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SECTION A – 20 MARKS

ANSWER *ALL* TEN SUB-QUESTIONS

Question One

1.1 Answer C
1.2 Answer A
1.3 Answer D
1.4 Answer C
1.5 Answer A
1.6 Answer A
1.7 Answer D
1.8 Answer A
1.9 Answer C
1.10 Answer A

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SECTION B – 30 MARKS

ANSWER *ALL* SIX SUB-QUESTIONS IN THIS SECTION - 5 MARKS EACH.

Answers that follow in Section B are more comprehensive than expected for a well-prepared candidate.

Question Two

(a) **Explain** the relationship between organisational competences and decisions relating to the contracting out of activities.
(5 marks)

A possible answer could include:

Core competences

Core competences are often viewed as the critical success factor of an organisation for success or competitive advantage. Often unique and internal resources or capabilities it has. This approach makes the organisation successful by its ‐hard‐to‐imitate‐resources/competences, often organisations emphasising capabilities or core competences before strategic plans.

Competitive advantage can be gained from some unique ability an organisation possesses e.g. Rolls-Royce making aerospace, automobile and marine engines using its core competence of engineering and proven reliability. The reason why Rolls Royce is world class with respect to aerospace engines is because of its core competence of proven reliability and quality within the air travel industry e.g. safety and reliability a major critical success factor within the air travel industry.

Core competences take along time and cost normally for an organisation to develop and exploit, but provide the strategy and ability for it to compete.

Other examples of core competences include:

- Engineering capability e.g. Ferrari
- Creativity and innovation e.g. Dyson
- Long established brands e.g. the Coca Cola or Heinz
- Skills and capabilities e.g. Sony Play Station or Sony Walkman all took years to develop, such innovation, as well as famous recording artists all make Sony a high profile brand
- Ownership of legal copyright e.g. Harry Potter or Walt Disney

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Contracting out of activities

Contracting out of activities is the practice of purchasing services from other organisations e.g. local authority social services departments 'contracting out' meals-on-wheels services to an external supplier rather than managing the service ‒in houseø

Transaction cost theory according to Ronald Coase and Oliver Williamson, is concerned with whether an organisation makes or provides internally an activity, or whether it chooses instead to ‒buy inø the activity externally Organisations choose between two mechanisms in order to control resources and carry out their operations.

- Hierarchy solutions (internal networks) e.g. own your own assets, hire your own staff and long-term control over internal activities, but greater complexity.
- Market solutions (external networks) e.g. buy in externally the required assets, activities or knowledge required from other external (third party) organisations.

In the case of manufacturing, there could be a decision to close down internal plants or cease manufacturing activities altogether, the organisation choosing instead to buy in cheaper products externally from a third party. This may help lower and control cost, however the internal capabilities within these internal manufacturing plants could be a source of unique core competences for the organsiation e.g. knowledge and skills it internally possess. These core competences could be lost forever and more reliance now placed on third party suppliers with their own priorities and economic self-interest.

In conclusion it can be argued that an organisation can survive, so long as it possesses internally and manages its own core competences, an outsourcer would incur greater cost if it tries to arbitrate the organisation. Also core competences are a source of competitive advantage and therefore if handed to a third party, they ultimately may not manage the activity as well as if it were managed ‒in-house.ø

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Question Two

(b) An organisation is reviewing its decision-making information systems and has asked you to **identify** suitable assessment criteria for this review.
(5 marks)

Possible answers could include:

There are various ways of assessing the costs and benefits of information systems; criteria for evaluating information systems could be as follows.

Cost-Benefit (CB) analysis

An economic evaluation technique which compares the costs associated with a proposed investment with the benefits that investment will return. Both tangible and intangible factors would be considered.

