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# Level 3 Certificate/Extended Certificate APPLIED BUSINESS

Unit 4 Managing and leading people

Monday 22 January 2018

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.
- The maximum mark for this paper is 60. There are 40 marks for Section A and 20 marks for Section B.
- There are **two** sections to this paper.
- Both sections should be attempted.
- You should spend approximately 60 minutes on **Section A** and 30 minutes on **Section B**.

## Advice

Please read each question carefully before starting.

For Examiner's Use	
Examiner's Initials	
Question	Mark
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## Section A

Answer **all** questions in this section.

**Total for this section: 40 marks**

In the multiple choice questions, only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



**0 1**

A manufacturer introduces a new product to its range of best-selling soft drinks. Of which of the following is this an example?

**A** External and incremental change.

**B** Internal and incremental change.

**C** External and disruptive change.

**D** Internal and disruptive change.

[1 mark]

1

**0 2**

Which **one** of the following is usually associated with the role of a leader rather than a manager?

**A** Risk-minimising activities.

**B** A focus on operations.

**C** Transactional activities.

**D** Risk-seeking activities.

[1 mark]

1



0 3

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

**Statement 1:** Leaders are responsible for organising the business' resources.

**Statement 2:** An important role for managers is creating an inspiring business vision.

- 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 mark]

1

0 4

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

**Statement 1:** The use of coercion and rewards is an example of the use of personal power.

**Statement 2:** A leader's position on the Tannenbaum & Schmidt continuum is determined only by their use of authority.

- 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 mark]

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0 5

Explain **one** way in which empowering employees might benefit a business suffering from poor communication.

[3 marks]

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0 6

Explain why planning is an important role for a manager in a growing business.

[3 marks]

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0 7

Explain **one** reason why the managers of a large business implementing strategic change may encounter resistance.

[3 marks]

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0 8

May Lai owns and manages a profitable taxi company in her local city. All MLT Ltd's cars are electric and all its drivers are female. May Lai is considering whether or not to expand her business.

Her research has led her to the following conclusions.

- More people in the city are using taxis due to parking costs and difficulties. The market is forecasted to grow by 15% over the next 3 years and over half of the new customers are expected to be female.
- Local people are increasingly worried about pollution in the city. The local council says pollution is a 'huge problem'. It plans to reduce pollution in the city.
- New taxi firms have appeared, including major competitors, such as Uber, offering significantly lower fares.

May Lai is keen to expand MLT Ltd, but is unsure as she has not taken such a large decision before. A friend has suggested that she uses force field analysis to help make her decision.

Analyse how the use of force field analysis could help May Lai with her decision-making process.

**[9 marks]**

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<b>9</b>



0 6

0 9

Hydra Ltd was established in 1999 by Paul Hills and develops computer software. The company relies heavily on its teams to design and test its new products. It has several teams that have worked together for many years. Its employees think it is a good place to work.

Paul Hills, owner and manager	“I always encourage the company’s teams to be as creative as possible. Quality is more important than speed in developing new computer software. My employees must know this.”
Yasir, a team leader	“My team has been together for 7 years and we understand our roles well. We complement one another and have developed some very successful software.”
Evan, a team member	“We are given time to develop our new products and we are empowered to organise ourselves as we wish.”

Three months ago, Hydra Ltd was asked to develop a new computer program as quickly as possible for an important customer. Due to pressure of work Paul set up a new team to develop this program. Five new employees were appointed within 2 weeks and the new team was given a deadline of 2 months to create the software. After a month little progress had been made. It was clear that the new team was not performing as well as the company’s established teams.

Analyse the factors that may have caused the new team to perform less successfully than Hydra Ltd’s established teams.

**[9 marks]**

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1 0

Air Alba offers flights throughout Europe. The company keeps its costs as low as possible to compete strongly against other budget airlines. The company's workforce is a major expense for the airline and it uses a range of policies to keep its costs as low as possible.

- Its pilots receive an average annual salary in excess of £80 000, and are amongst the best paid in the industry. Most, but not all, pilots are on temporary contracts, normally for a maximum of 1 year.
- Members of the airline's cabin crew work in teams and are also well paid compared to employees in other airlines. Cabin crew who joined the company before 1 January 2016 have permanent employment contracts with guaranteed hours and some commission rates on any in-flight sales. Those appointed since that date are employed on zero hours contracts that have no guaranteed hours of work. However, they receive high rates of commission on in-flight sales.

Air Alba's employees have mixed views on the impact of the company's policies to control costs on their levels of motivation.

Analyse the reasons why the company's employees may have mixed views.

**[9 marks]**

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**Turn over for Section B**

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ANSWER IN THE SPACES PROVIDED**

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**Section B**

Answer the question in this section.

**Total for this section: 20 marks**

Read **Item A** and then answer question 

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**Item A****KPW Ltd**

KPW Ltd manufactures UPVC windows and doors. It has a long-serving and loyal workforce of 125 people with a wide range of skills. The company's owner is Karen Patel. Karen is a popular leader who relies on the use of referent power and who takes most of the important business decisions. She has persuaded employees to support changes which were initially unpopular. For example, in 2014 the factory moved to a new, larger site 20 miles away.

KPW Ltd faces tough competition from larger UPVC manufacturers. Its sales have declined slightly since 2015 after years of steady growth. Karen is worried about KPW Ltd's ability to compete on price. She has decided to introduce the latest technology into the production of the company's windows and doors and wants to implement this change within 3 months. The latest software will be used to plan and control production of the windows and doors.

This change will have considerable implications for every employee at KPW Ltd. Employees' tasks will change and about 25 jobs will be lost. KPW Ltd will have to spend heavily on training to equip its employees with the skills needed to manufacture products using this advanced technology.

Some employees at KPW Ltd are concerned about the possible consequences of this decision. A junior employee commented that "Karen has no expert knowledge of the technology to be introduced – this is a complex change which is being rushed. It needs more planning and consultation. She cannot simply rely on selling her ideas."

Karen has also chosen to use ADKAR to help the company to introduce the new technology successfully – a decision that surprised her managers as they were not consulted and had some doubts about its value given the company's power culture. Karen believes ADKAR will help all managers to understand the needs of individual employees during this major period of change and will help to provide support, such as training. "Without this change, large numbers of jobs will be under threat", she warned.



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**1 1**

Considering the information in **Item A**, evaluate how Karen’s use of referent power and her decision to use ADKAR might affect her ability to introduce the new technology successfully.

**[20 marks]**

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