

Business Studies

Advanced GCE **2876**

Further People in Organisations

Mark Scheme for June 2010

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- 1 (a) (i) Calculate the maximum gross weekly wage Nathan could earn if he was working a 40 hour week, plus 8 hours overtime on Saturdays, for Phoenix Woodwork. (4 marks)

Wages at Phoenix Woodwork plc = £9 x 40 hours = £360.00 (1)

10% Bonus = £36.00 (1)

Saturday overtime = 8 hours x 1.5 x £9 = £108.00 (1)

Total = £504.00 (1)

Award full marks for correct answer with no workings. [4]

Other possible 'correct answers £360 + £108 = £468 ie excluding 10% 'quality' bonus.

1 (a) (ii) Discuss the possible implications to TC of Geoff's approach to remunerating employees. (16 marks)

The local market is very competitive for workers with the appropriate skills and Geoff is paying his new employees considerably less than one of their friends is receiving from Phoenix Woodwork. Geoff also found it very difficult to recruit anyone through the job centre because it did not have anyone with the appropriate skills, and he may find it difficult to recruit anyone in future if his payment methods are not as competitive/attractive as other local employers.

Consequently, Geoff has resorted to recruiting three employees straight from college. Not only is one of their friends receiving £204 extra each week from Phoenix Woodwork but Geoff has not paid his employees promptly. As a result the three employees may well leave or not work well, because they are dis-satisfied.

As a result he may find that his three newest employees continue not to perform to their maximum potential. They may leave, and in the current market conditions, Geoff might find it difficult to get suitable replacements. This could mean that he is unable complete jobs on time, or it may restrict the number or type of work he can take on, unless he reviews his attitude and approach to remuneration.

He is also paying people working on the same jobs at different locations in Hull different rates of pay, and some of them are being paid by piece-rates. Most of these workers are threatening to leave, which would mean that Geoff would need to find replacements to complete the contract on time. In this type of industry the non/late completion of contracts would obviously mean Geoff would not be paid/paid in full and he may even incur penalty payments to the contractor due to penalty clauses in the original contract, primarily due to problems related to pay and communication.

Paying different rates for the same job is also likely to cause jealousy and ill-feeling, and those who are being paid by hourly rates are likely to feel that they are being denied the opportunity to earn more, unlike those being paid by piece-rates.

Failing to pay employees on time will further complicate matters, and may result in employees taking legal action to secure their pay, or increase levels of labour turnover at a time when Geoff needs a lot of workers, and he will continue to need them if he secures more similar future contracts.

Whilst candidates are not expected to make direct reference to motivation theories such as Herzberg, Maslow, Taylor etc, it is quite possible that better candidates may use elements of such theories to back up their arguments and should be credited for doing so.

Level 4: (16-10 marks)

Candidate demonstrates evaluative skills when considering the possible implications of Geoff's methods of remunerating his employees.

Level 3: (9-6 marks)

Candidate demonstrates analytical skills when considering the possible implications of Geoff's methods of remunerating his employees.

Level 2: (5-3 marks)

Candidate demonstrates the ability to apply knowledge of payment methods.

Level 1: (2-1 marks)

Candidate offers relevant theoretical knowledge only.

(b) Analyse two potential benefits of Geoff's recruitment methods. (6 marks)

Geoff decided not to advertise in the local or regional newspaper. This will limit the number of candidates he could attract, but will save him quite a lot of money. Whilst he considered the cost to be too high, it would have possibly been a good method of reaching potential candidates and enabled him to have a wider range of choice. However, these methods may not have generated enough applicants in comparison to the other methods he uses.

He also tried to use the resources of the local job centre, but as there is a lot of competition for skilled craftsmen in the area, he might not get many referrals. The job centre services would be free, and it would take some of the responsibility from Geoff. It would also be update him on the latest vacancies and new applicants becoming available.

Geoff also contacted two local further education colleges and arranged to talk to three students. This would put him directly in contact with prospective employees. He would be able to find out directly about their skills, ability and competence, although it seems from the case study that the three students he eventually recruited may be somewhat immature and have problems with the way in which they behave and their personal levels of motivation. However, it did enable him to quickly recruit three employees to complete the loft conversion.

