



**Surname** \_\_\_\_\_

**Other Names** \_\_\_\_\_

**Centre Number** \_\_\_\_\_

**Candidate Number** \_\_\_\_\_

**Candidate Signature** \_\_\_\_\_

**I declare this is my own work.**

## **Level 3 Certificate/Extended Certificate APPLIED BUSINESS**

**Unit 4 Managing and Leading People**

**ABS4**

**Time allowed: 1 hour 30 minutes**

**At the top of the page, write your surname and other names, your centre number, your candidate number and add your signature.**

**[Turn over]**



**For this paper you will need no other materials.**

## **INSTRUCTIONS**

- **Use black ink or black ball-point pen.**
- **Answer ALL questions.**
- **You must answer the questions in the spaces provided. Do not write on blank pages.**
- **If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).**
- **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.
- There are TWO sections to this paper.
- Both sections should be attempted.
- The maximum mark for this paper is 60. There are 40 marks for SECTION A and 20 marks for SECTION B.

## **ADVICE**

- Please read each question carefully before starting.
- You should spend approximately 60 minutes on SECTION A and 30 minutes on SECTION B.

**DO NOT TURN OVER UNTIL TOLD TO DO SO**



**SECTION A**

**Answer ALL questions in this section.**

**Total for this section: 40 marks**

**Tick (✓) the box next to the correct answer for questions 01 to 04.**

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**Consumer spending fell sharply in the UK in 2020.  
Which of the following is the best description of the  
TYPE OF CHANGE caused by this fall in spending?  
[1 mark]**

☐

**A External and disruptive**

☐

**B External and incremental**

☐

**C Internal and disruptive**

☐

**D Internal and incremental**

—
1



0	2
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**A MANAGER'S ROLE normally includes:**

- 1 creating an inspiring business vision.**
- 2 planning for future events.**
- 3 reporting on the performance of the business.**

**Which of the above statements is or are true? [1 mark]**

☐

**A 1 and 2**

☐

**B 2 and 3**

☐

**C 1 and 3**

☐

**D 2 only**

**[Turn over]**

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1



0	3
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Read the two statements below and decide whether each is true or false.

**STATEMENT 1: A LEADER'S ROLE is transformational rather than transactional.**

**STATEMENT 2: A LEADER'S ROLE is to minimise risk.**

**[1 mark]**

☐

**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.**

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1



0	4
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Read the two statements below and decide whether each is true or false.

**STATEMENT 1:** The Tannenbaum and Schmidt leadership continuum considers a range of behaviours by leaders.

**STATEMENT 2:** The Tannenbaum and Schmidt leadership continuum recognises that the style of leadership used depends on the qualities of subordinates.

[1 mark]

☐

**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.**

[Turn over]

1



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**A business has a highly-skilled workforce. Explain why a LEADERSHIP STYLE that relies on the use of authority might not be suitable in this situation. [3 marks]**

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# 3





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**Paul Ribes is the owner of a small business. Explain why Paul's use of REFERENT POWER might be very effective. [3 marks]**

[illegible]

**[Turn over]**

3



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**A business suffers from poor communication. Explain why this might make it difficult to implement a major STRATEGIC CHANGE successfully. [3 marks]**

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# 3



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**Betony Ltd produces online games for sale to people aged over 18. Recently the company's external environment has changed significantly.**

- The use of technology has increased rapidly amongst those aged under 18. As a result, time spent on the internet by children aged 12–15 has risen to three hours a day.**
- The incomes of many families have fallen over the past two years. Parents with children in the 12–15 age group have reduced spending on non-essential items by 5%.**
- Surveys show that advertising aimed at children puts parents under pressure to buy products that they cannot afford.**

**The directors of Betony Ltd are considering whether to sell a newly-created online game. The game is called 'Adventure' and is designed for children aged 11–15. It involves an initial fee and various upgrades to the game that can be bought for further payments. 'Adventure' needs a lot of advertising as it will be sold to a new target market. The directors eventually decide not to sell 'Adventure'.**

**Use the information and FORCE FIELD ANALYSIS to analyse why Betony Ltd's directors took the decision not to sell 'Adventure'. [9 marks]**









[illegible]



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[Turn over]

9



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**Ficus Ltd is highly profitable company. It employs fruit and vegetable pickers, normally needed for the summer months only. Farms throughout Lincolnshire pay the company for the services of these employees. Ficus Ltd provides mainly unskilled workers performing simple manual tasks. The company operates in the following ways.**

