Solutions

Marking: **K** = knowledge, **App** = applying it to the business in the case, **An** = analysis (explaining causes and effects step by step), **Ev** = evaluation (a judgement with reasons, for this business). In calculations, **M1** is for the method and **A1** for the answer. Longer answers are marked in levels: the top level needs analysis applied to the business **and** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- 350×1.20
- $**420**

2.2

- $1500 + 0.05 \times 24\,000$
- $**2700**

2.3

- profit sharing: financial
- job rotation: non-financial

3.1

- hygiene factors, such as pay, working conditions and job security, do not motivate, but cause dissatisfaction if they are poor (K)
- motivators, such as recognition, responsibility and achievement, make people want to work harder (K)
- so a business must first get hygiene factors right, then use motivators (An)

3.2

- Maslow says people have needs in levels: physical, safety, social, esteem, self-actualisation (K)
- a manager should first meet lower needs, e.g. fair pay and job security (An)
- then meet higher needs: teamwork for social needs, praise and promotion for esteem (An)
- different staff are at different levels, so the manager should find out what each person needs (An)

3.3

(a) $75 \times 0.40 = \$30$; $0.08 \times 75 =$ **6** shirts

(b) points to include:

- pay depends only on the number of shirts, so workers are paid to work fast (App)
- rushing leads to more mistakes, such as uneven stitching (An)
- workers are not paid less for rejected shirts, so they have no reason to take care (An)
- rejects waste materials and time, raising costs per good shirt (An)

Levels: **top** (5–6) two points, each analysed step by step and applied to this business; **middle** (3–4) analysis of one point, or two points with little development; **bottom** (1–2) relevant points, little explanation.

(c) points to include:

- a salary removes the pressure to rush, and teams can check each other's work, raising quality (An)
- team working may meet social needs (Maslow) and give responsibility (Herzberg) (An)
- but output may fall if some workers do not try hard without a piece rate (An)
- the change costs time for training and may be resisted by fast workers who earn more now (App)
- another option: keep piece rates but pay only for shirts that pass inspection (Ev)
- judgement: paying only for good shirts is quicker and cheaper; a full move to salary and teams suits the factory if quality is the main aim and managers can keep output up (Ev)

Levels: **top** (6–8) analysis applied to this business, and a justified judgement that answers the question; **middle** (3–5) some analysis applied to the business; judgement weak or missing; **bottom** (1–2) relevant points, little explanation or application.