

NCFE Level 3 Applied General in Business and Enterprise (601/8908/3)

Past Paper

To be	completed	d by the exan	niner
Question	Mark	Question Mark	
1(a)		3(a)	
1(b)		3(b)	
1(c)		3(c)	
2(a)		4(a)	
2(b)(i)		4(b)	
2(b)(ii)		4(c)	
2(c)		5	
2(d)		6	
		TOTAL MARK	

Thursday 28 March 2019

9.00 am-11.00 am

Time allowed: 2 hours

Learner instructions

- Use black or blue ink.
- Answer all questions.
- Read each question carefully.
- You must write your responses in the spaces provided.
- You may do rough work in this answer book. Cross through any work you do not wish to be marked.
- All of the work you submit **must** be your own.

Learner information

- The marks available for each question are shown in brackets.
- The maximum mark for this paper is 91.
- The external assessment is in two parts: Part A and Part B. You should spend about 85 minutes on Section 1 and 35 minutes on Section 2.
- You may use a calculator.

Please complete the details below clearly and in BLOCK CAPITALS.

Learner name	 	
Centre name	 	
Learner number	Centre number	

Do not turn over until the invigilator tells you to do so. Pre-release material for learners

- The external assessment is based around a business that owns a small chain of three budget hotels
 It is a private limited company
 It sells its services to both individual consumers and businesses



Part A

This section has a possible 65 marks.

You should spend about 85 minutes on this section.

Answer all	que	stions in the spaces provided.		
1 (a)		Which one of the following is usually found in a person specification when a hotel advertises a vacancy for a receptionist? [1 mark]		
	A	Essential and desirable competencies		
	В	Information about the hotel		
	С	Job title		
	D	Main duties		
	An	swer		
1 (b)		Operating a business as a private limited company has advantages and lisadvantages to the business.		
		Explain two advantages and one disadvantage to a business of choosing to operate as a private limited company.		
		[6 marks]		
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	1	(c)

Peggit Ltd. (PL), is a family owned, medium sized business. PL owns and operates three budget hotels in towns in Wales. Each PL hotel has 60 rooms, with its own bar and restaurant. PL hotels provide low priced hotel rooms of average quality. The hotels operate in a very competitive market. Rival hotels have more modern booking systems than those used by PL.

To book a room in one of the hotels, customers must either phone or email the hotel they wish to stay in. These bookings are taken by staff working at the hotel reception desk. The business has a website, but this has no interactive features and does not allow potential customers to place bookings online.

The majority shareholder, Dai Deeson has recently appointed his daughter Dee, as Operations Director. Dee wants to modernise many of the hotels' systems which she sees as old-fashioned and outdated.

Dee's first action will be to improve business to consumer (B2C) communications. The website will be updated to allow customers to make an online booking. PL will use social media for the first time by launching its own Facebook, Instagram and Twitter pages.

Evaluate Dee Deeson's decision to improve PL hotel's communications. [9 marks]

2 (a) Which **one** of the following would **NOT** be classified as a hygiene factor in Herzberg's Theory of Motivation?

[1 mark]

Examiner use only

- A Delegating power to employees to make their own decisions
- **B** A permanent contract
- **C** A reasonable level of pay
- **D** Safe working conditions

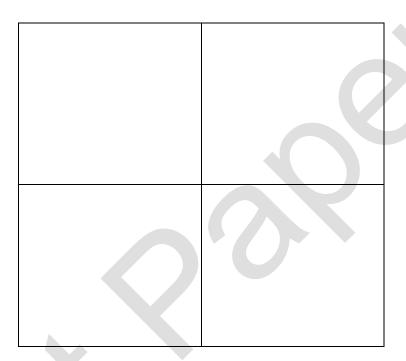
Answer _____

2 (b) PL hotels are providing low priced hotel rooms of average quality.

Its major rivals in Wales are:

- Hotel Chain A high price and high quality
- Hotel Chain B high price and average quality
- Hotel Chain C low price and low quality

Below is the outline of a market map.



2 (b) (i) Label the two axes.

