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Surname FRYER

Forename(s) AMÉLIE

Candidate signature Fryer  
I declare this is my own work.

# Level 3 Certificate/Extended Certificate APPLIED BUSINESS

## Unit 4 Managing and Leading People

Monday 20 January 2020      Afternoon      Time allowed: 1 hour 30 minutes

### Materials

You will need no other materials.

### Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

### Information

- The marks for questions are shown in brackets.
- There are **two** sections to this paper.
- Both sections should be attempted.
- The maximum mark for this paper is 60. There are 40 marks for **Section A** and 20 marks for **Section B**.

### Advice

- Please read each question carefully before starting.
- You should spend approximately 60 minutes on **Section A** and 30 minutes on **Section B**.

For Examiner's Use	
Question	Mark
01	
02	
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08	
09	
10	
11	
<b>TOTAL</b>	



**Section A**Answer **all** questions in this section.**Total for this section: 40 marks**Tick (✓) the box next to the correct answer for questions **01** to **04**.**0 1** Which of the following actions taken by managers is an example of **the management role of reporting**? **[1 mark]****A** Buying materials needed for production ☐**B** Hiring extra employees when sales rise ☐**C** Preparing annual accounts ☒**D** Researching future sales figures ☐**0 2** Which of the following is most likely to be part of the **role of a leader** within an organisation? **[1 mark]****A** A focus on operations ☐**B** A focus on people ☒**C** A focus on risk minimising ☐**D** A focus on transactional issues ☐

0 3

Read the two statements below and decide whether each is true or false.

**Statement 1:** A role of a manager is to monitor and evaluate organisational performance. ✓

**Statement 2:** A role of a manager is to build teams to implement the visions of their leaders.

[1 mark]

A Both statements are true.

☒

B Both statements are false.

☐

C Statement 1 is true, statement 2 is false.

☐

D Statement 1 is false, statement 2 is true.

☐

1

0 4

Read the two statements below and decide whether each is true or false.

**Statement 1:** A business's managers are not able to influence its **organisational culture**.

**Statement 2:** A business's **organisational culture** can be a factor resisting organisational change. ✓

[1 mark]

A Both statements are true.

☐

B Both statements are false.

☐

C Statement 1 is true, statement 2 is false.

☐

D Statement 1 is false, statement 2 is true.

☒

1

Turn over ►



0 5

D & R Hadlee Ltd is considering whether or not to replace 750 employees with production-line technology.

Explain **one** reason why the company might use **force field analysis** to help to make this decision.

[3 marks]

Lewins force field analysis will help them identify the resisting and driving forces for this change. Therefore they can identify the stakeholders for and against and work on persuading those against. It will allow you to see the balance between the driving and resisting forces. Therefore allowing the managers and leaders to see those for the new production-line and what benefits it will bring and those against and the problems. So then it can be the balance of forces recognised and if it would be beneficial.

3

0 6

A large supermarket chain has decided to open 25 new stores in towns across the UK.

Explain **one** reason why the **management role of organising** will be important when opening the new stores.

[3 marks]

Organising is important for a manager because it allows them to make sure they have everything they need that day. This could be organising employees that day or organising the roles of employees. This allows for them to clearly see and check that all roles/jobs <sup>are being done,</sup> ~~the employees~~ so when opening a large supermarket/store it is important to organise so all the jobs and <sup>Products</sup> ~~things~~ are being done in place. Therefore it plays a key part in a successful opening of the stores. As all the organisation ~~work~~ of store, employees and the day events will be done by the manager.

3



0 7

A business has had an unexpected **external change**.

Explain **one** reason why its managers may experience difficulty in responding to this external change.

[3 marks]

A business manager may have trouble responding because it is a disruptive <sup>(unexpected)</sup> external change. Therefore it is quick and out of their control because it happened outside of the business. This means that the manager may struggle because ~~the~~ they could not plan for this change due to it being unexpected. Therefore an emergency meeting may have to be called. With it being unexpected the manager does not have a plan in place and the external factor means they can't change it back. Meaning managers will find it difficult to quickly respond to this change, and the effect it has on the business. A key part in a manager's role is to plan and they can not do that with an unexpected change.