- **It uses zero-hour contracts. This means that its employees have working hours that can change each week.**
- **All employees, apart from a few managers, are paid the minimum wage per hour. They receive very low pay.**
- **Employees normally work alone and do the same job each day. Ficus Ltd's supervisors watch employees closely and always tell them what to do.**
- **Most communication is through supervisors who drive the employees to the farms. Employees are not able to speak to the company's managers.**
- **Employees sometimes do not have the necessary equipment and time to complete jobs.**

**Banyan, the company's manager, is concerned that his employees are demotivated and that their performance at work is suffering as a result.**



**Use the information, and relevant MOTIVATION theory, to analyse**

- **one financial method and**
- **one non-financial method**

**which Banyan might use to improve the motivation of Ficus Ltd's employees. [9 marks]**

[illegible]

**[Turn over]**



[illegible]



[illegible]

[illegible]

**[Turn over]**

**9**



1	0
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**Bellis Ltd carries out scientific research for other businesses. For example, it recently developed light-weight, environmentally-friendly packaging for a major UK food manufacturer. Bellis Ltd employs 750 people working in cross-functional teams. Most of its employees are highly qualified and use their scientific skills to develop solutions to other businesses' problems. Having an effective workforce is a vital method of attracting customers.**

**In 2020 the company replaced its hierarchical organisational structure with a matrix structure. The company set itself two targets for its organisational performance as a result of this change.**

- **To attract more customers.**
- **To increase the level of employee motivation and performance at work.**

**Daisy is a director at Bellis Ltd. She thought that using a matrix structure had been successful. "I think that our employees were very frustrated with the old hierarchical structure. They are highly skilled and it limited the opportunities they had to use their talents. The new organisational structure has definitely enabled us to meet our organisational performance targets."**



**Use the information to analyse why the decision to use a MATRIX ORGANISATIONAL STRUCTURE helped Bellis Ltd to meet its organisational performance targets. [9 marks]**

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[illegible]



[illegible]

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**SECTION B**

**Answer the question in this section.**

**Total for this section: 20 marks**

**Read ITEM A and answer question 

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**ITEM A**

**Salix Cycles Ltd (SCL) is a bicycle manufacturer. It employs 300 mainly unskilled people and produces around 40 000 low-priced bicycles each year. In the past SCL was very profitable. Over the last year, bicycle retailers have reported that they have to wait a long time for SCL's orders to be delivered and that its bicycles are regarded as 'old fashioned', 'not well designed' and 'often faulty'.**

**Six months ago, Willow Osier was appointed Chief Executive Officer (CEO) of SCL to turn around the company's fortunes. Her analysis of the company's position revealed a number of constraints.**

- Finance was limited because its profits had declined sharply and were just £27 500 for the last year.**
- Employee performance was poor as most were demotivated because of low pay rates and simple, repetitive tasks on the production line.**
- Many employees lacked skills as levels of staff training were very low and many employees left the business soon after being appointed.**



**Responses to a staff questionnaire Willow issued were revealing. Comments mentioned:**

- **many employees asking for ‘substantial’ pay rises**
- **about 60 employees wanted ‘more interesting jobs’ and ‘involvement in decision-making’.**

**Willow set out the organisational changes she intended to introduce. Its main elements were:**

- **to invest in new production-line machinery and to make 30 managers and supervisors working in the factory redundant**
- **to empower employees to work in teams, each manufacturing a particular type of bicycle and making decisions on how to use their labour and equipment to make the bicycles**
- **for teams to develop ideas for improving the bicycles’ designs and reducing the numbers of faults**
- **to increase output by 25% to make sure that retailers are supplied on time.**

**These changes would need a budget of £1.5 million for training, equipment and redundancy payments and the closure of the factory for a three-week period.**

**Willow’s proposals received criticism. Some directors were concerned about the constraints on the company’s ability to finance her plans. Others worried that the factory’s operations would not cope with implementing Willow’s changes.**

**[Turn over]**



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**Considering the information in ITEM A, evaluate the extent to which Willow's use of EMPOWERMENT, given the constraints on SCL, will allow this ORGANISATIONAL CHANGE to be implemented successfully. [20 marks]**

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[illegible]



[illegible]



[illegible]

**END OF QUESTIONS**

20





**Additional page, if required.**

**Write the question numbers in the left-hand margin.**

[illegible]

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For Examiner's Use	
Question	Mark
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<b>TOTAL</b>	

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