

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

Cambridge International Diploma

MARK SCHEME for the May 2004 question papers

5161, 5162, 5163, 5164, 5165 BUSINESS

5161 Business Organisation and Environment, maximum mark 100

5162 Effective Business Communication, maximum mark 100

5163 Business Finance, maximum mark 100

5164 Marketing, maximum mark 100

5165 Human Resource Management, maximum mark 100

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

- CIE will not enter into discussion or correspondence in connection with these mark schemes.



May 2004

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5161/01

BUSINESS

BUSINESS ORGANISATION AND ENVIRONMENT

Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5161	1

MARK SCHEME

The following are *not model answers* but are nevertheless to be regarded as persuasive. A candidate may offer other relevant and appropriate responses.

- 1 (a) If Jiang does not accept the investment offered by his former colleagues, explain two ways in which he could raise the required capital. [5]

The candidate only has to offer two ways, each one calling for a sentence or so of definition e.g. **Overdraft:** a bank facility allowing a firm to borrow [overdraw] up to an agreed maximum; flexible means of raising credit; might be allowed without security.

Debenture: known as stock; long term security; mortgaged against the firm;

Firm has obligation to pay the annual interest.

Loans: medium to long term finance; mostly from banks;

Ploughed-back profit: that portion of profit which is retained in the business to fund future developments and expansion.

The candidate must offer two ways in order to earn 3 or more marks:

- L1 identity of two ways or one explanation 1-2 marks
L2 good to strong knowledge, competent explanation 3-5 marks

- (b) Jiang will consider a partnership so long as there is a Partnership Agreement. Explain the purpose of a Partnership Agreement. [5]

The candidate needs to offer a workable definition e.g. it is a document which seeks to regulate the organisation of a partnership; it is stronger than the Partnership Act. The definition needs to be reinforced with one or two of the following points that the Agreement will contain:

- Each partner's capital contribution;
- Each partner's share of the profit and liability in the event of debt;
- Future of the partnership in the event of a resignation, retirement or death;
- Description of each partner's role and responsibilities;
- Means of resolving disputes.

- L1 partial or weak understanding of the Agreement 1-2 marks
L2 good to strong definition, clear indication of knowledge 3-5 marks

- (c) Jiang is currently a sole trader and has unlimited liability. Explain what unlimited liability means and how it could affect Jiang. [5]

The candidate needs to define unlimited liability: Adventures Unlimited is not incorporated; Jiang is personally liable for all the debts of the firm; If the firm runs into debt Jiang must personally pay the creditors even if it means selling off his own possessions; Jiang could become bankrupt. The candidate needs to identify the substance of these points.

- L1 partial or weak understanding of unlimited liability 1-2 marks
L2 good to full definition demonstrating likely impact on Jiang 3-5 marks

Page 2	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5161	1

- (d) Jiang's two prospective partners would prefer a private company. Identify two advantages of Adventure Unlimited becoming a private company. [5]

The candidate needs to identify **two advantages**. If more are offered then mark them all and take into account the best answers. The candidate must offer two advantages to earn 3 or more marks.

Examples:

- enables capital to be raised via shares
- he can buy sufficient shares to retain the controlling interest
- Jiang can be the sole director
- enjoys limited liability

L1 identity of one/two features or one feature explained 1-2 marks
L2 two features well expressed clearly indicating knowledge 3-5 marks

- 2 (a) Explain the meaning of the term 'stakeholder' and list two examples. [5]

Candidate needs to recognise that it can be a person, a group, another company with a direct interest in an organization; each stakeholder will have a different interest in Adventures Unlimited which has to satisfy them all. The candidate only has to give two examples of stakeholders e.g. employees, bankers, creditors, suppliers, customers, local community. Accept competitors.

L1 partial or weak appreciation of the stakeholder 1-2 marks
[Just two examples will earn 2 marks]
L2 clear understanding of stakeholders with appropriate examples 3-5 marks

- (b) Jiang prefers a short chain of command. Explain what this means in the context of Adventure Unlimited. [5]

The chain of command is the route through which authority and orders are passed down an organisation; Jiang prefers a short chain so that he can maintain close direction or control; gives orders directly to staff; short chain avoids misrepresentation, misunderstanding

L1 partial or weak appreciation of the chain of command 1-2 marks
L2 clear to strong understanding of the chain 3-5 marks

Page 3	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5161	1

(c) Jiang's prospective business partners would like an organisational chart. Describe the following two functions or purposes of an organisational chart:

(i) **accountability** [5]

The chart identifies people in their respective positions; it indicates their level of authority and thus their accountability; individuals have targets to achieve and are held accountable i.e. answerable, for their delivery.

(ii) **span of control** [5]

It refers to the number of staff under any one person's direction or management. A wide span of control would indicate few layers of hierarchy – in Jiang's case his span of control covers all the team leaders – they in turn control each team.

