

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

BUSINESS STUDIES

2876

Further People in Organisations

Thursday **26 JANUARY 2006** Morning 1 hour 30 minutes

Additional materials:
8 page Answer Booklet

Candidates may use calculators in this examination.

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.

Beckingham Conference Centre (BCC)

BCC is owned by four partners. The centre provides conference and training facilities for businesses. It is a popular venue with customers, but the partners are concerned that the centre is not as profitable as they would like it to be.

Tom McCoy, the newly appointed Human Resource Manager at BCC, was trying to concentrate on a detailed analysis of data for his department. He was finding this very difficult because of the noise being made outside his office window. The centre's kitchen and restaurant staff had gone on strike at the end of the previous week, and were currently picketing outside the centre. He could hear shouts of "No Eastern Europeans at BCC!", "Jennie Osborne is innocent!" and, "McCoy must go!" The workers had taken this action because BCC's owners were intending to replace all of them with workers recruited from Eastern Europe. McCoy was already well aware that the rest of the staff at BCC were very sympathetic towards the demands being made by the angry kitchen and restaurant staff. 5 10

McCoy had recently been appointed to replace Callum O'Dwyer, who had been very popular with the workforce at BCC due to his democratic management style and caring attitude. O'Dwyer had taken early retirement, primarily because he disagreed strongly with BCC's owners regarding their plans to recruit workers from Eastern Europe. The partners thought such workers would work harder for less money, and need little or no training. 15

McCoy had promised the partners that he would oversee the recruitment and induction of the workers from Eastern Europe, and would make driving down unit labour costs his main priority. McCoy's view was that he had not been appointed to be popular with the staff at BCC, but to get the job done in the way the partners wanted. This suited his authoritarian style of management, and would allow him to bring in any measures he thought appropriate to achieve the objectives of BCC's owners. These included increasing labour productivity, a result of this being increased profits. 20

At the end of his first week in the job, McCoy had summarily dismissed Jennie Osborne. Osborne, the head chef, had continually argued with McCoy about the problems she foresaw in the kitchens if she was going to be expected to manage and organise untrained workers from Eastern Europe. The fact that they also might have limited ability in speaking English merely compounded her problems with McCoy's strategy. McCoy had dismissed Osborne because two bottles of red wine and a bottle of brandy had gone missing from the kitchens and he held Osborne directly responsible. McCoy was pleased to have any excuse to rid himself of anyone he saw as a potential threat to BCC's plans. 25 30

At the end of his second week at BCC, McCoy called the kitchen and restaurant staff to a meeting, and announced that they were on four weeks' notice of redundancy. He formally revealed the plan to employ workers from Eastern Europe, all of whom would have slightly revised job titles and roles to those of the current kitchen and restaurant staff. BCC would give the redundant workers the minimum redundancy payment stipulated by government legislation, and no time off to look for new jobs. 35

He justified this action by claiming that if BCC did not restructure and cut costs the partners were considering closing it down. He explained that the current kitchen and restaurant staff were welcome to apply for the 'new jobs', at revised rates of pay and hours of work, but warned them that there were no guarantees of any of them being selected. On hearing this, some of the staff to be affected decided to contact ACAS. 40

Fig. 1: Comparison between current and proposed pay rates and working hours for BCC kitchen and restaurant staff

	Current	Proposed
No. of workers	22	14
Pay per hour	£7.75	£5.10
Weekly working hours	36	42

NB: BCC adds an extra 25% to cover National Insurance and pension contributions.

Despite current industrial relations problems, McCoy was convinced that the potential savings to be made would ensure that BCC's costs would be permanently reduced, making the centre a more profitable venture, and allowing him to plan more future cost savings. If this plan worked, he was expecting a healthy bonus payment from his grateful employers. 45

Answer **all** questions.

- 1 (a) (i) Using Fig. 1, calculate the weekly payroll costs for employing the **current** workforce. Show your working. [2]
 - (ii) Assume the **proposed** change in the number of employees and working hours is introduced. Using Fig. 1, calculate the percentage fall in the total hours worked by kitchen and restaurant staff. Show your working. [2]
 - (b) McCoy's view is that the only way to make BCC a more profitable venture is through driving down unit labour costs. To what extent would you agree with this view? [10]
 - (c) Discuss the potential impact on BCC of McCoy's decision to summarily dismiss Jennie Osborne. [16]
- 2 (a) McCoy plans to employ only Eastern European workers in the kitchen and restaurant at BCC. Should BCC adopt this employment policy? [16]
 - (b) Analyse the contribution ACAS might be able to make to the current industrial relations problems at BCC. [6]
 - (c) Analyse the likely implications for staff at BCC of the change in leadership style in the Human Resource department. [6]

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