3

Turn over for the next question

Turn over ►



0 8

Wasim Akram is the Chief Executive of Mirpur Ltd, a manufacturing company. Wasim is determined to improve the performance of the business. He has decided to introduce a flatter organisational structure. This decision will mean that:

- all middle managers and supervisors will be given early retirement, be redeployed or be made redundant
- forty new team leaders will be appointed to replace the middle managers and supervisors.

Employees at Mirpur Ltd have different opinions about what will happen because of these changes.

Asif, a director	I will be involved in more day-to-day issues as team leaders replace middle managers. My span of control will double. If the team leaders are not trained properly, I think I will struggle to do my job.
Heather, a newly-promoted team leader	I will have much more authority than I used to as a supervisor reporting to a middle manager. I look forward to taking on some of the middle managers' tasks with the support of my team.
Liam, a shop-floor employee	Heather will be my team leader. It will be great: I have lots of ideas and she's a good listener. My current supervisor doesn't listen to me.

Using the information above, analyse how Wasim's decision to introduce a flat organisational structure to Mirpur Ltd might affect where decisions are made within the organisation.

[9 marks]

A flat organisation structure could allow for quicker communication, as well as quicker decisions being made. This being due to the fewer individuals a decision will have to go through in order to make it. You can see this in Mirpur Ltd because Liam is eager to share his ideas and Asif will spend more time with day-to-day issues. This will allow for better decisions to be made because those on the shop floor and team leader will be listened to more and their feedback be used in making decisions that affect them. So decisions may end up being made lower down with the increased communication.





and trust.

Another factor that will come with a flat structure is the trust in making the decisions, and making the right ones. Originally at Mirpur LTD the decisions would be made higher up the hierarchy, however now the team-leaders will be given more responsibility/authority, like Heather. Meaning decisions are made lower down the chain of command. This resulting in their ~~class~~ potentially being an increase in motivation and productivity among workers.

However a problem with the flat structure is that you are giving more responsibility to team leaders (who may be resilient due to all middle managers and supervisors going) who may not be trained or make the right decision. Asif shows his concern through saying his span of control is doubling and that if team-leaders are not trained properly, he will also struggle to do his job. Therefore this could have the opposite effect and lead to no decisions or the wrong decision being made. The team leader if untrained won't know what to do and Asif will have too much to do. Resulting in quick, wrong decisions, a reduction in productivity and a struggling workforce/business. <sup>so all decisions being made higher up</sup>

In conclusion a flat structure can benefit in many ways

By improving decisions with more effective/efficient communication throughout the business, resulting in decisions being made further down. Also more trust in employees further down the hierarchy to make decisions. Although



0 9

DC Ltd prepares, cooks and delivers pizzas. Clive Radley is its Chief Executive Officer (CEO). The company has grown quickly and has 60 outlets. Its workforce is made up of two groups.

### 1 Managers

There are 15 managers who are responsible for four outlets each. They work full-time and receive profit-related pay. Many have worked for DC Ltd for a long time.

Rachel's views are typical of these managers. "I understand the pizza business well and I enjoy decision making and being in control. If I have any problems, I discuss them with one of the other managers."

### 2 Outlet-based employees

Over 250 employees work in outlets and take orders, cook pizzas and make deliveries to customers' homes. They do not have a guaranteed number of hours work each week. Little training is given to these employees.

Alastair has worked for the company for two years. "I am a student and I just do the hours I want. I rarely work with the same people and I have been here for years. Most people work here for the money and because they work the hours they want."

### Clive's idea

Clive, the CEO, has decided to empower the outlet-based employees to improve the motivation of employees within DC Ltd. However, his managers worry that there will be problems using empowerment as a motivator.

Using the information above, analyse the **problems of using empowerment** to improve the **motivation** of DC Ltd's outlet-based employees.

