

ADVANCED GCE
BUSINESS STUDIES
People in Organisations

F295/RB

RESOURCE BOOKLET

**To be given to candidates at the start
of the examination.**

Friday 10 June 2011
Morning

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–6 is contained within this resource booklet.
- Do not hand this resource booklet in at the end of the examination. It is not needed by the Examiner.

INFORMATION FOR CANDIDATES

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Bottles Now Ltd (BNL)

Jim and Gupta Sanghera started their bottle manufacturing business Bottles Now Ltd (BNL) three years ago. The production process consists of rows of machines which convert plastic beads into bottles using a heat process and air to blow out the shape of the bottles. The finished empty bottles are sold to the manufacturers of household cleaners, motor oils and soft drinks.

Although the business has grown, it has struggled to get its employees to cope with the many changes which have been made in order to keep the business thriving and to meet the needs of its customers in what is a highly competitive market. 5

Even after only three years, BNL has had to move premises in order to cope with the level of expansion. The latest factory is located on the outskirts of a large city in the West Midlands. BNL now employs 35 people from a wide range of nationalities and cultures. 10

Keeping pace with the demand for the bottles is causing a real problem for Jim who is responsible for the production process. However, the most significant issues are related to the employees. Gupta, who is responsible for human resources, is concerned about the ability of the employees to keep pace with the number of bottles produced by the machines. Ensuring that they are able to take the bottles off the conveyor belt at the end of each machine and pack the bottles on to the right pallets in order to be loaded on to lorries, continues to be a problem. According to Gupta, the employees are just not working fast enough. 15

BNL recently took on a new order from a well-known drinks company which wanted a very large number of plastic bottles within a very tight delivery deadline. In order to meet the deadline, Gupta wants to change the way in which the employees are paid. Employees have always been paid an hourly rate, but recently some of the staff appear to be working too slowly. Gupta has tried to encourage the staff to work harder and not to take any breaks, apart from those to which they are entitled. 20

Bahadar Basra, one of the packers and the union representative, has been with BNL since the business started. He is always seeking ways to improve the conditions for his fellow employees and constantly argues with Gupta. Bahadar is often late or fails to complete tasks because he is too busy talking to his fellow employees. 25

Gupta and Jim have always tried to involve the employees and talk to them via Bahadar whenever changes are required. Employees are empowered and, consequently, allowed to use their initiative. Involving the employees is a genuine attempt, especially by Jim, to ensure that the employees are motivated. However, Gupta is now beginning to wonder if it might be better not to involve the workers and just tell them what to do! Gupta's most recent proposal, to introduce a piece rate method of payment (see Table 1), has not been well received by Bahadar and the other employees. 30

Table 1

BNL's present pay rates and proposed pay rates

	Hourly rate	Overtime rate	Piece rate
Present pay system (hourly rate for basic 37 hour week)	£7.75	£11 per hour	–
Proposed piece rate system (Average employee can pack 9 pallets per hour)	–	–	£1 per pallet

The employees like the option to decide whether or not to undertake overtime, but Gupta wants a system which rewards those who work hard and pack more pallets. It was at this point that Jim decided to try and persuade Bahadar and the other employees to really get involved in the business on a more formal basis. Jim thought that real empowerment would be the answer. He had asked Bahadar to tell the rest of the employees that he intended to hold a meeting at the end of the week to explain that this empowerment would mean a much greater involvement in the decision making process. This meeting would look at the new pay scheme, health and safety issues and the possible introduction of quality circles. 35 40

Sadly, very few of the employees turned up at the meeting. When asked by Gupta the following day why this was the case, several employees stated that they did not know or had vaguely heard something about the meeting and the ideas but did not really understand what was involved or when the meeting was. 45

Jim and Gupta were convinced Bahadar had failed to inform everyone, although he said he had tried to tell everyone but the noise of the machines had not helped.

Gupta had had enough and when Bahadar turned up late for the third day in a row, he was summarily dismissed. Bahadar was furious and shouted at Gupta that it was unfair dismissal and that he intended to take BNL to a tribunal. Gupta was concerned as to the likely consequences for the business. 50

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