[2 marks]

2 (b) (ii) Place PL and their **three** main rivals in their correct positions on the market map. **[2 marks]**

2 (c)	To improve the availability of fresh bread rolls in its hotels PL has installed automated ovens in their hotel kitchens to produce fresh bread rolls daily.		
	Explain the impact of this decision on one of PL's external stakeholders. [3 marks]		

Please turn over for the next question.

Examiner use only

PL has plans to borrow £1m each year for three years as part of a hotel refurbishment programme. This would begin in 2020.

The Board of Directors are concerned about a number of issues:

Staff shortages

In 2017 EU workers made up 75% of the PL workforce.

However, in 2018 20% of its foreign workforce resigned their posts and returned to the EU. Finding replacements have proven very difficult as UK workers are not attracted by the wages offered in PL hotels.

Tourist visitor numbers

There are fears that the UK leaving the EU might have a negative impact on visitor numbers to the UK from the EU. On average 5% of PL's hotel bookings are made by European visitors.

Interest rates

There has been discussion in the media that interest rates might rise significantly following the UK's withdrawal from the EU.

Inree issues concern the Board of Directors of PL.	
Evaluate the possible impacts of these three issues on PL.	[9 marks]

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3 (a) Which **one** of the following is an example of a financial method of motivation used by a business to improve worker performance?

[1 mark]

- **A** Empowerment
- **B** Fringe benefits
- **C** Job rotation
- **D** Teamwork

Answer

3 (b)

PL relies heavily on traditional methods of advertising. It places advertisements in local newspapers throughout Wales. Unlike many other hotel chains, it does not offer a customer loyalty programme.

Room occupancy levels at PL hotels are falling. In 2016 the average hotel occupancy rate fell from 96% to 89%. A further fall occurred in 2017 with a drop to 86%. The board of directors were divided over the causes. Some blamed increased competition from rival chains. Other directors suggested that some of the PL hotels were now becoming 'dated' and had already agreed the need for refurbishing and modernisation. The Chairman suggested that its approach to marketing needed a reassessment.

Identify and explain changes that should be made to two elements of PL's
marketing mix to stop the decline of its room occupancy rates. [6 marks]
[exibiti oj

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3 (c)

Last year there were an increasing number of poor reviews posted on websites regarding the facilities and customer care provided by PL hotels.

The marketing director decided to conduct research among the hotel guests to find out their views on PL hotels' facilities.

The research was carried out by placing comment cards in each hotel room. The cards had five questions about the hotel facilities and asked guests to rate them on a scale of 1 to 5. As an incentive to encourage card completion all returned cards entitled the guests to a free coffee in the hotel bar.

Identify two changes that PL could make to improve the quality of the market research they carry out.

Explain the advantages and disadvantages of each suggestion.

Justify your decisions.

Advise the directors about which one of these improvements is likely to yield the best results.

, , ,	[9 marks]
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- 4 (a) Which **one** of the following is the most appropriate method of remuneration if PL wants to encourage its bar staff to increase sales of coffee and pastries?

 [1 mark]
 - **A** Commission
 - **B** Performance related pay
 - **C** Profit share
 - D Salaries

Answer

4 (b) PL has produced a forecast of costs for one of its hotels for next year.

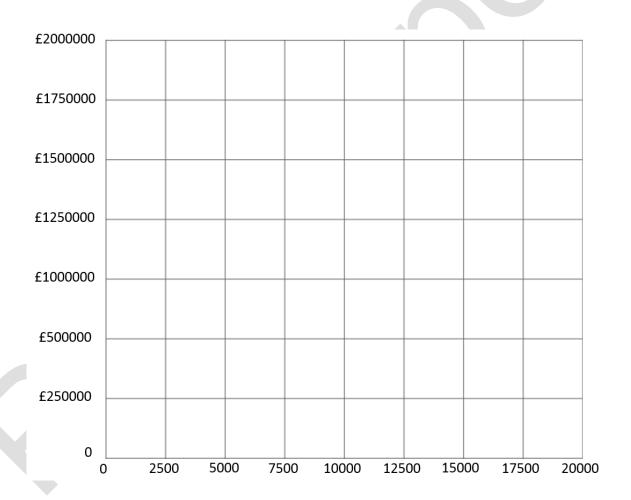
Variable costs per guest per night	£10
Breakfast costs per guest	£10
Fixed costs	£500,000

Each guest will pay £60 per night which includes breakfast. The business has forecast this hotel to have 20,000 guests next year.