The value for money (VFM) framework (or the 3Es)

- **Economy** e.g. is the organisation procuring resources at the lowest possible cost without sacrificing the standard expected for quality and service levels
- **Efficiency** Is the organisation improving efficiency by minimising inputs required to produce outputs and/or maximising outputs e.g. transactions processed per hour.
- **Effectiveness** Is the organisation maximising effectiveness by achieving its goals and objectives e.g. end user satisfaction and high quality information.

Economy and efficiency should not be compromised to the extent where effectiveness can suffer e.g. to do it cheaper (economy) or quicker (efficiency) may often compromise effectiveness.

The ACCURATE criteria

Filtering information would involve removing any unnecessary impurities within it, to improve the quality of information for management and staff, the ACCURATE criteria can be used to do this.

Qualities of good information

- **A** Accurate e.g. input and processed correctly/¢rounded up¢ as appropriate, all assumptions stated.
- **C** Complete e.g. all data is available (what user asked for) so a true reflection can be made when using it e.g. not incomplete.
- **C** Cost beneficial e.g. benefits (although often intangible) outweigh the costs of collection.
- **U** User friendly e.g. the users needs have been addressed e.g. summary or detail, or a specific format?

- **R** Relevant e.g. user only given what they actually need (sometimes hard to determine exactly what that is), given what they ask for by initiative and consultation.
- **A** Authoritive e.g. data or information from a reliable source.
- **T** Timely e.g. delivered by an agreed deadline or as and when required.
- **E** Easy to use e.g. clearly understood by the user.

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Question Two

(c) Briefly **describe** Hofstede's dimensions of national culture.
(5 marks)

A possible answer could include:

Cross cultural management is about culture. Human races come from different cultural backgrounds, a way of doing things in one culture may not be the same as other cultures

The key dimensions 'stereotypes' of national culture

Geert Hofstede and Fons Trompenaars gave some useful strategies for managing cultural diversity. The extensive study of Hofstede and Trompenaars contain valuable insights and emphasise the importance of sensitivity to cultural differences across nations and within businesses. Culture is however an enormously complex phenomenon, therefore perhaps simplistic to characterise it in terms of five or seven five dimensions.

Hofstede's five dimensions of national culture

Geert Hofstede's research gives us insight into other national cultures, so that we can be more effective when interacting with people in other countries. Cultural practices vary between countries and impact upon how organisations operate. Managers can therefore use such dimensions to improve performance of staff by customising their management practices to accommodate the expectations of that society e.g. ÷cultural clan control∅

Power Distance Index (PDI).
Extent to which people accept inequality of power. The extent to which the less powerful members of an organisation accept and expect that power is distributed unequally. High power distance would mean that the national culture accepts inequality of power; therefore the leader or manager exercises high influence over subordinates, using a style of leadership that is autocratic.

Uncertainty Avoidance Index (UAI).
A society's tolerance for uncertainty and ambiguity e.g. uncomfortable or comfortable within unstructured situations. High uncertainty avoidance requires working practices similar to Burns and Stalkers mechanistic design e.g. rules and procedures to preserve stability and status quo. Cultures that accept uncertainty e.g. low avoidance of it, are more tolerant of other opinions, if different to what they are used to.

Individualism /collectivism.
Collectivism societies support and have a strong affiliation towards one another, a strong need for group consensus in decision making and team work e.g. strong and cohesive groups. Individualism is a society where individuals are expected to take care of themselves, staff generally prefer to work independently or autonomously from one another e.g. a strong need for individual recognition and success.

Masculinity/femininity.
Men's ‑masculineø values e.g. very assertive and competitive, are relatively different from women's ‑feminineø values e.g. modest and caring. Masculinity is a culture with a strong need for achievement, assertiveness and materiality. Femininity is a culture where relationships, modesty and quality of life are considered more important. This is an important dimension when it comes to reward or other motivational incentives that are used when managing and motivating staff.
Long-Term Orientation (LTO).
Long-term versus short-term orientation: the fifth dimension. A societies values associated with Long Term Orientation e.g. perseverance, verses Short Term Orientation e.g. protection of reputation and traditions.

