

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

BUSINESS STUDIES

2876

Further People in Organisations

Thursday

23 JUNE 2005

Afternoon

1 hour 30 minutes

Additional materials:
8 page 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 of paper, 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 4 printed pages.

The Toasted Teacake (TTT)

Larry Kent and Stewart Hunter, both teachers who had taken early retirement, had always wanted to run a business. A shop became vacant in the small rural town of Sedgford where they both lived. They agreed that this would present them with an ideal opportunity to open a cafe selling traditional English food, and decided to call the business The Toasted Teacake (TTT).

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Larry took responsibility for purchasing materials and cooking food, while Stewart took responsibility for all other aspects of the business. After they had received planning permission and refurbished the premises, Stewart began trying to recruit staff. This did not prove easy, possibly because of the rural location of the business. To overcome this problem Larry suggested that they should approach friends and relatives who might be pleased to earn a little extra. Within one day they had filled their vacancies and by April 2005 they were open for business.

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Things did not go to plan from the outset. Larry expected everyone to obey his every instruction to the letter, screaming and shouting at his helper in the kitchen if things did not get done exactly as he required. Stewart was horrified at the lack of competence and customer service skills displayed by his two nieces working behind the counter, and alarmed by the inept performance of Larry's two nephews who were employed as waiters.

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Things went from bad to worse. Customers continually complained that they did not get exactly what they had ordered. This was usually because one or other of Stewart's nieces could not remember what the customers had asked for. Adding up the customers' bills accurately also posed them both considerable problems.

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Worse was to follow. In the second week of trading one of the waiters tripped over a wire trailing across the floor from an electric heater. In the third week one of the counter staff nearly lost the end of a finger in the bacon slicer when Larry had insisted she helped in the kitchen. In the fourth week the other waiter had fallen heavily when leaving the kitchen, because the floor was greasy. By the end of the week these three employees had walked out. None had suffered any serious injuries, but this series of events raised other issues which Stewart and Larry needed to consider.

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Stewart's immediate problem was how could he replace the staff who had left with more suitable people. Unemployment in the area was low, and he had received no help from the Job Centre. Stewart now wondered why they had not explored alternative recruitment methods before opening for business.

Stewart was also uncertain about the wages that might be necessary to attract suitable applicants for the vacant posts. When employing relatives he had paid the legal minimum wage in cash; now he was wondering whether this would be enough. He was considering paying marginally more, along with free meals and help with taxi fares. He wondered whether there were other ways which might also enable him to recruit and retain more highly skilled and motivated workers.

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Stewart began to research these issues, starting with some information about the local labour market provided by Sedgford Chamber of Commerce (see Figures. 1–4).

Figure 1:
Unemployment by sector – People previously employed in Sedgford District Council area (2002–2004): 45

Sector:	2002: Number Unemployed:	2003: Number Unemployed:	2004: Number Unemployed:	
Primary	103	110	122	
Secondary	88	92	98	
Tertiary	26	21	18	50
Total:	<u>217</u>	<u>223</u>	<u>238</u>	

Figure 2:
Average weekly wage by sector – Sedgford District Council area (2002–2004):
 (Assuming a 40 hour working week)

Sector:	2002: £	2003: £	2004: £	
Primary	225	230	235	
Secondary	330	335	340	
Tertiary	240	262	284	55

Figure 3: 60
Total working population – Sedgford District Council area (2002–2005):

2002:	2003:	2004:	2005:
24,135	24,365	24,515	24,625

Figure 4: 65
Total population – Sedgford District Council area (2002–2005):

2002:	2003:	2004:	2005:
68,646	70,003	71,274	72,010

Answer all questions.

- 1 (a) (i) Calculate the percentage of the population living in the Sedgford District Council area in 2005 who form the working population. [4]
- (ii) Analyse how the local labour market conditions might affect Stewart and Larry's ability to recruit appropriate employees. [6]
- (b) Analyse the possible Human Resource implications of TTT employing friends and relatives during the first few weeks of trading. [6]
- (c) Evaluate whether TTT should have a formalised training programme for its workforce. [16]
- 2 (a) Stewart decides to advertise for replacement staff offering £6.00 per hour with no fringe benefits.
- (i) Calculate the average hourly wage for tertiary sector workers in 2004 in the Sedgford District Council area.
- (ii) Evaluate the likely impact of this decision on levels of motivation at TTT. [16]
- (b) Discuss the possible consequences to TTT of health and safety issues. [10]