005

Morning

1 hour 30 minutes

Additional materials:
Answer Booklet

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Answer **all** questions.
- Write your answers on the separate answer booklet provided.
- If you need extra sheets, fasten these sheets securely to the answer booklet.
- Read each question carefully and make sure you know what you have to do before starting your answer.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 60.
- You will be awarded marks for the quality of written communication where an answer requires a piece of extended writing.

This question paper consists of 3 printed pages and 1 blank page.

Intermezzo Instruments Ltd (IIL)

Toni Giordano purchased Intermezzo Instruments (IIL) from Pietro Inzhagi in October 2003 when Pietro retired. The business was formed by Pietro in 1986, operating from a large factory in Milton Keynes. IIL had soon built up a world-wide reputation for the production of hand-crafted violins and woodwind instruments. Pietro only employed skilled craftsmen, whom he recruited from all over Europe to work in Milton Keynes. As a result of this recruitment policy, Pietro was able to ensure that IIL instruments were of the highest standard. Nonetheless this method of recruitment caused problems when replacement workers were needed. 5

When Toni first visited IIL to assess the business' potential, he had spoken to many of the craftsmen. Several violin makers had complained that Pietro was a very hard taskmaster. They did not like the way that he often stood over them while they were working, and did not like being criticised for working slowly. Some were annoyed that he did not pay them the 'going rate' for their skill, particularly as they knew that he made a handsome profit when he sold the instruments which they had painstakingly made. 10 15

Similar complaints had occurred when Toni had talked with the woodwind makers. They were concerned about the way Pietro forced them to work long hours to ensure that instruments were ready when the customers wanted them. They claimed that the combination of these factors made them make more mistakes and Pietro was directly responsible for the increasing number of accidents in the factory. 20

When Toni took over the business he decided that many changes needed to be made quickly. At a meeting with the workforce at the end of his first week in charge, he told them that from the beginning of 2004 the following changes would be made:

1. Each department would be free to determine the times they started and finished work. 25
2. Each department would vote for a rate of pay for their department from the total wages budget allocated by Toni.
3. Every worker would be responsible for their own budget for raw materials, and would be able to recommend, for example, the purchase of labour-saving equipment instead of only using traditional tools. 30
4. A suggestion scheme would be introduced which would reward workers for ideas to make the business more efficient.
5. Representatives from each department would be expected to meet potential new customers to discuss the customers' requirements.
6. An apprenticeship scheme would be introduced in an attempt to reduce the problem of recruiting replacements for craftsmen who leave or retire. Craftsmen would be expected to take responsibility for the training and development of these apprentices on the basis of one apprentice to every three craftsmen. 35

Toni justified these changes by telling his workforce that they would almost certainly be the most empowered group of workers in the industry, if not the whole of the United Kingdom. 40

One year later, Toni was comparing data from the last year Pietro had been in charge with data relating to his own first year in charge, in order to assess the impact of the changes he had introduced. He was somewhat surprised by the results. He was also very concerned that the apprenticeship scheme was not yielding the results that he had hoped for, and was not convinced by the craftsmen's claims that they were under too much pressure at work to be able to monitor and train the apprentices properly. 45

Table 1: Average weekly hours per employee (2003–2004)

<u>Department:</u>	<u>2003:</u>	<u>2004:</u>
Violin makers	56	50
Woodwind makers	66	33

Table 2: Hourly rates of pay per employee (2003–2004) (£ per hour)

<u>Department:</u>	<u>2003:</u>	<u>2004:</u>
Violin makers	10	12
Woodwind makers	8	18

Table 3: Average number of instruments produced per week per employee (2003–2004)

<u>Department:</u>	<u>2003:</u>	<u>2004:</u>
Violin makers	1	1
Woodwind makers	4	8

Table 4: Total number of accidents (2003–2004)

<u>Department:</u>	<u>2003:</u>	<u>2004:</u>
Violin makers	3	6
Woodwind makers	12	2

Table 5: Number of new customers (2003–2004)

<u>Department:</u>	<u>2003:</u>	<u>2004:</u>
Violin makers	12	4
Woodwind makers	8	24

Answer **all** questions.

- 1 (a) Using Table 1 and Table 2, calculate the percentage change in average weekly wages for violin makers between 2003 and 2004. [4]
- (b) Discuss the advantages and disadvantages of Toni's policy of letting the workforce decide on the rates of pay for their department. [16]
- (c) Evaluate the likely impact of Toni's leadership style at IIL. [16]

IIL has traditionally only employed skilled craftsmen who are recruited from all over Europe.

- 2 (a) (i) Analyse how this policy might have affected the methods of recruitment IIL was able to use. [6]
- (ii) Recommend and justify a strategy Toni could have used to ensure that any changes needed to make the apprenticeship scheme successful were managed effectively. [16]
- (b) Analyse, from a Human Resource point of view, why Toni wanted representatives from each department to meet new customers to discuss customer requirements. [6]

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