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Question Two

(d) **Describe**, with examples, the TWO forms of IT/IS controls that exist to ensure complete, accurate processing of data and safeguarding of privacy and security.
(5 marks)

A possible answer could include:

General controls:

General controls: controls designed to support the computer system's environment. These are õAROUNDö the computer system to ensure that it is free from human error, technical error, natural disasters, and deliberate actions.

- **System development controls:** looks at controlling the way the system was created. Ensuring that all the needs of the organisation can be met by this system. Cost, benefit and quality are also considered as well as focusing on the design and testing of the system before it goes live and relevant requirements of staff that will be needed to operate it. Controls could include experienced project manager and team, as well as documentation and user consultation.

- **Administrative controls:** looks at controlling the way the system is run since it went live. Ensuring the system operates efficiently and properly supervised. Controls could include physical access controls, back up files on a regular basis, access logs which log users usage of system, when and what files they have accessed, system logs of hardware malfunctions and operator intervention, maintenance agreements and insurance.

Application controls:

These are found õWITHINö the computer system itself. These are user (i.e. manual) controls and programmed procedures (i.e. steps in computer programs) which directly control the data in computer applications. Controls could include data verification and validation, batch controls, machine sensible reading devices and passwords to deny unauthorised access.

Strong general controls are just as important as strong application controls, and will undermine a system if poor. For example if a computer system has a good password system (application control) but no back up files are kept of the system (general controls) then if the system crashes and losses most of its data, the business will have no way of retrieving that information quickly, if ever!

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Question Two

(e) **Describe** briefly FIVE major developments over the past twenty years or so that have led to globalisation.
(5 marks)

Possible answers could include:

> **Note:** You are only required to briefly explain FIVE major developments that have led to globalisation. Ten possible major developments have been explained below.

- Companies require growth in sales and profits e.g. to remain competitive, companies have move as quickly as possible to secure a strong position in some of the key world and emerging markets like the BRIC economies (Brazil, Russia, India and China.
- Economies of scale e.g. lower average cost through higher volume of production. Maximise efficiency by employing under utilised resources in human and capital assets such as management, machinery, and technology. Companies seek economies of scale in order to achieve a higher level of output spread over large fixed costs to lower cost per unit.
- Direct foreign investment as opposed to export, may avoid restrictions, if the country uses protectionism against international trade.
- Product life cycle issues and increased domestic competition e.g. product life cycle of saturation or decline, means better opportunity for growth overseas. Many companies will prefer to invest their excess profits in order to expand, but sometimes they are limited because of the maturity of the markets in their own countries. Therefore, they seek overseas markets to provide growth opportunities. Companies want to maximise the use of their manufacturing equipment and spread the high costs of research and development over product life cycles.
- Tax advantages, subsidies, grants or finance available from overseas governments. Some of the developing countries that need improvement and development through capital investment, skills, and technology voluntarily provide incentives such as fixed assets, tax exemptions, subsidies, tax holidays, human capital, and low wages. These incentives seem attractive to companies due to increased profits and reduction of risks.
- International sourcing of resources to lower cost. Access to raw materials and low operational costs in financing, transportation, low wages, lower unit costs, and power are attractive in terms of resource access and cost savings. Most companies move their headquarters to overseas to avoid their respective home countries high taxes and other costs associated in business operation in those countries e.g. Cadbury¢s and Boots.
- To overcome trade barriers e.g. companies move from exporting their products to manufacturing them overseas in order to avoid the burden of tariffs, quotas, the policy of buy-local and other restrictions that make exporting too expensive.

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Other major developments causing globalisation:

- Education: Student Visas to stay in a particular country, to gain education.
- Human travel e.g. human curiosity has led to discovery of new cultures.
- Technology e.g. Mass media and Internet have given the world a new perspective of life and communication.

