



## ADVANCED GCE

# BUSINESS STUDIES

Further People in Organisations

# 2876

Candidates answer on the Answer Booklet

### OCR Supplied Materials:

- 8 page Answer Booklet

### Other Materials Required:

- Calculators may be used

**Tuesday 27 January 2009**  
**Morning**

**Duration:** 1 hour 30 minutes



## 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.
- Do **not** write in the bar codes.
- 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.
- This document consists of **4** pages. Any blank pages are indicated.



**A calculator may  
be used for this  
paper**

### Crabb's Coaches Ltd (CCL)

Bob Crabb bought his first coach in 1993. At this time, his daily driving jobs were only carrying workers to the early morning shift at a fish processing plant and a contract from a local council taking children from the local villages to a nearby school. In 1997, Bob bought another coach and employed a driver which enabled him to secure more contract work. By 2006, CCL had become a private limited company operating a fleet of thirteen coaches, making it the largest local coach company. CCL also operates day trips and coach holidays in the UK and Europe. These activities are very profitable but they cause Bob many operational and human resource problems.

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Firstly, due to a shortage of drivers in the area, Bob finds it difficult to keep labour turnover at an acceptable level (see Table 1).

**Table 1: CCL's labour turnover (drivers) 2004–2008**

Year	No of drivers	Drivers leaving
2004	18	4
2005	17	5
2006	18	6
2007	16	7
2008	17	9

Other local companies often tempt his staff to leave by offering better rates of pay and fringe benefits which Bob is not prepared to offer (see Table 2).

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**Table 2: Coach driver pay rates: (per hour) 2004–2008**

Year	CCL	Other local coach companies (average)
2004	£8.00	£9.00
2005	£8.60	£9.50
2006	£8.70	£9.95
2007	£8.80	£10.40
2008	£8.90	£10.95

Several drivers had told Sally Brown, Bob's secretary, that they were leaving because his autocratic attitude and short temper made him difficult to work for. Several complained that he never properly discussed their availability when organising work schedules, but merely told them when he wanted them to work and that, if they were not happy, they could find employment elsewhere. The drivers currently working at CCL have told Bob that they want to join a trade union but his response was that he would not allow this, and would not recognise the union even if they did join.

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Ideally, Bob needs a minimum of 20 drivers to cover different shifts, sickness, holidays and strict legislation concerning maximum driving hours. He frequently finds that he has to drive a coach because his drivers cannot or will not regularly work overtime to cover staff shortages. When Bob is not at the depot some drivers frequently arrive late, resulting in complaints from CCL's contract customers and angry holidaymakers.

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Bob is very disorganised. He finds it difficult to monitor bookings, coordinate work schedules and prepare itineraries for day trips and coach holidays. Bob thinks Sally is not very motivated. He blames her for not making important bookings with hotels, and getting driver rotas wrong. Sally has only worked for CCL for nine months and has had to learn the job as she went along. Recently, she told Bob that she needs an assistant, particularly when he is covering driver shortages. Bob told her to be more organised and that employing someone to help would be too expensive.

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Another problem is that some of CCL's older coaches are becoming less reliable. Last week, Les Wilson, the owner of the garage where CCL's coaches are serviced, warned Bob to prioritise this issue. Les advised Bob that the health and safety of CCL's drivers and customers was at risk and that there was an increasing likelihood of accidents occurring. Bob chose to ignore this warning, saying that CCL had not had a major accident in 14 years, and was not likely to as long as basic maintenance was carried out. Bob's priority has always been having coaches on the road not in the garage receiving 'unnecessary maintenance'. 35

Bob's final problem has resulted from summarily dismissing one of his drivers for allegedly stealing valuables from customers on CCL's coach holidays. Ten different drivers had been working on the holidays about which these allegations had been made, but only one of these, Pete Smith, had been either driver or co-driver on the majority of them. 40

Bob had assumed that Pete was most likely to be responsible for the thefts after one customer had complained that her camera had gone missing on an excursion when Pete was driving. Two other customers had also complained that their handbags had gone missing on other holidays when Pete was co-driver. As a result CCL's other drivers have threatened to join a drivers' trade union and go on strike because Pete had been dismissed without any opportunity to defend himself. Last week Bob had received a letter from Pete's solicitor threatening legal action against CCL unless Pete was reinstated. Bob was not sure of the legal position but had replied saying that he would not change his mind and would make whatever decisions were necessary to maintain CCL's reputation. 45 50

- 1 (a) Other local coach companies increased coach driver pay rates by 21.67% between 2004 and 2008. Calculate the percentage increase for CCL in the same period. [2]
- (b) Analyse **two** possible consequences to CCL of its rates of pay for coach drivers. [6]
- (c) (i) Calculate CCL's rate of labour turnover for coach drivers in 2008. [2]
- (ii) Evaluate possible methods CCL might use to reduce levels of labour turnover. [16]
- 2 (a) Evaluate possible consequences to CCL of Bob's decision to summarily dismiss Pete Smith. [10]
- (b) Recommend how CCL should respond to the warning from Les Wilson regarding the reliability of some of CCL's older coaches. [16]
- (c) Analyse **two** benefits to CCL of it recognising a drivers' trade union. [6]