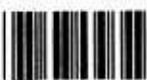
[9 marks]

Empowerment is used to motivate employees in a business to improve productivity and ~~the~~ profit. However in DC LTD this could prove to be a problem. The outlet based employees could be empowered ~~in~~ <sup>in</sup> a series of different ways. Through sharing information <sup>and</sup> power ~~are~~ are 2 of these ways. Sharing information with the employees could mean you tell them more about how you operate the business. Trusting the outlet-based employees with this information could be a bad idea because they only





work the hours they want and when they work they work for money. Sharing the information with them could prove unnecessary and pointless, since they do not work to move up. Also sharing information could include information about employees. Therefore cutler-based employees will ~~exactly~~ rarely work with the same employee, ~~for~~ Alastair has been here for years and rarely works with the same employee so the information would be wasted and ~~not~~ <sup>used</sup> for the wrong reasons. Resulting in no change in motivation. You also have an increase in power which could be used for empowering ~~them~~ and motivating. However it could end up de-motivating some cutler-based employees. Considering they all work the hours they want (0-har contracts) then giving them more power to make decisions they are not trained for could effect the managers who earn through profit-related pay. The employees have little training and work purely for the money, so giving them more power would not prove beneficial, or motivating but also de-motivating for the managers. A benefit of empowerment is that it could boost productivity. If you give the cutler-based employees more power then they may use that to improve efficiency rates and communication, or even encourage them to increase their working hours. Therefore empowerment having a positive effect on



1 0

ASA Ltd manufactures high-technology medical equipment that is used in hospitals globally. The company's factory operates with eleven teams of employees. Each team produces different products for ASA Ltd's customers. The company's employees are highly skilled.

Some of ASA Ltd's production line equipment is out-of-date and breaks down frequently. The company cannot afford to replace it. During 2019, the company took at least three months to replace employees from the production line teams who left its employment. ASA Ltd has switched to new suppliers and has not received the components needed to manufacture its equipment on time.

Two of the company's senior managers have just reviewed the performance of Team E during 2019. This team manufactures blood monitoring equipment. The senior managers considered the data below.

#### Selected Team E performance data, 2017–2019

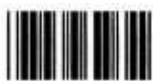
Measure of team performance	2017	2018	2019
Number of units of equipment produced	400	397	320
Number of complaints from customers	1	0	13

One manager commented: "In 2019 customers complained to us about delays in delivery of our blood monitoring equipment as well as about faulty products."

Using the information above, analyse how the **availability of required resources** may have affected the **performance of Team E** at ASA Ltd between 2017 and 2019.

[9 marks]

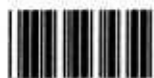
In order for a team to perform they need to have the correct/required resources to their job. Supporting Herzberg's dual factor theory <sup>with</sup> ~~the~~ hygiene factor. In 2017 Team E produced 400 units of equipment with only 1 complaint. This then reduced to 320 units and 13 complaints in 2019. They did not have the correct resource to do their job and therefore not only did production reduce but ~~so did~~ the complaints increased.



The Team did not have the blood monitoring equipment or the employees (3 months to replace them). Theref-

It could be argued management was at fault because it took 3 months to replace the employees. Meaning the employee turnover of the business is poor. Also the ~~new~~ team could be struggling to communicate or produce with the addition of new employees. Reducing production.

In conclusion the availability of resources is key to the increase in 12 complaints and reduction of 80 units. This could be down to poor management but without the equipment you can't produce a <sup>good</sup> quality product. So the As the blood monitoring equipment wasn't accessible motivation decreased and so did production.



**Section B**

Answer the question in this section.

**Total for this section: 20 marks**Read **Item A** and answer question 

1	1
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.**Item A**

Stay Ltd owns 64 hotels throughout the UK. It is part of the budget hotel market providing low-cost accommodation. Anya Shrubsole is its Chief Executive Officer (CEO). The organisation is centralised and all its hotels operate in the same way. Most communication is downwards. Many of Stay Ltd's employees only work for the business for a short time period.

Anya enjoys being 'the boss' and relies on legitimate power (particularly rewards and coercion) to influence employee behaviour. Fidel, a director, is delighted that Anya has organised a scheme whereby the company's directors are rewarded if Stay Ltd achieves financial targets.

