

Pearson BTEC Level 3 Nationals Diploma, Extended Diploma

May 2019

Paper Reference **31588H**

Business/Enterprise and Entrepreneurship
Unit 6/12: Principles of Management

Part A

You must have:

Calculator, note paper and pen

Instructions

- **Part A** contains material for the completion of the preparatory work for the set task.
- **Part A** is given to learners one week before **Part B** is scheduled. Learners are advised to spend approximately six hours on **Part A**.
- **Part A** is specific to each series and this material must only be issued to learners who have been entered to undertake the task in the relevant series.
- **Part B** materials must be issued to learners during the period specified by Pearson.

Turn over ►

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Instructions to Teachers/Tutors

This paper must be read in conjunction with the unit information in the specification and the *BTEC Nationals Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

Learners should familiarise themselves with the specific case study given in this **Part A** booklet.

Learners are advised to spend approximately six hours on **Part A**.

Centres must issue this booklet at the appropriate time and advise learners of the timetabled sessions during which they can prepare. It is expected that scheduled lessons or other timetabled slots will be used for some or all of the preparation.

Learners are **not** permitted to take notes or any other materials into the supervised **Part B** assessment period.

The supervised assessment for **Part B** will take place in a timetabled period specified by Pearson.

Centres should schedule all learners at the same time or supervise cohorts to ensure there is no opportunity for collusion.

Learner work for **Part B** must be completed on a computer.

Refer carefully to the instructions in this **Part A** booklet and the *BTEC Nationals Instructions for Conducting External Assessments (ICEA)* document to ensure that the preparatory period is conducted correctly and that learners have the opportunity to carry out the required activities independently.

Instructions for Learners

Read the Set Task Brief and **Part A** Set Task Information carefully.

In **Part B** you will be asked to carry out specific written activities, under supervised conditions, using the information in this **Part A** booklet.

At all times you must work independently and must not share your work with other learners.

Your teacher/tutor will clarify when you can undertake your preparation.

Your teacher/tutor must not give you guidance on the Set Task Brief or **Part A** Set Task Information.

Your teacher/tutor must not give you feedback on your preparation.

Set Task Brief

You are a researcher for a management consultancy, which has been contracted by *Cookson Chemist Ltd (CCL)*.

Your manager has asked you to support her preparations before a meeting with the directors of *CCL*.

Your manager has sent you the text and data contained in the **Part A** Set Task Information. She has asked you to familiarise yourself with this information and will contact you next week when she finalises the tasks she needs you to complete.

Your manager has advised you to spend around six hours on this preparation.

Part A Set Task Information

Change

Organisational change occurs for a number of internal and external reasons. These include takeovers and mergers, changes of leadership, new technology, high staff turnover and business performance. Change is not always successful.

Research into initiatives that aim to deliver organisational change demonstrates that such initiatives have varied results. One survey found that only 25% of such initiatives relating to organisational change succeeded over the long term. Other research quotes success rates of similar initiatives ranging from 55% to 70%. However, management experts all agree that successful change relies on effective planning.

Change is necessary if a business is to continue to operate and be successful. However, organisational change, in particular, causes a lot of anxiety for businesses, including management, employees and other stakeholders. Organisational change will fail if not planned and managed effectively. The best outcomes result in organisations that meet the objectives of all their stakeholders.

Employees often resist change, usually because they are afraid of the unknown and the possibility of losing their jobs and income. Research into change in one large organisation asked employees to say whether or not certain factors influenced their response to change. Some of the outcomes of this research are given in Figure 1.

Factors influencing employees' response to change

Factor	Yes	No	Don't know
	%		
I understand the changes that I am being asked to make	50	44	6
I agree with the changes	35	39	26
I feel I need to protect my colleagues	65	15	20
I have had poor experience of past changes	40	53	7
There are too many changes	49	47	4

Figure 1

To be successful, organisational change must involve employees from the start of the planning process.

Organisations often plan to reduce the workforce when implementing change. Making staff redundant is not an automatic outcome of organisational change. There have been examples of successful change without a reduction in the number of employees. Owners and employers must consider whether or not reducing staff numbers will make the company more efficient.

In many of the cases where roles became redundant there were no cuts in staff numbers because there was redeployment within the organisation. Cutting staff does not always

result in a reduction in costs. One of the other impacts of redundancy is that it can also reduce motivation. Employees often say that they like their job because of the people they work with and, if these people leave, it will impact on the motivation of those who remain.