Use the information above and draw with a ruler, a fully labelled break-even chart. Use the blank chart below.

- labels for both axes
- a total cost line (labelled)
- a total fixed cost line (labelled)
- a total revenue line (labelled)

[6 marks]



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4 (c)

PL has faced growing cash flow problems for the last two years. The Finance Director believes that this was caused in part by the price cuts made by rival budget hotel chains, resulting in a fall in occupancy rates in all of the PL hotels. Next year PL will introduce a rolling programme to refurbish one of its hotels each year. This will cost £1m per year.

The Board of Directors want to see an improvement in the cash flow position by the end of this year and are considering three options for dealing with the problem:

- Cancel the planned hotel refurbishment programme.
- Match the prices to the levels charged by rival hotels.
- Reduce costs by cutting portion sizes of meals and reducing the number of staff employed in the bars and restaurants.

Use the information above to discuss the advantages and disadvantages of each of the **three** options being considered.

Which option would you recommend?	
Justify your recommendation.	[9 marks]



Part B

This section has a possible 26 marks.

You should spend about 35 minutes on this section.

Answer all questions in the spaces provided.

As part of its hotel refurbishment plan PL intends to launch a new service, providing conference facilities for other businesses that want to use the hotel facilities for staff training events.

There is stiff competition in this market and its main rival, Hotel X, has a budget of £15m for its annual promotional campaign. Hotel X spends heavily on promoting its services to other businesses using a variety of methods, including sales representatives that visit previous customers and the production of glossy brochures and videos demonstrating their facilities. Delegates using the conference facilities at Hotel X receive a 'goody bag', which include a mobile phone case, a voucher for perfume and after shave, and a branded overnight wash bag.

PL hopes to break even in its first year of providing conference facilities at three hotels. It has allocated a budget of £100,000 for the promotional campaign that will launch this new venture.

Discuss how the following may influence the promotional mix for PL's new conference facilities aimed at other businesses.

- Its position in the product life cycle
- Its target market
- Its rivals' promotional campaigns
- Its promotional campaign budget.

[13 marks]

PL hotels' managers and supervisors are employed on permanent contracts. They receive benefits such as holiday pay, free uniforms and staff discounts. The workforce includes cleaners, receptionists and bar and restaurant staff, the majority of whom are on zero-hour contracts. They have no input into how their shifts are organised or how individual jobs are completed. They do not receive the employment benefits provided to managers and supervisors. Work is task orientated and decisions as to how tasks are completed are made at manager level.

Cleaners, receptionists, and the bar and restaurant staff are in daily contact with guests. Their performance and attitudes affect how guests judge their stay at a PL hotel.

Staff turnover at PL hotels has increased significantly over the past two years. Absenteeism has also risen sharply. Comments from paying guests on social media sites suggest that customer care standards have fallen in PL hotels and queueing time at reception and in the hotel bars and restaurants has increased significantly.

PL's Human Resources (HR) department conducted a survey amongst staff, guaranteeing anonymity. The findings made grim reading for the management. The majority of staff felt that:

- they rarely received feedback on their job performance and that their jobs:
- were monotonous, repetitive and undemanding
- did not have a defined beginning, middle and end
- left them feeling their work had little or no "meaning" or significance
- allowed them no freedom as to how they could accomplish tasks.

Use your knowledge of **Hackman & Oldham's Job Characteristics Model**: Analyse **four** changes (that fit the model) that could be implemented to improve the motivation of PL's cleaners, receptionist, bar and restaurant staff.

For each change suggested make a judgement as to how effective it will be in terms of improving the motivation of PL's cleaners, receptionist, bar and restaurant staff.

[13 marks]

This is the end of the external assessment.





