



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2018

Business Studies

Assessment Unit AS 1
assessing
Introduction to Business

MV18

[SBU11]
FRIDAY 18 MAY, AFTERNOON

Time

1 hour 30 minutes, plus your additional time allowance.

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 (c) and (d) and Question 2 parts (c) and (d).

Quantitative skills will be assessed in Question 1 (b)(i) and (ii).

Figures in brackets printed at the end of each question indicate the marks awarded to each question or part question.

Any workings should be clearly shown since marks may be awarded for partially correct solutions.

Advice to Candidates

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

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(Questions start overleaf)

Answer **both** questions

Study the information below and answer the questions that follow.

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- (a) Explain the term **stakeholder group** and explain how one such group might have an interest in Dale Farm Ltd. [4 marks]
- (b) (i) Calculate the percentage change in the average price of milk (pence per litre) paid to farmers in Northern Ireland between 2014 and 2015. You must show your workings and state your answer to the nearest whole number. [2 marks]
- (ii) Analyse **two** factors which might have influenced the supply of milk in Northern Ireland between the period 2014 and 2015. [6 marks]
- (c) Analyse **three** factors which appear to influence innovation in Dale Farm Ltd. [10 marks]
- (d) Evaluate how the management team of Dale Farm Ltd can make effective use of social media to provide information to consumers. [18 marks]

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(Questions continue overleaf)

Study the following information and answer the questions that follow.

Top Insurance Limited

- 2 Top Insurance Ltd is an insurance company based in Newry, Northern Ireland. Since the company was established in 2013, it has experienced high levels of staff turnover mainly due to poor staff motivation, lack of staff training and limited opportunities for career progression.

Helen Spence, the newly appointed Director of Human Resources, introduced a system of Continuing Professional Development (CPD) for all staff in January 2015. Staff are encouraged to complete online courses to facilitate their development – including Customer Support, Financial Services Awareness, Complaints Management and Teamworking Tips. This allows staff to assume greater levels of responsibility and perform multiple tasks which are monitored through the annual appraisal process.

At a staff development meeting held in March 2018, Helen announced that the company had won the “Employer of The Year” Award – an award sponsored by the local chamber of commerce. She also reported some key labour turnover data, summarised in **Table 2** below:

Table 2: Labour Turnover Data relating to Top Insurance Ltd

	2016	2017
Total Number of Employees	475	500
Total Number of Employees who left	50	28
Labour Turnover Rate (%)	10.5	5.6

At the meeting, Helen also informed employees that the directors were planning to improve working conditions by outsourcing the canteen facilities to an independent catering contractor called Dan Smith. Dan previously worked as a chef and has built a strong reputation for providing high quality food and exemplary customer service. Dan advised the directors of Top Insurance Ltd that the company can potentially save on capital expenditure on canteen facilities, and reduce canteen operating costs by up to 50%. In addition, Dan promised to improve eating facilities for all staff with the provision of modern seating areas and tables, a greater choice of menus, and a range of sandwiches, snacks and soft drinks.

Helen recently met Sophie Wall, the Managing Director of Top Insurance Ltd, and persuaded her to consider the implementation of a system of People Investment Planning (PIP), which includes the following activities:

- Employee skills audit (identifies which staff are competent, for example, in Complaints Management/ Customer Support)
- Staff training requirements (identifies potential skills gaps in the workforce, e.g. teamworking skills for new and existing staff)
- Succession planning for middle managers (enables planning for future roles).

Sophie Wall promised Helen that the proposals for PIP would be considered at the monthly meeting of the board of directors scheduled for next week. Helen is confident that her ideas will improve staff motivation and enable the directors of Top Insurance Ltd to further improve staff efficiency and performance.

- (a) Explain the term **Continuing Professional Development (CPD)** and identify one way in which it might improve staff motivation at Top Insurance Ltd. [4 marks]
- (b) Analyse **two** ways in which Herzberg's motivational theory might benefit Top Insurance Ltd. [8 marks]
- (c) Analyse **three** benefits to Top Insurance Ltd of outsourcing the canteen facilities to Dan Smith. [10 marks]
- (d) Evaluate the proposal to implement a system of People Investment Planning (PIP) within Top Insurance Ltd. [18 marks]

THIS IS THE END OF THE QUESTION PAPER

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