

**ADVANCED GCE
BUSINESS STUDIES**

2876

Further People in Organisations

FRIDAY 25 JANUARY 2008

Morning

Time: 1 hour 30 minutes

Additional materials (enclosed): Answer Booklet (8 page)

Additional materials (required):
Calculators may be used



INSTRUCTIONS TO CANDIDATES

- Write your name in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Answer **all** the questions.
- If you use additional sheets of paper, fasten the sheets to the Answer Booklet.

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 **60**.
- You will be awarded marks for the quality of written communication where an answer requires a piece of extended writing.

This document consists of **4** printed pages.

Morley Motors Ltd (MML)

Last October, Peter Morley, the major shareholder and Managing Director of MML faced a dilemma. Harry Johnson, the popular Workshop Supervisor, unexpectedly announced that he was going to take early retirement at the end of November. Harry had been responsible for ordering parts and supplies, organising the work schedules for the mechanics and for customer liaison. With little time to find a suitable replacement, Peter decided that it would take too long to advertise for, and recruit, an external candidate. He was also aware that external recruitment could be expensive. In addition, Peter was not confident that he would be able to find an appropriate replacement for Harry in a locality where the necessary skills and experience were in short supply. 5

As a result, Peter decided to promote one of the 12 mechanics currently working at MML. In late November, without any consultation, Peter called Bob Watson into his office, and told him that from the following Monday he would be the new Workshop Supervisor. Bob Watson had worked for MML as a motor mechanic for 20 years since leaving school. He had joined MML as an apprentice and is the longest serving and most experienced mechanic. Bob is a quiet man, more comfortable with his mechanic's role than he is when dealing with colleagues or customers. However, he has always been recognised by his fellow mechanics and MML's regular customers as the mechanic with the greatest range of skills and experience. Peter told Bob that he would get a 30% increase on his wage as a mechanic (currently £480 per week for a 40 hour week, for a 52 week year). Bob would receive a monthly salary, but would no longer be paid for any overtime (in 2007, Bob received £4,000 in overtime payments). He would, however, receive a 5% share of MML's annual net profit. 10 15 20

Peter also told Bob that he would have to be very assertive in his new role and suggested that Bob should adopt an autocratic management style to get the respect of the mechanics and the most work out of them. Bob was uncertain about accepting this new role as he wondered whether he would be able to cope with the extra responsibility but felt that he had to take the post and not let Peter down. 25

Bob feels increasingly unhappy and insecure in his new Supervisory role. He had received no management training and is finding it very difficult to organise and manage the ordering of supplies and parts. He is also finding it hard to communicate effectively with awkward or demanding customers. He is now the last to leave work each day, working at least two extra hours trying to cope. His biggest problem, however, is with the mechanics. Bob feels that they resent his promotion and seem to be trying their hardest to make it difficult for him to plan and organise their work schedules by arguing with his decisions. Peter Morley is also complaining that the number of completed jobs in the workshop has fallen since Bob took over, and the number of customer complaints is increasing. Peter sensed that the atmosphere in the workshop was very tense. He told Bob that he was expecting him to find appropriate methods to improve the motivation of the mechanics as a matter of urgency. 30 35

Bob also has another major problem to solve. Peter had told him, in mid-December, that he must, as a matter of priority, update MML's Health & Safety policy and carry out a risk assessment for all aspects of the workshop activities. Bob had always been personally aware of the need to work safely, but he had never felt the need to understand or implement the finer points of health and safety legislation when he was a mechanic. However, accidents in the workshop have been increasing since he took over. Nobody had been seriously injured, but Bob was very uncertain about his own ability to carry out Peter's request. Bob is beginning to wish that all he had to worry about is fixing people's cars! 40 45

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- 1 (a) (i)** If Bob's share of net profit were to be £3,630, calculate his potential annual remuneration in his new role as Workshop Supervisor. [4]
- (ii)** Analyse **two** advantages to MML of remunerating Bob by salary. [6]
- (b)** Discuss the appropriateness of Peter's decision to internally recruit the replacement Workshop Supervisor. [10]
- (c)** To what extent might training help Bob be more effective in his new role as Workshop Supervisor? [16]
- 2 (a)** Analyse **two** possible implications for MML of not having an up-to-date Health & Safety policy. [6]
- (b)** Evaluate methods Bob might use to improve the motivation of the mechanics. [16]

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