- L1 partial or weak appreciation of the terms 1-2 marks
- L2 clear to strong understanding of purposes of the chart 3-5 marks

3 (a) **Each employee negotiates an individual employment package. Explain why Jiang insists that an employee must not discuss his/her employment arrangements with colleagues.** [5]

The candidate needs to demonstrate an understanding of the situation. Any reasonable case will be rewarded. This idea is becoming a widespread practice where there are no unions or weak union influence. If one person is known to receive a higher pay than most others, it will cause resentment and grievance. Each package is based on an individual's value and contribution. It enables Jiang to reward each employee in the ways he wishes without making collective arrangements.

- L1 partial appreciation of the situation, weak point[s] 1-2 marks
- L2 clear to strong understanding of the case 3-5 marks

(b) **'Good work and loyalty are rewarded in various ways.' Explain two ways in which good work and loyalty might be rewarded in Adventure Unlimited.** [5]

The candidate needs to demonstrate awareness of financial and non-financial incentives. Various issues can be identified like: promotion, bonus, additional days off, health insurance scheme, free holiday. Any suitable and realistic ideas can be accepted. In order to earn 3 or more marks the candidate must offer two ways.

- L1 identity of one/two ways or one explanation 1-2 marks
- L2 clear to strong identity of two appropriate rewards 3-5 marks

Page 4	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5161	1

(c) Describe *three* expectations that the staff might reasonably have of their employer. [10]

The candidate has a good list from which to draw suitable items. Each item needs to be explained. All three must be attempted in order to score above 6 marks. Points for explanation may include: safe working conditions, training and retraining, fair pay and employment packages, fair treatment, prospects of promotion, incentives, holiday entitlement.

- | | | |
|----|--|------------|
| L1 | weak or partial appreciation of expectations | 1-2 marks |
| L2 | indicates reasonable grasp and description of the issues, possibly two expectations considered | 3-5 marks |
| L3 | firm demonstration of awareness, three issues discussed | 6-8 marks |
| L4 | excellent explanations of three issues, good knowledge | 9-10 marks |

4 (a) Discuss why Jiang located Adventure Unlimited in the jungle. [5]

The answer is clearly provided in the task and the case. Jiang runs a business dedicated to survival activities, which means that clients pay to face extreme circumstances. Jiang's camp is in an inhospitable place which offers appropriate challenges. The candidate is required to give an explanation which reflects an understanding of the situation.

- | | | |
|----|---|-----------|
| L1 | partial or weak appreciation of Jiang's location decision | 1-2 marks |
| L2 | clear to strong understanding of the specific location | 3-5 marks |

(b) Explain the importance of the profit motive. [5]

The candidate needs to rehearse the basic arguments in favour of profit. The points to explore include: measure of personal achievement; reward for risk taking; 'rent' on finance; source of funding for future expansion and ventures; Reflects business success; reflects the drive to run the business.

- | | | |
|----|--|-----------|
| L1 | partial or weak appreciation of profit and what it means | 1-2 marks |
| L2 | understanding of the motive and appropriate points | 3-5 marks |

(c) All businesses are affected by those external influences which influence the business climate. Describe how Adventure Unlimited is affected by:

(i) environmental and ecological issues [5]

the increasing use of wilderness areas is damaging them e.g. litter left on Everest, wear and tear of forest pathways; the impact of human activity is destroying features; there is a fear that endangered species will be affected; Jiang's business is subject to the high cost of licences enabling his clients to enter certain regions – this limits his business and will make the fees he charges to clients more expensive.

(ii) the business or trade cycle [5]

this is essentially the cycle from boom to slump, then recovery and so on; it affects business because, generally, when there is a boom people have money to spend and so can afford Jiang's fees; during periods of slump people are more cautious with their money and may not spend readily on Jiang's activities.

In each case the candidate needs to identify the issue but importantly say how Jiang's business will be affected:

- | | | |
|----|--|-----------|
| L1 | partial or weak appreciation of each term | 1-2 marks |
| L2 | clear understanding and application of each term | 3-5 marks |

Page 5	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5161	1

- 5 (a) **Jiang believes his market is global. Explain the difference between a global and an international market.** [5]

This is an interesting point as the candidate needs to make a distinction between a market involving some or many countries or one which really spreads throughout the world. The market for, say, Coca Cola is global but for Adventures Unlimited it is international.

- L1 partial or weak appreciation of the difference 1-2 marks
L2 good to strong understanding of the markets 3-5 marks

- (b) **Adventure Unlimited has neither a code of conduct nor a customer relations policy. In view of the death of a client, explain why the company should have one.** [5]

The candidate needs to acknowledge both the client's death and the company's attitude. Anyone pursuing extreme activities runs the risk of personal injury but the company cannot absolve itself entirely from liability. It needs a code or policy to emphasise the potential danger of the activities and also to reassure clients that every effort is made to safeguard their safety as far as it is practicable. The code will set out details of any contact with the firm. The candidate needs to say 'why' there is a need for a code or policy rather than explaining 'what' one is.

