



Rewarding Learning
ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2019

Business Studies

Assessment Unit AS 1
assessing
Introduction to Business



SBU11

[SBU11]

THURSDAY 16 MAY, 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 (c) and (d) and Question 2 parts (c) and (d).

Quantitative skills will be assessed in Question 2(c).

Figures in brackets printed down the right-hand side of pages 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.

Answer **both** questions

Read the following information and answer the questions that follow.

1

MJM Group (Limited)

MJM Group was founded by Brian McConville in 1983, and specialises in new build, refurbishment, refit and fit out services for ferries, yachts and cruise ships. MJM Group works with the world’s major cruise lines, including Royal Caribbean, Cunard and P&O. It has secured contracts through its renowned quality and world class delivery, flexibility, creativity and a continued focus on improvement in business processes.

Due to its reputation for high quality work, MJM Group has been awarded a contract to refit parts of Cunard’s ship, RMS Queen Mary 2. MJM Group has successfully completed contracts across five continents.

MJM has a close working relationship with its commercial and marine clients as well as providing one-off projects for its clients using job production. Job production allows MJM Group to customise yachts to customers’ exact requirements, therefore meeting the needs of all its customers. Job production also allows for greater flexibility, meaning that MJM customers’ original orders can be adapted even after production has started. MJM requires specialist labour for boat building which ultimately increases the average cost and price.

Building a new yacht or cruise ship to the specification of its clients enables MJM Group to charge a premium price which increases total revenue for the firm.

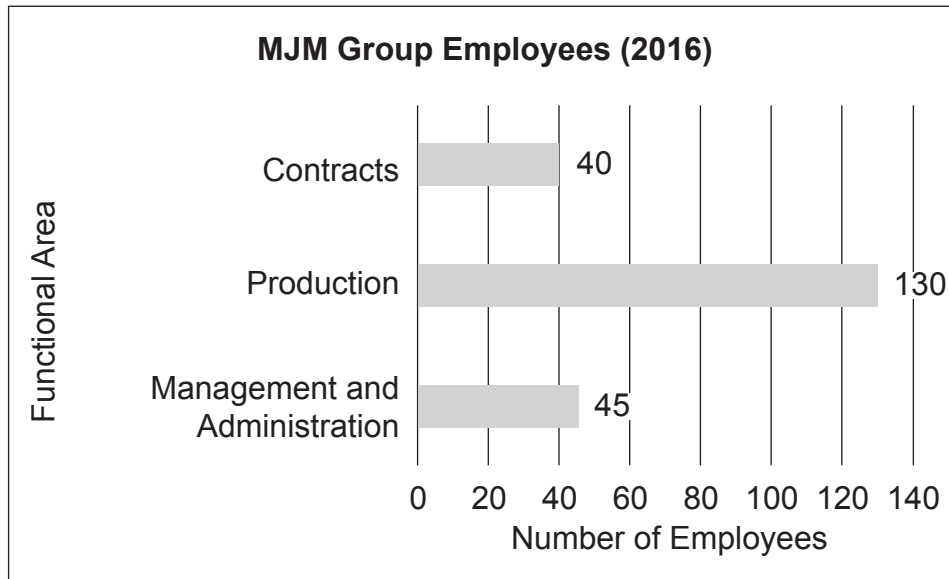
Table 1: Excerpts from MJM Group Financial Statements

	31 December 2016	31 December 2015
Sales Revenue	£61,503,009	£58,893,596
Employees	215	185

MJM is an award-winning company. The following are some examples of its achievements:

- UTV Business Eye Awards
- Outstanding Business of the Year 2017, Belfast Telegraph Business Awards
- Belfast Telegraph – Northern Ireland Business Awards. MJM Group was highly commended in both Exporting Achievement and Entrepreneurial Team Award for Excellence
- Awarded ISO 9001 Quality Management Systems.

Table 2: MJM Group Employee Data



Brian and his immediate management team have many of the core characteristics of entrepreneurs. Like Brian, many of MJM Group managers are hardworking, reliable and innovative, which results in improved levels of customer service and team working. Brian, himself, is a risk-taker and in 2016 he diversified his business by investing £30 million on purchasing Newry's Damolly Retail Park.