However other methods, such as using an employment agency, may have provided him more mature and skilled workers, albeit at a greater cost. The agency would have already "vetted" the people on its books and would possibly have provided Geoff with a regular supply of more suitable workers.

Geoff also uses recommendations from personal contacts, which is standard industry practice. This has no direct cost to Geoff, and he is likely to find that his contacts will give him useful information about prospective candidates, but he has to be wary of the fact that they will be referring people who perhaps his contacts have not wanted to employ themselves for some reason or another.

Level 3: (6-5 marks)

Candidate demonstrates analytical skills when considering the potential consequences of Geoff's recruitment methods.

Level 2: (4-3 marks)

Candidate demonstrates the ability to apply knowledge relating to recruitment methods and techniques.

Level 1: (2-1 marks)

Candidate offers relevant theoretical knowledge only.

(c) Analyse two potential consequences of Geoff's attitude to health and safety issues. (6 marks)

Geoff does not seem to realise that he has a duty of care to any employees, customers and the public at large. He keeps putting off providing his three new recruits with safety equipment and then claims that he cannot afford to buy any until he is paid some money from the Hull contract and told his employees to be careful in the short-term. He catches two of them, in their first few days, throwing sawdust at each other, but does not warn them of the possible outcome of such horseplay, and appears more concerned about the job than the safety of the employees.

By not providing them with appropriate safety equipment, not making sure that they adhere to safe working practices, and apparently not providing them with any training, Geoff is leaving himself wide open to prosecution should any of his employees, customers, or the general public be injured. He would also be likely to have to pay compensation to any injured parties. This would probably also mean that his insurance cover would become more expensive, and he may also find himself in trouble with the Health and Safety Executive.

He may find that some/all of his three employees decide to leave if their safety needs are not met, and he may find it difficult to find replacements, particularly if the business acquires a bad reputation for having a slap-happy attitude to health and safety.

He may also find it even more difficult to recruit tradesmen in the future if word gets around that working for TC is potentially dangerous, and the person running the business has a poor attitude to the health and safety of his employees. This would cause Geoff particular problems if he needs to recruit a lot of tradesmen for future large contracts, particularly when these skills are in short-supply in the local market.

Level 3: (6-5 marks)

Candidate demonstrates analytical skills when considering the potential consequences of Geoff's attitude to health and safety issues

Level 2: (4-3 marks)

Candidate demonstrates an ability to apply knowledge relating to Health & Safety at work.

Level 1: (2-1 marks)

Candidate offers relevant theoretical knowledge only.

2 (a) Evaluate the appropriateness of Geoff's management style. (16 marks)

The case study suggests that Geoff's style is somewhat laissez-faire. This style means that the workers are left to get on with their work with little or no interference from management. In the case study we can see evidence of Geoff letting his new, young recruits get on with cutting and preparing floorboards for the attic conversion, whilst he gets on with installing ceiling boards. As a result, when he does check on what they are doing he finds two of them throwing handfuls of sawdust at each other, and another sitting smoking listening to his MP3 player. This would suggest that the new employees need closer supervision and a more autocratic approach should be used by Geoff if tasks are to be completed in an appropriate manner.

In a business such as TC it is important that contracts are completed on time and to the satisfaction of the customer. If not, it will become difficult to secure new contracts, and the longer it takes to complete jobs and move on to the next will reduce profitability, and in some instances cost TC money through penalty clauses. Geoff cannot afford to allow his new employees to waste time or messing about on site as this is likely to get TC a bad reputation. However, if Geoff had recruited more mature and experienced craftsmen, using different recruitment methods, his management style might have had less of a negative impact on performance at the loft conversion.

Geoff also states in the case study that he does not work on Saturdays and a job gets done when it gets done. This laissez-faire attitude will probably mean that jobs do not get completed within the agreed timescale and may mean that customers are not satisfied.

Furthermore, he also does not positively manage what is happening on the contract work in Hull. He leaves his workers to get on with what needs to be done, but does not order materials on time and does not go to see what is happening himself. It is quite possible that his workforce will lack motivation as a result and may not bother to do much work, particularly if they know that Geoff is not likely to be around to supervise them, or check on the progress of the work.