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Question Two

(f) **Describe** Reck and Long's purchasing development model.
(5 marks)

(Total for Section B = 30 marks)

A possible answer could include:

Reck and Long looked at the different positions or approaches to supply chain management a purchasing department could take. Supply management was historically considered to have a passive role in the business organisation, but this position has moved to a more strategic role, as organisations strive to develop competitive advantage. These findings by Reck and Long, along with many other writers in this field of study, are useful for practitioners seeking to improve the performance and standing of the purchasing function.

- **Passive** (clerical and transaction based) purchasing acts only on the requests by other departments, viewed as a clerical function only. A reactive not pre-emptive administration role within the organisation.
- **Independent** (commercial but still ‑at arms length‖) purchasing takes more of a professional approach e.g. implementing IT systems to facilitate greater speed and accuracy of purchasing. this increases the awareness of its importance within the organisation.
- **Supportive** (proactive purchasing) purchasing is regarded as an essential role and is more pre-emptive at delivering information to departments, it has good procedures and controls over supplier sourcing and selection processes.
- **Integrative** (full partnership, strategic sourcing and collaboration) purchasing is viewed as strategic, core and essential to support the organisations competitive strategy, fully integrated to align corporate goals with its supply chain policies.

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SECTION C – 50 MARKS

ANSWER BOTH QUESTIONS IN THIS SECTION – 25 MARKS EACH

Question Three

(a) Describe the potential benefits of quality standard ISO 9000 certification to 2TW.
(10 marks)

Question 3 Part (a) Possible solution

> **Tutor Note**: Need to explain briefly ISO 9000 and give about 8 potential order to score full marks.

ISO 9000 is a worldwide quality standard. ISO (International Standards Organisation) is also a European Community inspired quality inspection and certification program. ISO 9000 (Formally BS5750) is worldwide recognised and consists of three international standards and supplementary guidelines on quality management and quality assurance, first published in 1987. Organisations to become certified must have documented and repeatable processes to ensure they deliver quality products.

Certification to ISO 9000:2000 series does not guarantee compliance to product quality, but does certify that consistent business processes are being applied and followed. ISO 9001 has now combined three standards 9001, 9002, and 9003 into one. One of the major strengths of ISO 9001 is its wider appeal to all types of organisation. Its main focus is on processes and customer satisfaction rather than just procedures.

To become ISO 9001 'certified' or 'registered' 2TW would need to:

1. Identify and document processes for quality systems and procedures
2. Develop quality system manuals
3. Maintain quality system records
4. Quality audits performed by an external assessor to ensure compliance

Advantages of ISO 9001 accreditation

- ✓ Good for marketing and public relations 2TW e.g. website, stationary and product labelling can all improve the perceived image that quality does exist to a consumer or customer.
- ✓ Some customers will not do business unless a supplier is ISO accredited. Potential customers may include ISO certification within their supplier selection process; therefore 2TW could be missing out on valuable sales orders.

- ✓ ISO 9001 is an internationally recognised quality accreditation, 2TW sells throughout Europe, where such quality accreditation is recognised, ISO being internationally recognised could help 2TW achieve greater sales and profitability globally.
- ✓ Improvement in product and service quality, inadequate quality control systems exist within the company, which has led to differing operating efficiencies between SBUs.
- ✓ Increased customer satisfaction, there are significant numbers of returned goods which require replacement or reworking, this leading currently to poor levels of customer satisfaction.
- ✓ Improved productivity with less idle time, scrap, waste etc. With documentation of processes, training and improvements to quality control greater efficiency could be achieved through out the group.
- ✓ Could help provide competitive advantage e.g. achieve superior products if 2TW were to excel in quality improvement.
- ✓ Improved morale and motivation of management and workers e.g. through training, empowerment and involvement.
- ✓ Better information for decision making. Processes can focus on performance measures and help improve and identify problems sooner e.g. levels of returns, reworks, scrap, replacements, warranty claims etc.