Junior employees have different views on her use of power. Many of the company's workers are employed on temporary contracts, with the possibility of losing their job after a year. Anya uses targets such as the percentage of rooms occupied to measure staff performance. 'Underperforming' staff do not have contracts renewed and there is constant pressure to minimise costs.

Moeen, a junior employee, has worked for Stay Ltd for two years. He explained that:

- employees are 'kept in the dark' and not involved in any decisions
- the culture here is 'we do what we are told'.

Many of Stay Ltd's employees are unhappy that managers never ask for their views and hate the use of temporary contracts.

Stay Ltd has been profitable since 2011. However, it has struggled recently as new companies have entered the UK budget hotel market offering similar quality accommodation at lower prices.

**The future**

Anya is determined to cut the company's costs further so that prices can be reduced to make the company more competitive. The plan has three elements.

- 1 Increased use of technology – for example replacing receptionists with 'check-in' machines.
- 2 Employing multi-skilled staff to carry out a range of tasks including maintenance and catering.
- 3 Managers becoming responsible for a group of hotels, not just one as currently. Junior employees will take more day-to-day decisions.

Anya's plan is forecast to reduce the number of employees by 15%. Some directors have recommended the use of ADKAR to help to implement this change. Anya does not agree.



1 1

Considering the information in **Item A**, evaluate whether the use of **ADKAR** or the use of **legitimate power** will be more effective in enabling Anya to **implement this organisational change**.

[20 marks]

ADKAR is a model for implementing change and stands for awareness, desire, knowledge, ability and reinforcement. This could be used to implement the organisational change by making them aware of the change and providing the managers with the training/ability to deal with their increased responsibility. This could prove effective because it would give Anya the chance to motivate her junior employees by trying to create this desire for change. Therefore her employees who don't feel involved in decisions or kept in the dark ~~employees~~ will feel aware and motivated for the new change. This could then improve the organisation culture (Johnson & Scholes culture web) and therefore productivity within the business; <sup>especially if junior employees can make more decisions.</sup> As well as improving efficiency and this will cut costs which is one of Anya's aims.

However ADKAR could result in resistance because of the jobs that will be lost (decrease in ISI). This could increase the de-motivation of junior employees who don't feel worthy. They feel as though they are told what to do and making them aware of the loss of jobs could increase this unhappiness. As well as making them resistant to change.

Turn over ►





Anya could use legitimate power as she has throughout the business history. This ~~can be~~ however has been shown to be controversial. Directors are happy as they get rewarded but junior employees are unhappy because they are ignored and told what to do. Using legitimate power to implement this change will make the junior employees even more resistant, <sup>as rewards</sup> ~~and the directors~~ <sup>Using coercion could</sup> even also begin to demotivate the directors because if they do not meet their targets then they will be demotivated. So using legitimate power will not then make directors open to change.

In conclusion I believe Anya should use ADKAR to implement change. Legitimate power although as worked currently and well with directors she could find with the introduction of new competition it becomes unsuccessful. As <sup>directors</sup> ~~well as~~ begin to not hit targets as competition increases. ADKAR although could prove difficult, it would involve junior employees and make them feel 'less in the dark'. Therefore <sup>as junior employees</sup> motivation would improve, also with directors who are made aware and given the ability to make more decisions and feel involved. Reducing resistance to change and motivation, resulting in increased profits.





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Paper Reference:

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6 1 3 6 5

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Answer

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the trust lower down the hierarchy could be misplaced as they are untrained. Resulting in <sup>all</sup> the decisions being made by directors and them becoming too overworked. However a flatter structure if executed correctly will result in ~~a~~ more efficient communication and trust throughout the hierarchy. <sup>Therefore</sup> ~~and~~ decisions being made lower down the hierarchy and throughout.

0 9

motivation and then productivity.  
In conclusion the empowerment could prove problematic if you give more power to the client-based



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employees, who have little training, then the wrong  
decisions made and the manager who relies on profit-  
related pay will suffer. They will then be de-motivated  
to work as their profits are being expected. Also  
the sharing information would prove to have no  
effect as they do not spend time with any  
other employees, and only work for the money and  
pleasure now, not to move up the business.

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