- L1 partial or weak awareness of a code or policy 1-2 marks
L2 good to strong understanding of the issue 3-5 marks

- (c) **Explain what Jiang means when he says the marketing mix is right.** [10]

This is a fairly standard task. The familiar 4Ps should be known by the candidate who needs to consider them within the context of Jiang's company e.g.:

- Price: expensive but it reflects organisation; special nature of the product; willingness of a few to pay high fees; offers access to individually tailored events
- Product: daring survivalist adventures; attractive to those who like to push themselves to the limit; well designed and prepared.
- Place: in extreme locations; wherever a tough challenge can be mounted.
- Promotion: targets sports clubs, corporate market; advertises in specialist magazines and in holiday brochures; publicity on TV

The candidate may have been taught the 7Ps and will mention People, Process and Physical evidence. It is likely that only the 4Ps will be offered.

In order to earn at least 6 marks, the candidate must consider 4Ps.

- L1 basic understanding, mix poorly interpreted or fewer than the 4 identified 1-2 marks
L2 descriptive of fewer than the 4Ps, competent 3-5 marks
L3 the mix well explained in context of Jiang's business 6-8 marks
L4 the mix well expressed and discussed; good application 9-10 marks

[End]

May 2004

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5162/01

BUSINESS

EFFECTIVE BUSINESS COMMUNICATION



Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

1 Brian Tree has asked you to prepare a paper which addresses the following issues to be sent to two new Account Executives who have just been recruited from university.

(a) State the effectiveness of using the following methods of communication within the organisation:

(i) email to customers [3]

(ii) telephone call to customers [3]

Answers to include:

- (i) e-mail – quick method of communication, 24/7 world-wide access, easy to check if it is received, can attach reports etc, one-way method but easier for customers to respond, can keep electronic copy, can be cost-effective. However, impersonal, not all customers have email facility, may not have the email addresses.
- (ii) telephone call – two-way method, can tailor the message to each individual customer and get immediate feedback to ascertain what the customer requires. However, not able to keep a copy easily unless transcripts taken, lengthy process, may be difficult to get hold of the customer. Cannot immediately send reports etc with this type of communication.

3 marks per method up to 6 marks

(b) List two reasons why it is important that staff use the most appropriate methods of communication for both internal and external communications. [8]

Answer to include:

Internal communications

- Necessary for a business to operate successfully at all levels
- Need to consider the individuals within the organisation and consider appropriate methods, i.e. Directors etc.
- Need to consider the immediacy of the communication
- Need to consider the importance of the communication i.e. disciplinary interview, notice about canteen opening times
- Need to consider the level of feedback required i.e. one-way or two-way communications
- Need to consider methods of recording the communication i.e. copies to etc
- Need to consider timings and costs involved
- Need to consider use of electronic methods

External Communications

- Need to consider the reputation of the organisation externally
- Need to consider the formality of the communication
- Need to consider the level of feedback required
- Need to consider the skills required by communicators with external customers
- Need to consider the different needs of the customers
- Need to consider cost involved
- Need to consider the accessibility of the customer to the communication

2 marks per reason for each internal and external communication – up to 8 marks

Page 2	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

- (c) Brian also wants to tell the new staff about the internal working practices within **Communiqué**. Identify the most appropriate method(s) of communication he should use. Give reasons for your choice. [6]

Answer could include following methods:

- seminars
- team meetings
- staff interviews
- Justification – need to use internal two-way method of communication to try and find out problems, to get feedback, need to ensure that staff are not alienated by the communication.

Level 1: demonstrates limited knowledge and understanding 1 – 3 marks

Level 2: demonstrates a clearer understanding of communication types 4 – 6 marks

[Total: 20]

Page 3	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

2 **Communiqué has been invited to give a presentation to a potential new customer who is a food manufacturer.**

(a) **Write a letter from Brian Tree, accepting the invitation to give a presentation to the food manufacturer. You can create any details necessary.** [8]

The letter should conform to the following format:

- Logo or letter heading of the company
 - Date
 - Reference number
 - Appropriate salutation – Dear Mr/Mrs
 - Letter Heading – Communiqué Presentation
 - The body/content of letter
 - Accepting invitation + confirm date
 - Requesting powerpoint to be available
 - Offering persuasive info about company
 - Appropriate closure
 - Signature and position
- } 1 mark
} 1 mark
} 4 marks
} 2 marks

The content and tone of the letter should be courteous and persuasive, using this opportunity to start to sell company already.