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Question Three

(b) Discuss the factors that should be taken into account by the HR department when redesigning the remuneration and reward package for SBU managers.
(10 marks)

Question 3 Part (b) Possible solution

> **Tutor Note**: Need to explain briefly about 10 factors that HR would need to take in to account to score full marks.

The factors that should be taken into account by the HR department when redesigning the remuneration and reward package would be as follows.

Linking reward to new targets

The proposed performance related payments will now place greater emphasis on profitability and quality. The HR department will therefore need to consider this as a factor when creating some kind of quantifiable link between pay and performance in order to make the new system more measurable. HR can also be involved in the creation of these performance measures, but divisional managers also would need to be consulted before targets agreed.

Revision of employment contracts

Individual SBU managers will sign contracts to deliver new targets. The HR department will therefore need to consider the new contract terms to be included in the service contracts of managers. Terms and conditions of employment will need revision, as well as consultation with managers by the HR department before this is done.

Consultation with managers or staff associations

The HR department will need to consult with managers of the SBUs when it comes to the understanding of how performance can be linked more effectively to profitability, quality and perhaps other goals. Without consultation and consensus by SBU managers it may not gain commitment from them due to the lack of their input and involvement.

Measurement of targets

The linking between pay and performance can often be qualitative not quantitative e.g. linking pay to greater responsibility or autonomy. Qualitative information such as customer satisfaction cannot be easily expressed in the form of numbers and can often be a hard measure and link to quality. The HR department will need to consider such subjectivity as a factor to ensure greater fairness.

Uncontrollability of factors influencing performance

Many factors effect profitability of an SBU and many of these factors environmental and outside the control of a manager. Also different industries will provide better profitability than others due to the nature of that industry e.g. less competition. The HR department will need to build such factors into each remuneration package.

Motivation

It is important that the new remuneration package does not seem less fair than the old remuneration package. The redesign may produce less payment of bonuses or basic salary than previous. Given the additional responsibility or job content of the manager it could cause dissatisfaction and a decline in performance if this were the case. The HR department must also understand that other incentives can help improve performance of a manager other than just payment e.g. star achievers will be fast tracked to senior positions. Such a redesign of reward systems could therefore sacrifice less payment for more advancement of a manager, which could be viewed as more encouraging when trying to increase performance.

Cost and amendment to payroll systems

The current payroll system may need to be modified to take account of the new basic salaries of each manager and the measurability of results to calculate bonuses. It may also be a good idea for the HR department to create some kind of forecast or budget for payroll given that new remuneration schemes will exist. This may help 2TW as a group to determine the affordability of such schemes before they are introduced.

Updating of recruitment and appraisal systems

Appraisal systems for SBU managers as well as recruitment literature in the near future, will need to embrace changes from the new remuneration system. SBU managers will need to agree targets as part of the normal appraisal processes, therefore internal HR documents will need update, and managers trained in these new procedures.

Motivator Factors

According to Herzberg ‗motivators‖ actually do satisfy employees and are more likely to increase performance if present. Such factors lead to greater job enrichment e.g. job more rewarding and less monotonous. Such factors are based upon intrinsic motivation e.g. the desire to do something based upon the enjoyment or pleasure from the action itself rather than any reliance on extrinsic factors e.g. financial incentive.

Examples of motivators

- Personal growth e.g. career and succession planning.
- Status and advancement.
- Recognition for achievement.

- Responsibility, challenging and enjoyable work.

The conclusion according to Herzberg is that greater motivation and performance, can be achieved through job design and enrichment, not just pay as in the case of financial bonuses.

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Question Three

(c) Suitable measures of performance for SBU managers will be designed as part of the redesigned remuneration and rewards package. Describe the desirable features of such measures.
(5 marks)

Question Three – Part (c)

Possible answer could include.

> **Tutor Note**: You need to discuss about 5 desirable features measures to earn full marks.

