

323/01

BUSINESS STUDIES

BS3

A.M. WEDNESDAY, 10 January 2007

(1 hour)

ADDITIONAL MATERIALS

In addition to this examination paper, you will need an 8 page answer book.

INSTRUCTIONS TO CANDIDATES

Answer **both** questions.

INFORMATION FOR CANDIDATES

Mark allocations are shown in brackets.

Candidates will be assessed on their quality of written communication i.e. the structure and presentation of ideas; the clarity of expression; grammar, punctuation and spelling. Up to three marks will be awarded for written communication.

No certificate will be awarded to a candidate detected in any unfair practice during the examination.

1. Study the information below and then answer the questions that follow.

Louise, the only daughter of elderly parents, was brought up in a small Welsh village near to a major town. Like many teenagers, she couldn't wait to escape to the bright lights of London. Louise found work in the Human Resources department of a large department store where she was responsible for setting up an appraisal system for the staff. Her idyllic life was shattered when her father became ill and had to retire. Her mother expected Louise to come home and run the family bakery business.

So, Louise at 24 years old gave in her notice and went home to take on the challenge of running the business.

The business had been started by her great grandfather, and in truth, not much had changed since then. Louise decided that the first thing that needed to be done was to take a close look at the present situation. The culture of the bakery had probably been created by her father's autocratic leadership style, but Louise did not know if this was appropriate for her. The majority of the 38 workforce had known her since she was a young girl.

One problem that Louise identified was a high rate of absenteeism, despite a low labour turnover. Another problem was that the bakery had no provision for training to update the skills of the employees. Louise thought that one way she could tackle these problems was to use her expertise by setting up an appraisal system at the bakery.

- (a) Identify the problems associated with a high rate of absenteeism **and** suggest ways in which Louise might attempt to reduce the level of absenteeism. [6]
- (b) Explain how an appraisal system might be of benefit to **both** Louise and her employees. [6]
- (c) Discuss the advisability of Louise adopting a leadership style that is different from that of her father. [8]

2. Study the information below and then answer the questions that follow.

Patchwork Panache started up in the 1960s in response to the ‘hippy’ culture. It was an age when young people wanted to be different from their parents in all respects. They wanted a ‘back to nature’ existence and clothes that reflected their individuality. The business operates from a large industrial unit which houses the preparation work on the fabrics and the production units.

Patchwork Panache, which employs 18 workers, collects rags from charity shops, washes and dries the fabrics, and cuts them into patchwork pieces. These patchwork pieces are then made into trousers, dresses, handbags, skirts, etc. that are of a high standard, but there is a great deal of wasted raw material. The business keeps a **buffer stock** of buttons, zips and press studs of various sizes in stock, because the quantity used is erratic and the **lead times** are long.

It sells mainly to independent specialist retailers throughout the UK and also through its web site. However, it currently has the prospect of gaining a contract from a large well-known chain store. Should it be awarded this contract, it would involve the business in **major technological change** because its equipment is ageing and efficiency has dropped in recent years.

- (a) Explain, with the aid of a diagram, the meaning of:

- (i) *buffer stock*; [3]
 (ii) *lead times*. [3]

- (b) Patchwork Panache is considering *benchmarking* to improve its operations.

- (i) What is meant by *benchmarking*? [2]
 (ii) How might Patchwork Panache benefit from *benchmarking*? [4]

- (c) Assess the benefits and problems that Patchwork Panache might experience if it adopted a programme of *major technological change*. [8]