However, if Geoff was better organised, and was able to provide the workers in Hull with the materials needed, his management style could be appropriate as workers in this industry tend to be motivated by having some control over their own activities. They tend to work hard so they can maximise their income, and move on to new contracts as soon as possible. Craftsmen are also usually pleased to be given the opportunity to demonstrate their skills, they like to get some personal satisfaction from the quality of the work they deliver, and enjoy setting their own standards. They also like to be able to make their own decisions about what needs to be done, and how they would prefer to do it. Geoff's style clearly does not work with Tim, Rob and Nat, as they appear to be somewhat immature and not well motivated. As a result of Geoff's style they perform poorly. In this situation Geoff would almost certainly need to be more autocratic to get the best out of his three new recruits.

Level 4: (16-10 marks)

Candidate demonstrates evaluative skills when considering the appropriateness of Geoff's management style

Level 3: (9-6 marks)

Candidate demonstrates analytical skills when considering the potential impact of Geoff's management style on performance at TC.

Level 2: (5-3marks)

Candidate demonstrates the ability to apply knowledge of management styles.

Level 1: (2-1 marks)

Candidate offers relevant theoretical knowledge only.

(b) Discuss how communication within TC could be improved. (10 marks)

It would appear that Geoff is not a very effective communicator. In a business such as this, indeed in an industry such as this, effective communication is paramount. For example, the workforce need to know exactly where they need to be, at what time, to carry out what tasks, on which property. They need to know which tools they will need, and the materials they will need for that particular job or contract, and when they can be expected. They will need to know the timescales in which the work needs to be completed, in order to move onto the next job/contract, which will also have specified suggested timescales and parameters. None of these required features seem to be in evidence at TC.

As a direct result, Geoff should be much more positive in his communications with his workforce. He should visit the workers in Hull to make sure that they have the necessary materials, are aware of what they should be doing, and give them feedback on the progress of the work. If he cannot visit as often as necessary he should be communicating regularly to ensure that there is some two-way communication – he can use mobile or landline telecommunications, fax, e-mail – or any combination to make sure that communication improves. Some form of regular – possibly weekly – meeting should take place to improve the extremely poor level of current communications.

Evidence from the case study suggests that Geoff is very ineffective in his communication with his new recruits. For example, he apparently does not tell his three new recruits what time to turn up for work, so they arrive late. He does not appear to have told them to bring tools and safety equipment, and so they will not be able to do the required work properly unless Geoff provides them with clear instructions, regularly monitors what they are doing, and, most importantly, gives them regular and constructive feedback their attitude and performance will not improve.

They also do not appear to fully understand what they are supposed to be doing, or at least if they do they are incapable of doing the job properly, which may raise the question of how well Geoff communicated the requirements of their tasks to them, and how well/often he gave them feedback about their progress.

The situation with the teams of workers in Hull seems to be even worse. Geoff sends two teams to the same job and none to another. They do not know when the necessary materials are going to arrive, or if they are going to arrive. If Geoff does not communicate effectively with these workers, as appears to be the case, the contract will not be completed satisfactorily and TC/Geoff will get a bad reputation due his inability to communicate/organise things effectively. Another complaint which re-inforces this is the fact that he does answer his phone when they ring him with questions/queries, etc. He should at least check to see if he has any messages, and respond as soon as possible, and as often as needed.

Level 4: (10-9 marks)

Candidate demonstrates evaluative skills when considering ways communication within TC could be improved.

Level 3: (8-6 marks)

Candidate demonstrates analytical skills when considering ways communication within TC could be improved.

Level 2: (5-3 marks)

Candidate demonstrates the ability to apply knowledge relating to effective communication skills

Level 1: (2-1 marks)

Candidate offers relevant theoretical knowledge only.

Assessment criteria:

Question:	AO1:	AO2:	AO3:	AO4:	Total:
1 (a) (i)	2	2			4
(ii)	2	3	4	7	16
(b)	2	2	2		6
(c)	2	2	2		6
2 (a)	2	3	4	7	16
(b)	2	3	3	2	10
	12	15	15	16	58 + 2QWC

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