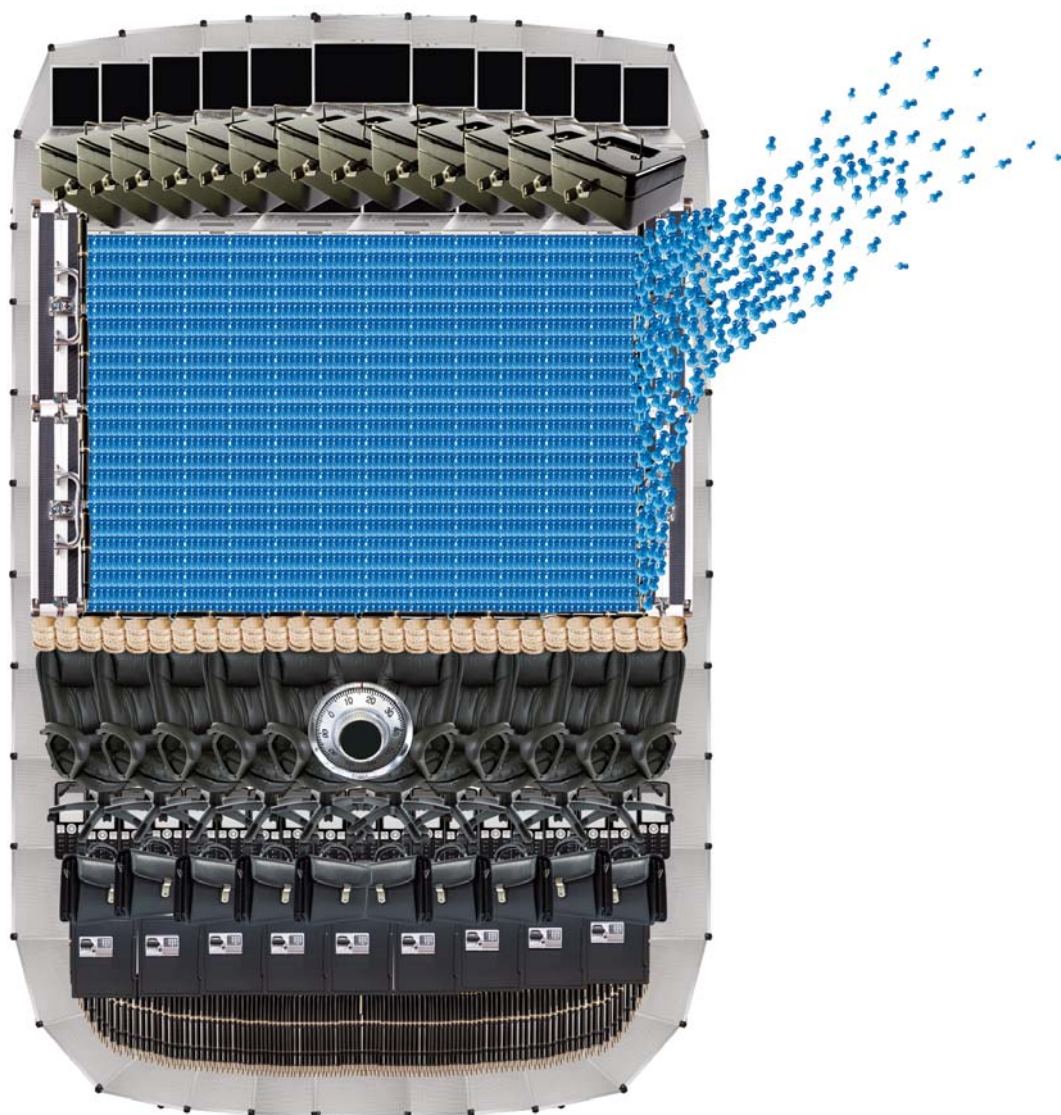


## SPECIMEN PAPER

## UNIT 7 - MANAGING BUSINESS IN A CHANGING WORLD





Level 3 Diploma Principal Learning  
Specimen Paper

# Business, Administration and Finance

## BAF3U7

### Unit 7 Managing business in a changing world

For this paper you must have:

- a 12-page answer book.

#### Time allowed

- 1 hour 30 minutes

#### Instructions

- Use black ink or black ball-point pen.
- Write the information required on the front of your answer book. The **Examining Body** for this paper is AQA. The **Paper Reference** is BAF3U7.
- Answer **all** questions.
- Do all rough work in your answer book. Cross through any work you do not want to be marked.

#### Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Total for this question: 36 marks

1 Read **Item A** and then answer the questions that follow.

**Item A**

**The *Fifteen Foundation* - meeting community needs?**

The *Fifteen Foundation*, inspired by Jamie Oliver and established in 2002, is a charity that owns four restaurants operating under the *Fifteen* brand name. Each restaurant serves food of the highest quality, made from the best ingredients.

