**Evidence A - The Low Cost, No Frills Airline**

Ryanair (founded 1985) is Europe’s only ultra-low cost airline, operating more than 1,500 flights per day across 28 countries, connecting 178 destinations. Ryanair currently employs more than 8,500 people. In 2012–2013, passenger traffic grew by 5% to 79.3 million, revenues increased by 13% to €4.8 billion and profit was up 13% to €569 million.

In summer 2013, Ryanair added another 200 routes and seven new bases, including Marrakesh in Morocco. This should help the number of passengers to increase to 81.5 million in 2014.

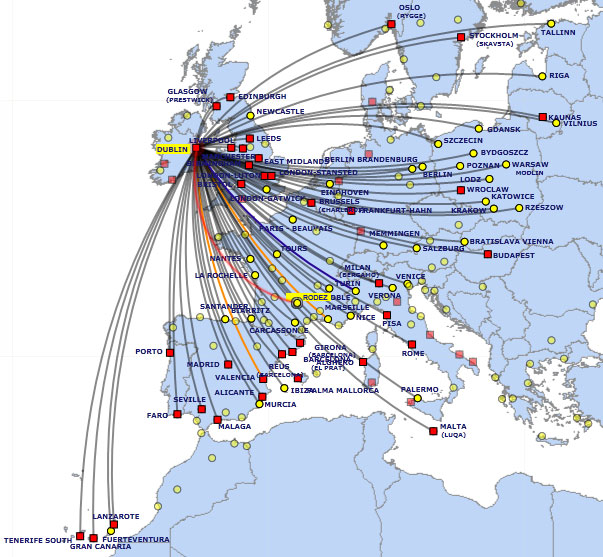
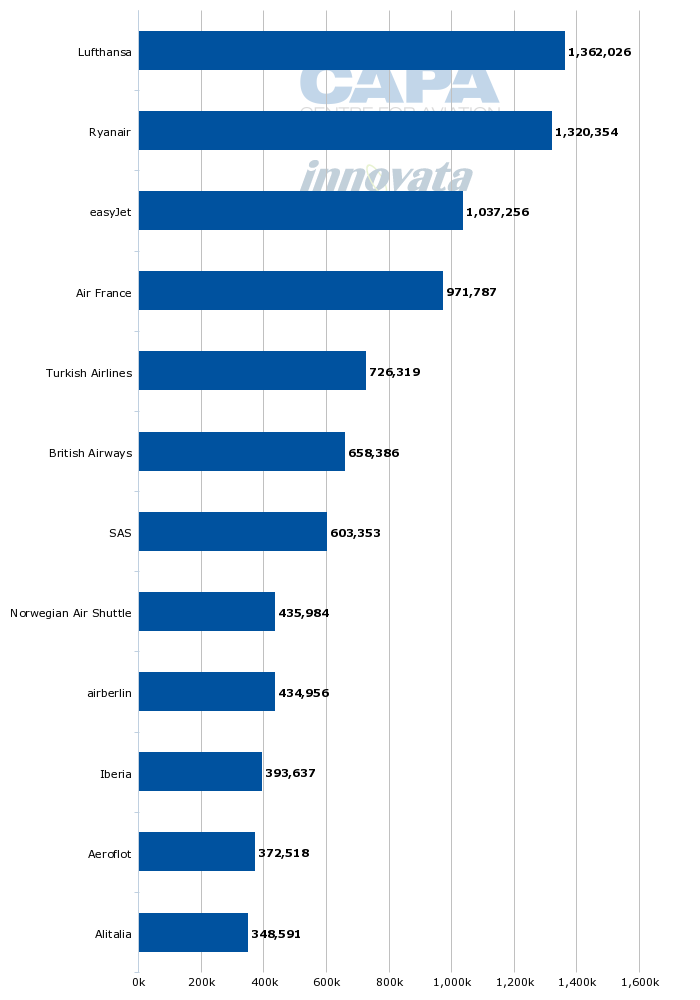
Although they still have the lowest fares in Europe, Ryanair’s average fares rose by 6% over the year. But the biggest revenue-earner came from a 20% jump in sales of additional services such as reserved seating, which brought in €1.06 billion – or 22% of total revenue.

**Evidence C - Low Cost but at a price…**

Ryanair’s cost per passenger is the lowest in Europe by some margin, with main rival EasyJet being 67% higher than that of Ryanair. Ryanair uses smaller, lower cost airports with faster turnaround times of only 25 minutes, which allows the airline to maximize aircraft utilisation. It also benefits from high seat density (189 seats per aircraft, compared with 156 seats for EasyJet) with an aircraft capacity utilisation of 82%.

Ryanair has a younger fleet of aircraft giving them advantages of fuel efficiency and lower maintenance costs. In addition, Ryanair’s labour force is more productive and flexible: 50% of flight crew are contracted and employed only when required.

There is a downside to cutting costs and Ryanair is frequently featured in surveys as having one of the weakest brands in European aviation. Ryanair is seen as mean, uncaring and money-grabbing, and social media sites are used to reinforce this image as well as complain about poor customer service. Despite this, passenger numbers are set to rise by 4-5% per annum with 98% of all tickets booked online.



1. (a) Analyse how the use of financial incentives might improve staff performance at Ryanair.. (6)

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1. After a very successful year in 2013, the Union Cabinet of India gave all of its railway employees an extra Rs 8 975, equivalent to 78 days’ wages.  
   (a) This payment can be best described as (1)
2. performance related pay
3. job enrichment
4. piecework
5. a bonus

Answer [ ]

(b) Explain why this answer is correct (3)

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1. Evaluate the importance of using financial and non-financial motivational techniques at MUFC to retain employees. (14)

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1. (a) Amy, who owns The Backstage Hair Salon in Kuala Lumpur, wants to motivate her workers without increasing their financial rewards.  
   Which one of the following would be the best way of achieving this? (1)
2. Piecework
3. Profit sharing
4. Empowerment
5. Bonus scheme

Answer [ ]

(b) Explain why this answer is correct (3)

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