



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2015

Business Studies

Assessment Unit AS 2
assessing
Managing Business Resources



AT121

[AT121]

WEDNESDAY 17 JUNE, AFTERNOON

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in question 1 parts **(d)** and **(e)** and question 2 parts **(d)** and **(e)**.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question or part question in allocating the available examination time.

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

B&M Retail Ltd trading as B&M Bargains

B&M Retail Ltd (B&M) was set up in 1978 in Blackpool, Lancashire and is now one of the leading variety retailers in the UK with emphasis on selling “Big Brands at Sensational Prices”. Within Northern Ireland, the company has stores located in towns such as Antrim, Bangor, Dundonald, Larne and Magherafelt.

Over the past seven years B&M has increased the number of stores in the UK to 330, opening on average 40 stores per year. In 2012 B&M increased the value of its non-current assets by building another distribution centre costing £20m.

B&M has a centralised organisation structure, therefore decisions related to key functional areas such as finance, marketing and sales, human resources and distribution are made at its Head Office in Liverpool.

The business currently employs 13000 staff and offers them an extensive training and development programme. New recruits receive the best possible start by participating in induction training covering health and safety, customer service and till procedures. Also, training is ongoing to ensure employees can respond effectively to the changing needs of customers and new legislation.

The business also engages in succession planning and invests in the career development of staff at all levels within the organisation. Management encourages employees to take advantage of the training and qualifications that are provided free of charge. Also, for those who aspire to managerial roles, B&M will sponsor their training and provide both mentoring and coaching to enable them to gain professional qualifications. To remain competitive in an ever-changing external environment, B&M is committed to long term career development so it can retain the very best staff within its “family-run company”.

Additional benefits and rewards for staff working in B&M include 28 days leave per year, recognition for long service, a pension scheme, free uniform, free eye tests for those using PCs in their daily role, staffroom and refreshments, staff social events and 10% staff discount. In terms of staff development, management places great emphasis on teamwork and getting the job done. “Speed, hard work and leadership ensure success” so B&M constantly develop these skills and qualities in its staff.

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- (a) Explain what is meant by succession planning, using an example from the case study to illustrate your answer. [4]
- (b) Explain two benefits to B&M Retail Ltd of using non-monetary methods of motivation. [4]
- (c) Analyse the benefits of induction training to a business such as B&M Retail Ltd. [8]
- (d) Discuss the advantages and disadvantages to B&M Retail Ltd of having a centralised organisation structure. [12]
- (e) Evaluate the usefulness of internal recruitment to a business such as B&M Retail Ltd. [12]

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

Benson's Manufacturing

Frank Benson owns a small business, manufacturing and selling top of the range shower units to local building contractors.

Frank's cousin, Tom, is a building contractor and he has invited Frank to supply 12 shower units per month for a new housing development. Frank is delighted as this presents an excellent opportunity for the business to expand.

The expansion would require Frank to employ three additional staff including a part-time receptionist who could deal with queries, together with order and invoice processing. This will increase Frank's span of control. He realises that recruitment and selection costs can be high, so it is vital that he chooses the correct person for each job. Frank knows he will have to spend time reviewing application forms, short listing and interviewing candidates. For this reason he will seek advice about drawing up job descriptions before advertising the vacancies.

If Frank is awarded the new contract his revenue and costs will be as follows:

Sales price per shower unit	£2,600
Fixed costs per month	£4,800
Variable costs per shower unit	£2,000

Frank operates in a competitive market so it is unlikely that he could increase the selling price. Nevertheless, taking into consideration the additional variable costs, Frank is confident that he can achieve a target profit of £7,200 per month.

- (a) Explain what is meant by a job description, using an example from the case study to illustrate your answer. [4]
- (b) Explain what is meant by span of control, using an example from the case study to illustrate your answer. [4]
- (c) Analyse the impact on Frank's business of getting the new contract. You should support your answer by calculating each of the following:
- Break-even output
 - The level of output required to reach Frank's target profit of £7,200 per month. [8]
- (d) Discuss the advantages and disadvantages to a business such as Benson's Manufacturing of using interviews as part of the selection process. [12]
- (e) Evaluate the usefulness of break-even analysis to a business such as Benson's Manufacturing. [12]

Note: the following formula may be used (where appropriate).

$$\text{Units sold for a desired profit} = \frac{\text{Fixed Costs} + \text{Target Profit}}{\text{Contribution per unit}}$$

THIS IS THE END OF THE QUESTION PAPER

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