(b) **Write a memo from Brian Tree, telling the internal team that they will need to prepare a presentation for a potential new customer (the food manufacturer) to try to secure the new business.** [8]

The memo should conform to the following format:

- Logo of the company
 - Date
 - To: Internal staff
 - From: Brian tree, Director
 - Subject: Communiqué Presentation
 - The body/content of memo
 - Tells staff about presentation + confirms date
 - Stresses the importance of this presentation
 - Gives a little background on food co.
 - Appropriate conclusion
 - Initials or signature only
- } 1 mark
} 1 mark
} 4 marks
} 2 marks

The content and tone of the memo should be persuasive and impress upon the staff how important this presentation will be as it could lead to potential big business.

(c) **Explain one benefit of using text messages (SMS) and one benefit of using emails to communicate with internal staff when they are away from the office.** [4]

Answer to include:

- SMS or texting very quick 24/7 if staff away from PC
 - Texting can give important information like telephone numbers which can be saved and read later whilst on the move.
 - Problems if signal is poor – only confined to domestic area
 - Email good if staff has access to a PC
 - Can attach information such as reports etc to email
 - International and 24/7 access
- [up to 2 marks each up to 4 marks]**

[Total: 20]

Page 4	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

3 Brian is very concerned that the presentation for the potential client is of a high quality and that the team is working effectively.

(a) Identify which aspects of verbal and non-verbal communication Brian and his team will need to consider when planning the presentation. [10]

Brian will consider the following:

Verbal Communication:

- Decide on the aim of the message
- Select and deliver the important facts and figures
- Identify and stress the key points of the message
- Choose an appropriate verbal style – sincerity, warmth, assertiveness, diplomacy
- Choose an appropriate articulation – tone, enunciation, emphasis, volume, projection
- Monitor feedback constantly – adjust delivery accordingly
- End on a positive note

Non-verbal Communication (NVC)

- Need to decide on body stance and gestures – ease, physical presence, enthusiasm
- Need to ensure eye contact
- Need to be prepared to listen to feedback and show this
- Need to check facial expression
- Need to choose most effective methods of presenting data – charts etc

Level 1: demonstrates limited knowledge and understanding	1 – 2 marks
Level 2: demonstrates a clearer understanding of verbal and NVC	3 – 5 marks
Level 3: analyses verbal and NVC issues which are fully applied	6 – 8 marks
Level 4: excellent understanding of all elements and applied	9 – 10 marks

(b) Brian has decided to run weekly briefing meetings with all staff to encourage teamwork. Write a guide to help ensure that these meetings are successful. [10]

Brian will need to consider:

- Decide on the nature of the meeting – i.e. is it solely to give or receive information or both? Is a facilitation of a discussion important?
- Who should be invited to the meeting and what is to be each individual's role or relative contribution?
- A notice of the meeting must be issued
- An agenda must be prepared
- An approximate time-scale for the duration of the meeting should be decided – a guillotine approach to agenda items may need to be undertaken
- Minutes should be taken, produced and circulated after the meeting has taken place
- Action points must be detailed in the minutes which must be referred to in the following meeting
- A chair for the meeting must be appointed and his/her agenda drawn up – is the chair to rotate
- A suitable room/location must be prepared and ready to receive the participants
- Preparation of appropriate information must be ready for each meeting
- The date of the next meeting should be decided at the end of each meeting
- The timing of the meeting in terms of the time of day should be decided

Level 1: demonstrates limited knowledge and understanding	1 – 2 marks
Level 2: demonstrates a clearer understanding of most of the issues	3 – 5 marks
Level 3: analyses of each point which is fully applied to the scenario	6 – 8 marks
Level 4: full analysis of each area which is applied fully	9 – 10 marks
	[Total: 20]

Page 5	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

4 Communiqué is looking for a new Account Manager and recruitment interviews have been arranged for the applicants.

(a) Describe the type of interview structure which Brian is likely to use for these recruitment interviews. Explain why you have selected this structure. [10]

Answer to include:

A structured interview would have been used for the selection interview, as all candidates were external and not known to the organisation. This ensures that all candidates are treated fairly and appropriately. There would be a number of closed questions aimed to find out facts and a number of open or hypothetical questions to allow the candidate to illustrate their previous experience and demonstrate what they could bring to the company.

