

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
ADVANCED GCE**

2876

BUSINESS STUDIES

Further People in Organisations

MONDAY 25 JANUARY 2010: Afternoon

DURATION: 1 hour 30 minutes

SUITABLE FOR VISUALLY IMPAIRED CANDIDATES

Candidates answer on the Answer Booklet.

OCR SUPPLIED MATERIALS:

8 page Answer Booklet

OTHER MATERIALS REQUIRED:

A calculator may be used

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.**
- **Use black ink. Pencil may be used for graphs and diagrams only.**
- **Read each question carefully and make sure that 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 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.**

Period Fireplaces Ltd (PFL)

Stanley and Cyril O'Connor have been in business together for ten years. For nine years they concentrated on acquiring a wide range of antique fireplaces, bricks, and garden ornaments which were removed from old properties being renovated by their owners. These were then resold from a yard which Stanley and Cyril ran by themselves. The most popular and profitable items were always old-fashioned fireplaces. They decided to form Period Fireplaces Ltd (PFL). The yard continued to be run by Stanley, but Cyril then took charge of manufacturing reproduction fireplaces at a small, local industrial unit.

Stanley thinks that the work at the yard is relatively easy. The main tasks are:

- fetching and carrying reclaimed items from his van;
- organising them in the correct section of the yard;
- cleaning up the reclaimed items;
- showing the public around;
- dealing with queries from the public;
- keeping a record of sales and takings.

He thought that a school-leaver, who could be paid minimum wage, would be a suitable employee. In February 2009, as a quick and easy solution, he hired his next door neighbour's son, Peter. Peter had been unemployed since leaving school with no qualifications. Stanley was confident that he could leave Peter in charge of the yard when he was looking for materials from properties being renovated. He generally let Peter do his job with no direct supervision. However, Stanley was not aware of the problems that this laissez-faire approach might create.

Often when Stanley returned to the yard he would find Peter with his feet up, using his mobile to text his friends, taking no notice of what was going on, and making no attempt to deal with customers. Sales revenue was also less when Peter was left in charge. Stanley also suspected that Peter was stealing money. In December 2009, without consulting Cyril, Stanley summarily dismissed Peter for gross misconduct. 35 40

Cyril was also finding his role as Manager of the fireplace manufacturing unit more demanding than he had first envisaged. He had recruited four semi-skilled machine operators, who had been sent by the local job centre. He appointed the first four people sent to PFL by the job centre. Cyril found these workers excellent at their jobs, when they were at work. The main problem was that there were often days when one or more of the operators would be absent. This sometimes caused problems with production schedules, and generated complaints from customers. 45 50

Over recent weeks he had heard excuses such as 'taking my cat to the vet', 'someone let down my car tyres', and 'the dog ran off with my car keys'. Cyril had been loathe to take any disciplinary measures. He knew it would be very difficult to replace any of the machine operators in an area where there is an extremely low level of unemployment. Also, he had built up a good working relationship with each of the operators, despite the problem with absenteeism. 55 60

Recently Cyril had heard one of the machine operators telling another that they were earning so much in group bonuses, on top of their hourly wage of £9.50, for working an eight hour day, that he did not need to work a full five day week (see Table 1). 65

**TABLE 1: MACHINE OPERATOR GROUP BONUS
PAYMENT SCHEME: (November 2009)**

| WEEK NO. | OVERALL PRODUCTION TARGET (Fireplaces per week) | ACTUAL TOTAL OUTPUT | BONUS (% added to hourly wage) | |
|---------------------|--|------------------------------------|---|-----------|
| One | 200 | 220 | 50 | 70 |
| Two | 200 | 180 | NIL | |
| Three | 200 | 235 | 60 | |
| Four | 200 | 240 | 75 | 75 |

Stanley told Cyril that he should give all the machine operators an official warning. They should all know that the next time they were absent without an appropriate reason that they would be dismissed. “I think that we should also increase the amount of fireplaces they have to make to earn their bonuses. That will make them come to work regularly, and make them work harder when they are here. That’s the way to motivate them.” 80

“Yes,” replied Cyril, “but we already have the problem of replacing Peter; do we want to have to replace machine operators too? Things were going great, but it seems that when we started employing people our problems got worse.” 85

- 1 (a) (i) Calculate the gross weekly wage a machine operator would have received in Week Four of November 2009, despite a one day absence. [4]**
(ii) Analyse the potential impact on PFL of paying machine operators an hourly wage plus a production bonus. [6]
- (b) Evaluate methods PFL could introduce to reduce levels of absenteeism amongst machine operators. [16]**
- (c) To what extent do you agree that PFL's approach to recruitment is effective? [16]**
- 2 (a) Evaluate the possible consequences to PFL if Cyril decides to dismiss one of the machine operators for unauthorised absence. [10]**
(b) Analyse TWO possible benefits to PFL if the machine operators join a Trade Union. [6]

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