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CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

BUSINESS STUDIES

0450/04

Paper 4 Alternative to Coursework

May/June 2003

1 hour 45 minutes

Candidates answer on the Question Paper.

Additional Materials: Compass
Graph paper
Protractor
Electronic calculator
Pencils
Ruler

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen in the spaces provided on the Question Paper.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

You may use the graph paper provided for the drawing of graphs, pie charts, etc. in answer to any of the questions. Write your Centre number, candidate number and name and the number of the question at the head of the graph paper.

Pages 3 to 5 contain information for your use. These pages may be detached for easy reference. You do not need to return these pages with the question paper.

You are advised to spend at least 45 minutes in preparing and writing the report required in Section B.
The business described in this case study is entirely fictitious.

If you have been given a label, look at the details. If any details are incorrect or missing, please fill in your correct details in the space given at the top of this page.

Stick your personal label here, if provided.

For Examiner's Use	
1	
2	
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TOTAL	

This document consists of **10** printed pages, **4** lined pages and **2** blank pages.



K.L.C. Restaurant: A Human Resources Problem

K.L.C. is a successful restaurant located in a large city centre. The restaurant was established 15 years ago as a partnership. The restaurant aims to attract wealthy customers. The food served is of high quality and the chefs are well qualified and famous for their excellent skills.

Six months ago the business employed a new restaurant manager. Since then there have been problems with the staff.

Several of the experienced staff have left and the new manager replaced them with people who have never worked in a restaurant. A new system for paying staff was introduced. Waiters are now paid a small basic wage and then paid extra money depending on the number of customers served (a type of piece rate). The tips – cash bonuses from customers for good service – from customers are shared out equally at the end of the evening. The previous system of payment was based on hourly rates and tips were kept by the waiters themselves. Staff at the restaurant are unhappy and morale is low.

The new manager does not believe in off-the-job training for waiters. He expects the new recruits to watch and learn from the other waiters in the restaurant.

The manager only recruits new staff by asking existing employees if they have any friends or relatives who would like to work in the restaurant.

You have been asked by K.L.C. to look at the situation and write a report advising them on the best course of action to take to overcome the staff problems.

MEMORANDUM

To: Partners of K.L.C. Restaurant
 From: Restaurant manager
 Date: 21 May 2003
 Subject: Employment of new staff

As you know a number of employees left recently to work at other restaurants nearby. I have employed 4 new staff but still require several more to cover all the work. The new staff are all young and enthusiastic but they have not worked in restaurants before. They are friends of our existing waiters.

Vacancies still to cover are:

- 4 waiters/waitresses,
- 3 kitchen cleaners,
- 1 chef.

I hope that you will continue to let me make all the staffing decisions.

Fig. 1

Table to show staff information at K.L.C. Restaurant

	2001	2002	2003 (first 6 months)
Absenteeism (number of days off work by the restaurant staff)	30	29	50
Number of staff leaving the restaurant	4	3	12
Sales turnover for K.L.C. Restaurant	\$200 000	\$300 000	\$100 000

Fig. 2



Fig. 3

Recruitment Advertisement for Harrow Restaurants (a competitor of the K.L.C. Restaurant)



Fig. 4

(c) Why do you think the Harrow Restaurants offer fringe benefits to staff?

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(d) Is increasing wages the only way to motivate restaurant staff? Explain your answer.

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2 (a) (i) Explain the difference between on-the-job training and off-the-job training.

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(ii) Explain which type of training you would recommend for a chef.

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(ii) How could the owners try to make sure that the information from this research is accurate?

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(c) The restaurant needs to recruit kitchen cleaners. Outline **two** ways, other than the method currently being used, that the restaurant manager could use to recruit these workers.

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Section B

- 3** Using all of the information available to you in this paper, write a report to the owners of K.L.C. Restaurant, advising them on the alternative ways of solving their human resources problem.

Your report should include:

- a brief summary of the problems with the staff and the effects on the business;
- the advantages and disadvantages of alternative ways of paying and motivating employees (including payment systems and fringe benefits);
- the advantages and disadvantages of alternative ways of recruiting
 - (i) waiters/waitresses,
 - (ii) a new chef;
- a conclusion comparing the alternative ways of solving the problem;
- your recommendation of the best way of solving the problem, based upon your conclusion;
- reference to relevant business studies theory as and where appropriate.

Marks will be awarded for using the correct format for a report.

Write your report on the pages which follow. You may ask for additional paper if you need this to complete the report. [50]

A series of horizontal dotted lines for writing.

Dotted lines for writing.

A series of 25 horizontal dotted lines for writing.