Level 1: incorrect structure selected but some reasoned points 1 – 2 marks
Level 2: correct identification of structure with limited understanding 3 – 5 marks
Level 3: correct identification of structure/understanding of the issues 6 – 8 marks
Level 4: correct identification of structure and very reasoned arguments 9 –10 marks

(b) Identify three purposes of selection interviews. [6]

Purposes could include:

- To identify key personal characteristics of the interviewee
- To assess the interviewee's essential skills required for the job
- To promote the company to the interviewee
- To offer the interviewee an opportunity to find out more about the company
- To see if the interviewee would 'fit in' the company
- To assess the interviewee's personal appearance and punctuality
- To identify the interviewee's attitude to a temporary contract

2 marks per point up to 6 marks

(c) Briefly explain what is meant by open and closed questions. Give one example of each type of question which could be used at these interviews. [4]

Answers to include

- 1 Closed question – used to find out facts about the candidate such as age, current income, checking skills, checking details on the application form – questions such as 'Have you got a qualification in public relations?'
- 2 Open questions – used to find out attitudes and past experience – questions such as "Why did you apply for this position?" "What could you bring to the job?"

[1 mark per explanation and 1 mark per example of question up to 4 marks]

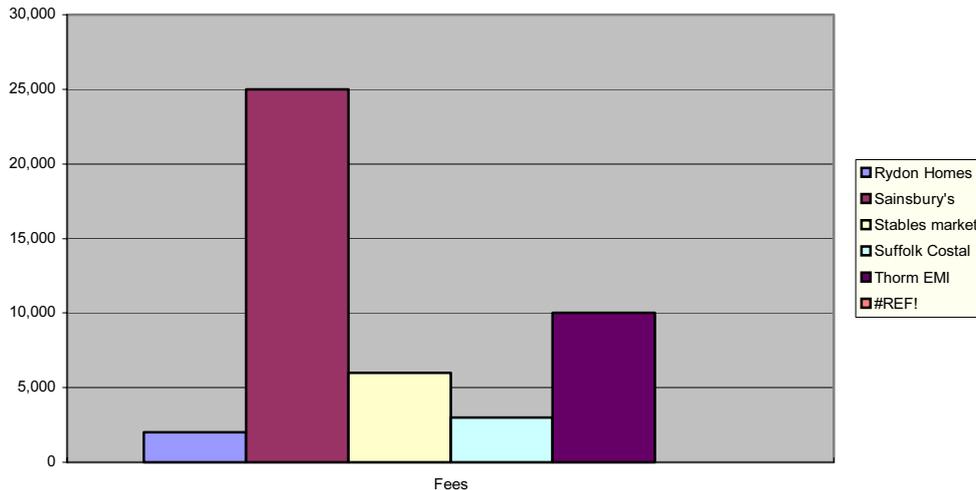
[Total: 20]

Page 6	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

5 Brian is preparing the presentation and wants to show the new business which Communiqué has received during the last year.

(a) Prepare the data in Table 1 and present it as a bar chart for the 2003 new customers only. [8]

Communiqué New Customers 2003



- Correct aid used 2 marks
- Correct values plotted on axis, with '0' as the common factor 2 marks
- Correct shaded areas to illustrate key 2 marks
- Clarity of chart and correct labelling 2 marks

(b) Explain the following types of visual aids which Brian could use to present the data:[8]

(i) pie chart

(ii) line graph

Answer to include

- explanation of pie charts – good to use for less complex data – but limited to the amount of in-depth information that can be conveyed using a pie or circle chart e.g. some data such as trends is too complex to illustrate this way
- explanation of line graphs – can be used to show trends, etc but cannot be readily or clearly interpreted if too much information is plotted e.g. too many lines on one graph is confusing

- Level 1:some explanation offered 1 – 2 marks**
- Level 2:correct identification of graph with limited understanding 3 – 5 marks**
- Level 3:correct identification of graph with good understanding 6 – 8 marks**

Page 7	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5162	1

(c) Explain how visual aids used during the presentation could be improved using technology. [4]

Answer to include:

- Presentation could include animated graphics via powerpoint
- Colour and build facilities on powerpoint/excel
- Sound could be added to presentation via powerpoint
- Weblink could be added to company website
- Webcam link to office
- Video conference to office etc

1 –2 marks per expanded point up to 4 marks

[Total: 20]

May 2004

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5163/01

BUSINESS

BUSINESS FINANCE

Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

Mark Scheme

The following are not model answers, but are nonetheless regarded as persuasive. A candidate may offer other relevant and appropriate responses.

1 (a) Explain what is meant by the term sponsorship. [2]

Payment made by manufacturers to use individuals to promote products. Often a lump sum payment.