MJM Group states that, to be a great company, it requires great leaders. MJM Group helps its employees build their individual performance development plans. Staff may be appraised annually using interviews with their line managers to discuss their performance, their training needs and their individual career aspirations. MJM Group believe in giving employees the opportunities to progress in their career, by providing coaching and support to help train its future leaders.

- (a) Explain the term **quality** using an example from the case study. [4]
- (b) Analyse **two** benefits of job production to MJM Group. [8]
- (c) Analyse **three** key characteristics that Brian McConville possesses that have contributed to him being a successful entrepreneur. [10]
- (d) Evaluate the issues to MJM Group of using interviews as a method of staff appraisal. [18]

Sources: "Adapted from MJM Marine About Us and Awards
Adapted from MJM Marine Ltd Strategic Report – for the year ended 31 December 2015
Adapted from MJM Marine Ltd Consolidated Profit and Loss Account for the year ended 31 December 2016
Adapted from MJM Marine Ltd Notes to the Financial Statements for the year ended 31 December 2016
Adapted from Co Down retail park sold to MJM Group for more than £30m by John Mulgrew, 03 October 2016
© Belfast Telegraph
Adapted from 70. MJM Marine, 09 May 2017 © Belfast Telegraph

Read the following information and answer the questions that follow.

2

Sky Plc is a satellite broadcasting, on-demand internet streaming media, broadband and telephone services company. It has 22.5 million customers and employs over 31 000 employees. It has headquarters in London, with offices in Munich and Milan, and is governed by a hierarchical organisation structure headed by James Murdoch as Chairman. In respect of the financial year 2017, Sky Plc reported total sales revenues of £12,916m (compared to £11,965m in 2016), earnings (profit) per share of 61.4p (compared to 63.1p in 2016) and a total dividend of 10p per share (compared to 33.5p in 2016). The company's share price was quoted at £10.62 per share on the London Stock Exchange on 3rd February 2018.

The Competition and Markets Authority (CMA) reviewed 21st Century Fox's £11.77bn bid to take full ownership of Sky Plc and recommended blocking Fox's takeover, declaring that the deal would give the Murdoch family too much influence over media in Britain.

Sky Plc is growing every year, with the introduction of new products such as Sky Q in the UK and Sky Go Extra in Italy. Sky has also launched the Sky Virtual Reality App and this app is available free for anyone to download. It showcases a range of immersive, 360-degree videos from Sky including Star Wars and clips from Disney's The Jungle Book.

Sky Plc prides itself on excellent customer service. It is focused on meeting the needs of all its customers in every market that it serves. It is committed to superior customer service. Sky Plc has outsourced its customer service for Sky Broadband to a service company called Firstsource Limited, which has call centres based in Derry/Londonderry in Northern Ireland and Cardiff in Wales.

An example of a job within Sky Plc is a Retail Sales Advisor. This is a full-time position, working 40 hours per week, with a basic salary of £15,600 per annum. However, this salary can be boosted to £35,000 per annum by meeting individual performance targets. In addition, employees receive an excellent benefits package, such as pension contributions, private healthcare contributions and free subscriptions to Sky+ HD or Sky Q.

Sky Plc is trying to move away from customer support provided using the telephone to a cheaper online-based system to resolve queries. This could result in 2.4 million fewer calls per year being made to call centres.

The Retail Sales Advisors team at Sky Plc tries to sell a variety of products to new and existing Sky customers. These include Sky TV, Sky Broadband, Sky Fibre Unlimited and Sky Talk. Sky Plc faces competition from BT and Virgin Media, therefore its costs must give it a competitive advantage.

- (a) Explain the term **competitive advantage** using an example from the case study. [4]
- (b) Analyse **two** reasons why Sky Plc would use Firstsource Limited to provide its customer services operations. [8]
- (c) Analyse **three** benefits to Sky Plc of using monetary methods to motivate its staff. [10]
- (d) Evaluate the significance of Sky Plc trading as a public limited company to its management team. [18]

*"Sources: Adapted from Sky Annual Report 2016
Adapted from Sky Annual Report 2017
Adapted from Sky Launches Sky VR app
Adapted from Outsourcing company to open new Sky call centre by Margaret Canning, 03 May 2012
© Belfast Telegraph*

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