Desirable features of objectives

Objectives must be **'SMART'**

- **Specific** e.g. clear scope with no ambiguity about its purpose. The Chief Executive has announced a new initiative but needs to focus and be clearer to SBU managers about what these measures for profitability and quality will be.
- **Measurable** e.g. quantifiable, ratio, percentage, absolute etc. It is important that SBU managers understand how measures like scrap, product replacements and warranty claims all link and correlate transparently in terms of measuring success. Profits and quality measures need to be clearly quantified and linked to pay.
- **Agreed** e.g. Accountability enforced upon those achieving it. It is important therefore that SBU managers are fully consulted when measures and targets are agreed. Managers with greater -ownershipø of a decision will often are more highly motivated to achieve it.
- **Realistic** e.g. realistic for those SBU managers achieving it, given a reasonable level of effort and the environment challenges they face.
- **Time bound** e.g. specific time or deadline when measures must be achieved by and SBU management success measured and appraised. Periodic review of targets achieved is an important aspect of exception reporting when it comes to improving performance within 2TW.

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Question Four

Required:

(a) Explain the reasons why a strong brand is so important to companies such as 99.
(10 marks)

Question 4 Part (a) Possible solution

> **Tutor Note**: Need to explain briefly about 10 reasons why a strong brand is important to 99 or other companies to score full marks.

A brand is a trade name, symbol or logo synonymous or identifiable to an organisation, or its product or service e.g. Nike (and its ‑tick‑ logo). Brands have become even more important today due to the ever increasing bargaining power of the retailer, as well as the flood of ‑private labels‑ e.g. own branded copycat merchandise being sold by the retailer.

Many manufacturers because of this problem either attempt to collaborate with the giant retailers like Tesco e.g. with multi value exclusive offers to obtain prime shelf space, production of cheaper generic product versions for supermarket ‑own brands‑ and the concentration on heavy marketing and promotion to differentiate themselves and survive the withdrawal of their products off the shelve because of the traditional or novelty appeal to the shopper that the brand maintains.

The merits of brands

- ✓ Can support new products and services e.g. the launch of Mars Milk or Mars Ice Cream were both spin offs from the Mars brand, the Virgin Group another example. The same can be applied to the 99 brand.
- ✓ Brands can create a premium price e.g. the L'Oreal cosmetics brand using the slogan ‑because your worth it, or the Stella Artois premium lager using the slogan ‑reassuringly expensive‑ can add large profits to the product line. In the 99 brands case, a ‑premium price‑ may be charged because of the ethical association with 99's corporate practices and the cause's they and their consumers support.
- ✓ Brands allow franchising (licensing) which can allow an organisation to grow quickly at lower risk. One of the most famous examples is McDonalds with more franchised restaurants than any other franchise network.
- ✓ Brands can have longer life cycle than products e.g. the Amstrad organisation, founded by Sir Alan Sugar, had during the late 1980s, a substantial share of the PC market within the UK it no longer makes PCs but the Amstrad brand lives on within many other products. Given a saturation of the drinks industry, the 99 brand can support new products or product lines.
- ✓ Brands can differentiate a product, strengthen customer loyalty and build barriers to entry to keep rivals out of the market place. This is particularly

important to 99 when it comes to competing with large retailors with high bargaining power.

✓ Brands even though intangible can be a valuable asset to a business e.g. brand equity (value) it has accrued over time. Other companies have made offers to buy 99 and therefore demonstrate that it has financial benefits and value.

✓ Buyers use brands to make statements about themselves e.g. designer clothing worn by the rich and famous. In 99's case, consumers often share the same vision and goals of the organisation e.g. ethically concerned.

✓ Brands can reduce the risk to a buyer of poor product choice e.g. certain brands like 'Heinz' speak quality and reassure buyers after normally many years of satisfaction, they once again not be disappointed.

✓ Brands can be the reason why a buyer chooses one product over another helping 99 to achieve competitive advantage.