(b) Distinguish clearly between a set fee and a share of the profits [4]

Set fee — a lump sum payment often paid in advance 1 mark

Share of the profits — a percentage payment related to the success of the enterprise 1 mark

Allow up to 2 further marks for comparison on the basis of timing of payment and explanation of how payments calculated 2–4 marks

(c) (i) Explain what is meant by the term sole trader. [2]

Person who enters business on his/her own account [1 mark] and who is to receive all the profits or be fully liable for all the debts [1 mark] If mention of unlimited liability allow 1 mark

(ii) List and explain one advantage and one disadvantage of being a sole trader. [4]

Advantages

Receive all profits, makes all decisions, easier/ quicker control

Allow 1 mark for mention and further mark if explained

Disadvantages

Unlimited liability, overwork, difficulty with succession, lack of capital

Allow 1 mark for mention and a further mark if explained

Max 2 marks if only advantages or disadvantages given

(d) Explain what is meant by the term sleeping partner. [2]

An individual who has contributed capital to a business [1 mark]

but who takes no active role in the business [1 mark]

(e) List two characteristics of a multinational company. [2]

Owns and operates assets in more than one country, employs both

national and overseas employees, has an international brand image

Allow any reasonable characteristics [1 mark each] up to a max of 2 marks

[Total: 16]

2 (a) Using the information in the Case Study, Item B, calculate the number of weeks needed to break-even (assume that the maximum number of clients attend each week) [10]

Level 1 – Candidate has very limited knowledge of the process required and makes little use of the data provided 1 – 3 marks

Page 2	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

Level 2 – Candidate has a better knowledge of process required and extracts relevant data and begins to make relevant calculations but with errors 4 – 7 marks

Level 3 – Candidate demonstrates clear understanding of process required and makes relevant and correct calculations. At the top end all figures correct 7 – 10 marks

(See Appendix 1 for suggested solution)

(b) Explain what would happen to the break-even point if sales revenue was to rise by 5% and variable costs were to rise by 10%. [4]

Level 1 – Candidate has limited knowledge of the effects on the break-even point 1 – 2 marks

Level 2 – Candidates produces clear evidence of the likely effects 2 – 4 marks

If candidate produces a verbal answer only allow up to maximum of 3 marks

If candidate produces an answer with a recalculation of totals allocate marks as above (see Appendix 2 for suggested solution)

[Total: 14]

3 (a) Explain what is meant by the term 'double entry bookkeeping'. [4]

An accounting process [1 mark] which ensures that the books will balance [1 mark] by recording all transactions to show both the positive [1 mark] and negative [1 mark] sides of the transaction.

If candidate produces own numerical example allocate marks as appropriate to the above up to a max of 4 marks

(b) Complete the table (Item C) for all of the transactions shown. [10]

Allow 1 mark per correct entry in the table (see Appendix 3 for solution)

[Total: 14]

4 (a) Explain what is meant by the term working capital. [2]

Working capital equals net Current assets [1 mark] i.e. Current Assets minus Current Liabilities [1 mark]

(b) Using the information in the Case Study calculate the current working capital of Tiger Enterprises. [2]

Candidate extracts relevant figures [1 mark] and produces correct calculation [1 mark] (Current Assets \$34,000 – Current Liabilities \$25,000 = \$9,000)

Page 3	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

- (c) **List and explain four ways by which Ree Ming could increase the level of working capital** [8]

Increase stock, debtors, cash,
 Decrease Creditors, provisions, Bank.
 For each method listed allow 1 mark – allow 1 further mark for explanation in terms increasing assets and/or decreasing current liabilities

[Total: 12]

- 5 (a) **Explain what would be the legal and financial effects if Ree Ming was to form a limited company.** [8]

Need to comply with legislation
 Need to produce audited accounts
 Issuing of shares to raise capital
 Disclosure of record accounts
 Candidates should also introduce concept of limited liability
 For each of the above listed [1 mark] and allow 1 further mark for development Allow credit as above for any other relevant suggestions

- (b) **List and explain two responsibilities that Ree Ming would have to fulfill as a director of a limited company.** [6]

Safeguard shareholders investment
 Ensure company operates within legal guidelines
 Formulating policy
 Ensure production of annual accounts/reports
 For each duty allow 1 mark and up to 2 further marks for quality of explanation
 Allow credit as above for any other relevant suggestions

[Total: 14]

- 6 **Using the information in the Case Study, Item A, produce in an appropriate format, a Balance Sheet to show the current financial position of Tiger Enterprises.** [14]

Level 1 — Candidate shows limited understanding of the structure of balance sheet and extracts and uses limited data from the Case Study 1 — 4 marks

Level 2 — As Level 1 but understanding is better and some relevant data and calculation is undertaken 5 — 8 marks

Level 3 — As Level 2 — but process is well understood and structure is complete but calculations contain several errors 9 — 11 marks

Level 4 — As Level 3 — but calculations are complete and at top end all sub totals and balancing item are correctly provided 12 — 14 marks

Page 4	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

(For suggested solution see Appendix 4)
 Accept any relevant format for the structure of the balance sheet and award marks as above

7 Ree Ming stated that he understood the accounting principle of historic costs.

- (a) List four additional accounting principles that Ree should be aware of. [4]**

Consistency
 Prudence
 Matching
 Realization
 Business Entry
 Going concern etc
 Allow duality/double entry providing explanation is given in part **(b)**
 1 mark per principle listed