Research into organisational change that resulted in redundancies showed that the change was not always successful. Some of the outcomes of this research are given in Figure 2.

Outcomes of organisational change that resulted in redundancies
Costs of redundancies and change management were often greater than salary savings
56% of employees reported a loss of motivation following redundancies
51% of employees reported doubts about whether the correct people were chosen for redundancy
48% of employees reported a loss of respect for their employer
Productivity increased in 20% of organisations surveyed
65% of employees reported that the change was badly communicated to them BUT 63% of employers/owners reported that the change was clearly communicated to employees

Figure 2

When deciding which staff will go into a redundancy pool, organisations use data on staff performance, skills and expertise. This information will nearly always be collected at performance appraisal. However, many employees say they are unclear about the reasons for the choice of people who are made redundant.

There have been recent changes in the way a number of organisations, both multinationals and small and medium-sized organisations, conduct their performance appraisals. There is a growing movement away from annual performance appraisals towards the development of continuous performance management. This includes weekly 'check-ins' and 'on-the-job conversations'. Organisations leading the way in changing performance appraisal include Adobe, Deloitte and Google.

Some organisations are combining regular 'on-the-job conversations' with less structured annual reviews. General Electric is one of these organisations and calls these conversations 'touchpoints'.

Organisations that have changed their approach to performance appraisal have reported increased productivity and performance. Adobe reported a decrease of 30% in voluntary staff turnover.

Cookson Chemist Ltd (CCL)

CCL is a small regional chain of chemist shops with its headquarters in Shirevale. *CCL* was originally set up by James and Victoria Cookson. Its shares are now owned by family and friends of Nick Cookson, the current Managing Director. Two other directors manage the company with Nick.

Over an 18-month period *CCL* expanded by taking over independent chemist shops in local towns and villages. *CCL* now has 11 shops including the main shop in Shirevale. As part of the expansion plans an online prescription ordering service was introduced. A prescription delivery service to customers' homes or local shops was introduced at the same time. This service is run from *CCL*'s headquarters in Shirevale.

The expansion through takeovers and the introduction of the online prescription ordering service resulted in restructuring changes within *CCL*. These included:

- a reduction in the number of senior pharmacists
- a reduction in the number of shop manager roles
- a reduction in the number of shop assistant roles
- an increase in the number of pharmacists
- an increase in the number of delivery driver roles
- the introduction of one senior pharmacist based in the Shirevale shop
- the introduction of one deputy senior pharmacist based in the Shirevale shop.

Each of the other 10 shops now has one pharmacist. The larger shops will also have a shop manager. In the smaller shops, the pharmacist will also act as the shop manager.

At the time of the restructuring, the directors of *CCL* used the information from the previous two annual performance appraisals to help them decide which staff would be made redundant and/or offered redeployment within the company.

This approach was problematic because of the way the performance appraisals had been implemented. Problems included:

- some appraisal records were missing
- some appraisal records were not fully complete
- some appraisal records were more detailed than others
- some employees had not received any feedback after the appraisal
- there was an inconsistent approach to implementing the appraisal process by managers
- employees approached the performance appraisal process differently.

The restructuring was not popular with the employees. They felt that the reasons for the change, the need for the reorganisation of staff and the final staffing structure were badly communicated to them.

Nick Cookson and his two fellow directors thought that the letters sent to staff and the notices on the staff notice boards in each shop clearly communicated the reasons for the reorganisation and the new structure that was to be put in place.

The restructuring process caused a period of uncertainty among staff. The staff also experienced a loss of motivation and a loss of trust in Nick Cookson and his two fellow directors. There was an increase in voluntary staff turnover, including the loss of pharmacists. *CCL* then had unexpected recruitment and selection costs.

There were other additional costs, including:

- relocation costs for the senior pharmacist and deputy senior pharmacist
- training costs for pharmacists who also became shop managers
- training costs for delivery driver roles.

A number of the staff who retained their job roles had originally been employed in the shops before the takeover by *CCL*. Some of these staff were not very flexible and were resistant to any change in their job role.

Recently Nick Cookson has refitted part of the Shirevale shop as a section selling cards, gifts and glassware. This has proven to be a success and Nick now wants to introduce similar sections into each of the 10 other shops. This development will impact on current job roles and will involve another restructuring.

Nick is aware of the problems associated with his last restructuring. He has contracted your management consultancy to help with the planning of this change.

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