The aim of the *Fifteen Foundation* is to help disadvantaged young people to believe that they can have successful careers in the restaurant industry. Through working in the kitchens, young apprentices learn their trade. It costs the *Fifteen Foundation* £20 000 to train each apprentice and the profits from the restaurants help to fund this training. 5

**Figure 1** highlights some key facts about one of the *Fifteen Foundation's* restaurants - *Fifteen London*. Most recruits to *Fifteen London's* apprenticeship face issues that make it difficult to access training programs or to start work. The restaurant has links with youth organisations and young offender institutions across London. 10

**Figure 1 - Key facts about *Fifteen London* in 2007**

- employed 90 people
- recruited 20 apprentices
- had a turnover of £4 million
- made a profit of £250 000

In 2008, Penny Newman was appointed as the Director of the *Fifteen Foundation*. She wanted to implement a development plan that would increase the number and types of apprenticeships offered by the charity, eg for waiters and food buyers as well as for chefs. In order to fund these developments, Penny Newman stated that the *Fifteen Foundation* restaurants, such as *Fifteen London*, would need to expand and make more profits. Staff at the restaurants have a variety of job roles including chefs, waiters and restaurant managers. It was possible that some staff would react positively to the development plan whilst others would react negatively. 15

In 2008, as a result of a review of the business, *Fifteen London* made changes to the structure of its apprenticeship. 20

- The length of the apprenticeship would be reduced from 18 months to 12 months. 25
- The number of apprentices recruited each year would increase to 45.
- The interview and selection process would be shorter and more intensive.
- An additional kitchen would be created onsite in which basic skills training, which was previously delivered at a college, would take place. 30
- A counselling and support curriculum would be introduced, covering personal security (money, housing etc), careers, family and friends, and relationships.

- 
- 1 (a) Describe **one** possible ethical issue faced by restaurant businesses, such as *Fifteen London*. (4 marks)
- 1 (b) Using **Item A**, explain **two** ways in which *Fifteen London* helps to achieve the aim of the *Fifteen Foundation* (lines 4 to 8). (8 marks)
- 1 (c) Explain why individual restaurant staff at *Fifteen London* might react in different ways to Penny Newman's development plan (lines 15 to 21). (10 marks)
- 1 (d) In your opinion, would the changes to *Fifteen London*'s apprenticeship improve its ability to meet the aim of the *Fifteen Foundation*? (14 marks)

**Turn over for the next question**

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**Total for this questions: 54 marks**

- 2** Read **Item B** and then answer the questions that follow.

**Item B**

**Is the *Rio Tinto Group* an ethical business?**

The *Rio Tinto Group (RTG)* is a leading multinational mining corporation. It mines and processes non-renewable mineral resources such as aluminium, gold, iron ore and diamonds. The *RTG* has mining operations in Australia, North and South America, Asia, Europe and Africa. The following statement is taken from the *RTG* website.

“Wherever *Rio Tinto* operates, health and safety is the first priority. The group’s businesses also put sustainable development at the heart of their operations. They work as closely as possible with host countries and communities, respecting their laws and customs. For *Rio Tinto* it is important that the environmental effects of its activities are kept to a minimum and that local communities benefit as much as possible from operations.”

As well as operating its own mines, the *RTG* also has part ownership of other mining operations. In 2007 and 2008, the *RTG* came under considerable criticism over the operation of one of these mines - the *Grasberg* mine in Indonesia. In 2008, during an *RTG* annual general meeting, several shareholders discussed the extensive environmental and economic devastation that had occurred due to the mining operations.

Sources: [www.riotinto.com](http://www.riotinto.com) and [www.northwoodswild.org](http://www.northwoodswild.org)

### Appendix A: Media reports on the *Grasberg* mining operation

- In 2007, the charity *War on Want* claimed that local people had suffered serious human rights and environmental abuses as a result of the *Grasberg* mining operation.
- In 2008, the Norwegian government said that it was selling its £500 million of *RTG* shares because of its concerns over the environmental damage caused by the mine.
- In 2008, a spokesman for the *RTG* said that the current system of disposing of waste at the *Grasberg* mining operation was the most appropriate given the location of the mine.

Sources: [www.waronwant.org](http://www.waronwant.org) and [www.riotinto.com](http://www.riotinto.com)

### Appendix B: *RTG* sustainable development data

		2004	2007
Fines and prosecutions* (US\$ 000)	Health	256.8	0.1
	Safety	19.2	118.1
	Environment	53.8	9.6
Greenhouse gas emissions (million tonnes CO <sub>2</sub> )		25.3	27.8
Community contributions (US\$ millions)		88	107
Sales revenue (US\$ millions)		14 500	33 500

\*Resulting from the *RTG* contravening health, safety and environment legislation

Source: [www.riotinto.com](http://www.riotinto.com)

### Appendix C: Ethical ranking

*Covalence*, a social enterprise based in Switzerland, tracks the ethical reputation of multinational businesses by monitoring reports on each multinational's business practices. These reports are sourced from media, government and business publications. Each business is ranked according to the number of favourable and unfavourable reports published about its business practices. The higher the ranking, the better the ethical reputation of the multinational business.

In 2008, *Covalence* monitored 541 multinational businesses in 18 business sectors. The *RTG* was ranked seventh best out of all 541 multinational businesses. It was ranked second best out of the 32 businesses operating in the 'basic resources' sector, ie businesses that mined minerals resources or produced basic materials such as steel and paper.

Source: [www.covalence.ch](http://www.covalence.ch)

**Appendix D: RTG employment diversity**

The *RTG* has set itself the following aims for employment diversity:

- in developed economies (such as Australia), the company aims to build and maintain management teams that are ethnically diverse
- in developing economies (such as India), the company aims to build and maintain management teams that reflect the ethnic mix within each country.

Source: [www.riotinto.com](http://www.riotinto.com)

- 2 (a) Using **Appendix A**, explain why shareholders of the *RTG* might be concerned by the media reports on the Grasberg mining operation. (6 marks)
- 2 (b) Using **Item B** and **Appendices A** and **B**, analyse how the activities of the *RTG* might affect the communities in which it operates. (10 marks)
- 2 (c) To what extent is the *RTG* successfully implementing responsible business practices? You should use the information contained within **Item B** and **Appendices A, B, C** and **D** to justify your view. (38 marks)

**END OF QUESTIONS**

**There are no questions printed on this page**