

ADVANCED GCE
BUSINESS STUDIES
Further People in Organisations
TUESDAY 17 JUNE 2008

2876

Afternoon
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.

Fulbeck Hotels plc (FHP)

Fulbeck Hotels plc owns eight hotels in Suffolk, Norfolk and Essex. Stanley Bowles is the Human Resources Director. The geographical spread of hotels causes Stanley to spend a considerable time travelling between each one to carry out his role effectively. He spends a lot of his time communicating with individual hotel general managers by email and telephone. His preference, however, would be to visit each hotel to get to know the staff and deal with problems more effectively. Recently, however, he has been almost permanently working at the newly purchased and refurbished Beckingham Manor Hotel which is planned to open for business in eight weeks time. As a result of Stanley's focus on the Beckingham Manor Hotel, communication between him and the other hotel general managers has deteriorated. Stanley is now facing several human resource problems which he worries might delay the opening. 5
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Firstly, Stanley had intended to move FHP's most experienced general manager, Charles George, to the Beckingham Manor Hotel to ensure a successful opening. However, two weeks ago, Charles had handed in his notice. He will be leaving in two weeks time. Stanley has to find a replacement for him, and now has little time to find an appropriate general manager for the Beckingham Manor Hotel. Stanley is not sure that FHP has another general manager, as competent as Charles, whom he could move. He feels that he will have to think very carefully about his recruitment strategy. 15

Secondly, Stanley has recently been negotiating with the trade union which represents FHP's employees concerning a request for a company-wide wage increase of 8%. Stanley received a demand from the trade union, three days ago, telling him that unless the pay rise is granted within the next four weeks, it would be balloting its members for strike action. Stanley has already replied, clearly stating that unless the recommendation for strike action is withdrawn, he will dismiss all the union members and replace them. He feels confident in doing this because only about one in three of FHP's employees are union members. He is very worried, however, that the union is determined to cause as much trouble as possible. Things can only get worse if his intention to pay the new staff at the Beckingham Manor Hotel a 15% premium becomes widely known. He feels this is necessary so that he can recruit enough staff, of the right calibre, to ensure the success of the new hotel. 20
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Another problem that Stanley has not been able to resolve relates to a substantial increase in customer complaints at FHP's most profitable hotel. Most of the complaints seem to relate to the poor quality of customer service in the restaurant, and inferior standards of cleaning in the hotel rooms. The general manager told Stanley she thinks that the problem is being caused by low levels of morale and motivation and has requested Stanley's help in finding ways to address these issues. Labour turnover is consistently high and any attempt to get the groups to work together as teams is failing because of personality clashes between the members in each team and with their supervisors. Stanley told her to deal with the problems because he was too busy. She emailed Stanley yesterday, insisting he deals with the problems immediately. 30
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Stanley had originally introduced team-working at all FHP's hotels in an attempt to improve performance in all aspects of hotel work. He introduced this change a month ago with very little consultation with any of FHP's general managers, or the staff who he was expecting to work in teams. He also did not provide them with any training on the concept or benefits of team-working, as he was too busy trying to sort out the problems at the Beckingham Manor Hotel. However, he was aware that this recent request for help concerning the lack of success of team-working was certainly not the first. Stanley made a quick note in his diary to arrange a suitable date for all FHP's general managers to attend a presentation on altering group norms within their teams. 40
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Stanley's next task is to try to calculate the potential impact on FHP if the trade union succeeded with its request for an 8% increase. FHP's Managing Director had recently told Stanley that the most the company would be prepared to pay would be 4.5%. (FHP's annual employment costs are currently £4 million for the eight existing hotels.) However, she has given Stanley permission to pay the 15% premium to attract workers for the new Beckingham Manor Hotel. 50

- 1 (a) (i) Calculate FHP's average employment cost per existing hotel. [2]
- (ii) Calculate the difference in the annual employment cost to FHP if the trade union succeeds in its demand for an 8% increase rather than the offered 4.5%. [2]
- (b) Evaluate the possible consequences to FHP of the Managing Director's decision to limit the employees' wage rise to 4.5%. [16]
- (c) Analyse the contribution ACAS might make if wage negotiations between FHP and the trade union fail to reach an agreement. [6]
- 2 (a) Develop and justify a recruitment strategy which Stanley could use to appoint a suitable manager for the Beckingham Manor Hotel. [16]
- (b) Analyse **two** ways in which Stanley could make an effective presentation to FHP's general managers. [6]
- (c) Evaluate methods by which FHP could change group norm behaviour within its teams. [10]

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