

Thursday 20 June 2013 – Morning

A2 GCE BUSINESS STUDIES

F295/01/RB People in Organisations

RESOURCE BOOKLET

To be given to candidates at the start of the examination

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–6 is contained within this Resource Booklet.

INFORMATION FOR CANDIDATES

- The information contained within this Resource Booklet is based on one or more real businesses.
- This document consists of 4 pages. Any blank pages are indicated.

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Emerson Organic Farm Ltd (EOFL)

Emerson Organic Farm Ltd (EOFL) was established in 1995 with a mission statement 'to produce top quality food in an organic manner'. Farming in an organic manner means that no artificial fertilisers are used. The Moss family has run the business since it was established. The farm extends over 2000 acres of land on which a variety of organic vegetables are grown. Additionally EOFL produces organic lamb, beef, pork and poultry to satisfy its customers throughout the country. Recently, EOFL has also expanded its product range to include dairy products such as yoghurt and ice cream. 5

EOFL uses its own organic compost for fertilising its crops. This compost is also sold to other farms. Crop and animal waste is brought to the farm and, along with its own waste, is used to produce the compost. The part of the business which has grown significantly is the waste that is converted into compost. Companies and other farms are charged to bring their waste to the farm and this has proved a very profitable part of the business; especially as the process helps companies reduce the amount of waste which needs to go into landfill and, therefore, saves considerable sums of money as all waste for landfill sites is heavily taxed. 10

EOFL employs about 50 people full-time and an additional 15 employees when the crops are harvested. The employees range from highly qualified scientists, who are involved with research into improving the quality of the farm's soil, to agricultural labourers. The latter are paid slightly above the minimum wage for doing a repetitive job in all weathers. 15

EOFL's owners are keen to see the business develop further; not only in terms of the existing products sold, but also in the way in which the business uses electricity. At present, its electricity bill is over £200 000 a year, which is a significant proportion of its total costs. 20

Donald Moss and his wife, Chloe, run all aspects of the business. However, some of the employees feel that, all too frequently, they are taken for granted and expected to cope with a large number of changes, often without any consultation. Chloe is happy as long as the work on the farm is completed, even if this sometimes upsets the employees. 25

With such rapid expansion throughout the business, Donald is keen to take on more staff. He wants to ensure that the local community has first choice of any new jobs available. However, there are many Eastern Europeans from outside the local community who are willing to work for much lower wages. Donald does not want to be accused of discrimination by any potential employees. The farm occupies a substantial part of the local area and many of the families in the local villages have someone who is employed by EOFL. 30

Chloe and Donald often disagree over a number of human resource management issues. Chloe is happy to employ whoever is the cheapest and only employ them for short periods of time when required. This, she suggests, will save the business large sums of money and avoid the need for contracts of employment. Donald, on the other hand, wants to ensure that more of the employees remain with the business and are given additional responsibilities. Such delegation allows him to concentrate on strategies to help the business grow. He even wants to introduce a system of appraisal to help assess the performance of the employees and make them feel involved. Chloe thinks that this will be a total waste of time and will hinder progress in terms of getting things done on the farm. 35 40

Chloe is especially keen to spend more time deciding on the best way of harnessing all the waste the farm produces and which does not get used for making fertiliser. This waste could then be used to generate power in an attempt to reduce EOFL's soaring electricity costs. There are two major ways in which this could be achieved. The use of wind turbines to generate electricity and/or a digester which turns farm waste into a biogas, which, in turn, is converted to electricity (see Appendix 1). However, the digester would involve employees working with hazardous fumes and substances. Both methods would have the additional benefit of providing income 45

from the sale of surplus electricity. She also thought that there would be marketing opportunities as a result of the investment, regardless of which method was to be used. Donald thought that the money required for the investment would be better spent looking after the employees and offering incentives to help improve productivity which had become a problem of late, particularly in relation to the amount of vegetables produced, (see Table 1).

Table 1 – EOFL's Labour productivity 2009–2012 (Vegetables)

Year	Average Number of Employees	Farm Production of Vegetables Per Year (kgs)
2009	35	25 000
2010	40	30 000
2011	44	32 500
2012	48	35 040

Appendix 1 – Methods EOFL could use for the generation of its own electricity

Method 1 (Wind turbines)	Method 2 (Digester to provide biogas)
Some birdlife may be affected by the large turbines	Relies on sufficient waste being available to continually generate electricity
Planning permission may be a problem	Planning permission not a problem
Initial cost of about £2.5m	Initial costs higher than a wind turbine
Payback is longer than Method 2	Generates more electricity and income than wind turbines
No additional labour required	Additional unskilled labour required to load the waste into the digester (hazardous substances)

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