- (b) Explain how each of the principles that you have selected contribute towards the production of accurate accounts. [12]**

Allow up to 2 marks per principle for explanation of the principle and allow 1 further mark if the candidate links the principle to the accuracy of the accounts.
 Candidates may produce their own examples — reward as appropriate to the above

[Total: 16]

Page 5	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

Appendix 1

2a) Total fixed costs to be covered = £120,000

Revenue per week (assuming fully booked)

$$= \$1000 \times 20 = \$20,000$$

Costs per week = Instructors + Accommodation + Expenses

$$= \$800 + (400 \times 20) + (\$50 \times 20)$$

$$= \$800 + \$8000 + \$1000$$

$$= \$9,800$$

Contribution = Revenue —

Costs Per week = \$20,000 -

$$\$9,800 = \$10,200$$

Number of weeks to breakeven = Total fixed Cost / weekly contribution

$$= \$120,000 / \$10,200$$

$$= \underline{11.76 \text{ weeks}}$$

Page 6	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

Appendix 2

2b) If sales revenue to increase by
5% = \$20,000 x 105 = \$21,000

Variable costs increase by 10%
=\$9,800 x 110 = \$10,780

New contribution = \$21,000 - \$10,780
= \$10,220

Break even = \$120000 / \$10,220
= 11.74 weeks

Page 7	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

Appendix 3

Source Document	Transaction	Subsidiary Book	Account to be debited	Account to be credited
Cheque Counterfoil		Cash Book		Bank
Invoice		Journal	Stock	
Paying in slip		Cash Book	Bank	Cash

Page 8	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5163	1

Appendix 4

Balance Sheet for Tiger Enterprises as at 31st May 2004

	\$000	\$000		\$000	\$000
Fixed Assets					
Freehold Property		300	Owners Capital		335
Vehicles (at cost)	30				
Depreciation	<u>4</u>	<u>26</u>			
		326			
			Long Term Liabilities		
Other Assets			Mortgage		150
Investments		150			
			Current Liabilities		
Current Assets			Creditors	15	
Stock	4		Provisions	7	
Debtors	18		Bank	<u>3</u>	<u>25</u>
Cash	<u>12</u>	<u>34</u>			<u>510</u>
		<u>510</u>			

May 2004

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5164/01

BUSINESS

MARKETING



Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5164	1

Examiners should accept any examples given in the Paper which are suitably justified.

Generally: *[marks shown relate to a task of 10 marks]*

Level 1 answers will leave the examiner to ‘fill the gaps’. The answer will show little evidence of understanding of theory, simply listing terms and failing to explain them in a marketing context. 1 – 3 marks

Level 2 answers will be adequate answers that attempt to bring together theory and practice. Evidence of understanding is limited and the use of the context restricted. 4 – 5 marks

Level 3 answers will combine theory and practice in an effective manner. It is not a Level 4 answer because it fails to apply the theory as effectively and/or is not as realistic/relevant as it might be. 6 – 8 marks

Level 4 answers will be rare, and will be exceptional, bringing together theory and practice in a professional manner. The answer will demonstrate an understanding of theory used effectively in the context of marketing and the circumstances described. 9 – 10 marks

Page 2	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5164	1

- 1 (a) Draw up a slide for your initial presentation to Bernard that shows six bullet points illustrating the benefits of adopting a marketing approach within a business. [6]

Answers to this may vary – candidates should be awarded marks for appropriate points.

Helps to identify, satisfy and anticipate customer needs Helps build relationships with customers Helps respond to changes in the market Helps to build business – market share, profit, etc Helps identify and enter new markets Helps focus attention on best 'mix' for customers – product, price, place, promotion

1 mark for each bullet point – points need not be explained here - 6 marks

- (b) Write notes explaining the bullet points you put on the slide in (a) [12]

- Helps to identify, satisfy and anticipate customer needs – e.g. suitability of services and products offered
- Helps build relationships with customers – e.g. customers buying a new flat now might be encouraged to come back to the company for decorating or improvements in the future.
- Helps respond to changes in the market – e.g. helps Bernard's business survive in difficult economic climate
- Helps to build business – market share, profit, etc – e.g. saves having to cut margin further
- Helps identify and enter new markets – e.g. there may be the opportunity to expand into Malaysia
- Helps focus attention on best 'mix' for customers – product, price, place, promotion – e.g. saves Bernard wasting money on inappropriate advertising, or making mistakes about sales promotional offers made.

2 marks for each of the above expanded points. Full marks should only be awarded where expansion of points made is linked to the Case Study - 12 marks

- (c) Explain the term marketing culture. [2]

A marketing culture can be said to exist in an organisation that focuses all activities on the needs of its customers, and where all staff work together to achieve this.