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Question Four

(b) Describe the key aspects of the product and place mix involved in a deal between Z and 99.
(10 marks)

Question 4 Part (b) Possible solution

> **Tutor Note**: Need to explain briefly the product and place mix, apply these elements to 99 and discuss fully the issues within the scenario to each element to score full marks. A balanced discussion of both elements also would be required to earn full marks.

The product mix

Product is the ÷package of benefitsø to a customer e.g. taste, function, design, shape, appearance, packaging, ecological friendliness and distinctive branding. Product features also include guarantees, warranties and after sales service.

In 99 case this seems to be very basic.

- Producing natural spring water (still and sparkling varieties)
- Individually sized plastic bottles

Z will improve the opportunity to ensure bottles and packaging become 100% biodegradable or recyclable as well as the expertise to develop the 99 brand still further. This could improve 99øs product mix.

Z, is a large food and drinks company and sees the acquisition of 99 as a way of complementing its product portfolio and furthering its marketing strategy as an ethically responsible company. It primarily sees acquiring 99 as a way of doing this.

Zøs ÷ethically responsibleø positioning of itself within the food and drinks industry does seem to be in line with that of the vision and goals of 99. However 99 already have a reputation for ethical responsibility and therefore the Z brand does not seem to add much value for them, given the 99 brand already existing as an ethically driven brand.

The place mix

Place refers to the different distribution channels or sales mediums chosen to sell the good or service e.g. through wholesaler, distributor, retail shop, catalogue, mail order or internet. Place is where the product can be purchased from. In 99 case this seems to be.

- A few garages
- Airplane flights
- Airport shops

Z offers to 99 the strategic advantages of an improved distribution network and environmentally cleaner transport; as well as an ability to get 99's water onto supermarket shelves. These benefits to the place mix offer significant advantages.

Conclusion

Z sees the acquisition as a way of complementing its product portfolio and furthering its marketing strategy of addressing consumers concerned about green and ethical issues. Z promises to operate at a distance, allowing 99 to run in a similar way. I believe the acquisition does offer significant advantages to both companies. In particular for 99 the acquisition could improve hugely the potential distribution of 99 bottled water and therefore added value for the existing 'place mix'. Whether 99 could also benefit from Z's brand expertise depends entirely on how strong the existing 99 brand is already, however if on supermarket shelves it could immediately raise the profile of the 99 brand and therefore add value to the product mix.

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Question Four

(c) Discuss the positive features of 99's past success which could help inform Z's review of its own HR activities.
(5 marks)

Question Four – Part (c)

Possible answer could include.

> **Tutor Note**: You need to discuss about 5 positive features of 99ø HR activities to earn full marks.

No staff turnover

There has been no staff turnover which indicates that staff are highly motivated or satisfied. Retaining key staff and their skills and knowledge helps organisations achieve competitive advantage.

Motivators

According to Herzberg ÷motivatorsø actually satisfy employees and are more likely to increase performance if present. Such factors lead to greater job enrichment e.g. job more rewarding and less monotonous. Such factors are based upon intrinsic motivation e.g. the desire to do something based upon the enjoyment or pleasure from the action itself rather than any reliance on extrinsic factors e.g. financial incentive.

Examples of motivators applied to 99

- **Responsibility, challenging and enjoyable** work e.g. every time 99 sells enough bottles to build a new pump, it sends two employees abroad to help with the installation, staff see all their efforts of what they do themselves.
- **Recognition for staff achievement** e.g. pictures are published on the company website.
- **Teamwork and empowerment** e.g. only 10 staff, therefore the chain of command flatter and roles for staff often more varied and therefore interesting. One week a member i

According to Herzberg greater motivation and performance, can be achieved through job design and enrichment, not just pay e.g. E receives no salary and the wages of employees are modest.

Recruitment procedures

Two thirds of respondents in the survey say that they would work for an ethical employer even if it meant being paid less, another HR issue 99 applies and Z could learn from when it comes to their recruitment process