[Total - 20 marks]

Page 3	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5164	1

2 In order to win business Bernard thinks he can offer different free gifts depending on the value of contract.

(a) Advise him on two different methods of research which could be used to check the suitability of these items to potential customers. [2 x 5]

Answers may focus on any two of the following –

- Survey – face to face
- Unstructured interview
- Focus group
- Secondary research – published reports on customer trends in the construction market

The two selected should be described in the context of the question – i.e. surveys should be designed to assess the acceptability of items mentioned in the case as free gifts.

5 marks for each of the two methods selected, explained and linked to the case – 10 marks

(b) Explain the term secondary data [2]

Secondary data is data that already exists and has been collected for another purpose. It is also known as desk research.

(c) Identify four sources from which Bernard might obtain information about his competitors. [4 x 2]

- Annual Report & Accounts
- Websites
- Scanning trade press for articles and adverts from competitors
- Feedback from customers, via sales force

2 marks for each suitable source of data relevant to competitor analysis. 8 marks

[Total - 20 marks]

Page 4	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5164	1

3 Explain the term segmentation in the context of Bernard’s business. [15]

Segmentation is the division of a market into groups of customers with similar needs.

- It helps businesses to identify new markets
- It helps to save money, by targeting a marketing mix to meet the needs of a specific group of customers
- Companies may target more than one market
- Other companies may choose to specialise in a particular market and gain a competitive advantage
- Bernard currently operates in a business-to-business market, with his main customer being the Housing Board in Singapore.
- By mailing individual house owners he might enter the consumer market
- By targeting a similar group in Malaysia he might extend his market through regional segmentation

1 mark for a definition of segmentation and 2 marks for relevant points, suitable explained – 15 marks **[Total 15 marks]**

4 Bernard has asked you to put together a marketing plan for his business. Explain the following stages of a marketing plan, giving one example for each stage that is relevant to the construction industry.

(a) External (PEST) analysis [5]

An analysis of the external, uncontrollable factors that may impact on the way an organisation markets its products or services.

P – political factors

E – economic factors

S – social factors

T – technological factors

(b) SWOT analysis [5]

A summary of a marketing audit, which consists of internal and external factors –

S – strengths – internal strengths in comparison to the organisation’s competitors

W – weaknesses – again, in comparison to the organisation’s competitors

O – opportunities – identified through the PEST analysis

T – threats – identified through the PEST analysis

(c) Marketing objectives [5]

The goals an organisation is looking to achieve through its marketing

These should be SMART – specific, measurable, achievable, relevant, and timed

(d) Marketing mix [5]

The range of marketing activities an organisation uses to achieve its marketing objectives – usually expressed in terms of 4Ps – product, price, promotion, place.

(e) Promotional mix [5]

The elements of the promotion element of the overall marketing mix – include advertising, public relations, personal selling, direct marketing and sales promotion

[Total 25 marks]

Page 5	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5164	1

5 Describe an appropriate marketing mix for Bernard’s business. Use the following headings to explain each element -

(a) Product **[5]**

- will depend on what analysis of suitability of existing products and services reveals
- will depend on outcome of research undertaken into proposed new services
- it is anticipated that a combination of the following services will be offered –
 - design
 - decorating
 - renovation
 - fitted kitchens
 - fitted bathrooms
 - new build flats
- it is important to continue to analyse performance of each to stay profitable

1 mark for each point identified – further mark only to be awarded to candidates justifying all 4 points from case – Total 5 marks

(b) Price **[5]**

- identifying best pricing strategies to remain competitive
- looking at each service offered and its profitability
- considering discounts in some cases to obtain contracts

1 mark for each point identified – further 2 marks to be awarded to candidates justifying all 3 points from case – Total 5 marks

(c) Promotion **[5]**

- advertising –local advertising, perhaps considering alternative media such as signs on buses or the MRT
- public relations – to raise awareness of the company, and publicise its successful completion of contracts
- sales promotions – free gifts, varying in size and value, for different sized contracts
- direct marketing – to customers who have had renovations or bought new flats, and may want decorating doing
- internet – publicity through a new website

1 mark for each of the 5 tools identified and linked to the case material – Total 5 marks

(d) Place **[5]**

Bernard’s business will not sell through a retail outlet, or through agents. However, he may consider selling through a website, or in partnership with architects or designers, if he decides to focus on the building and decorating part of his business.

Most of his business relies on winning tenders in a business-to-business market.

1 mark for each relevant point, with a further 2 marks for links to the Case Study – 5 marks

[Total 20 marks]

May 2004

CAMBRIDGE INTERNATIONAL DIPLOMA

MARK SCHEME

MAXIMUM MARK: 100

SYLLABUS/COMPONENT: 5165/01

BUSINESS

HUMAN RESOURCE MANAGEMENT

Page 1	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5165	1

1 (a) Explain the meaning of Human Resource Management. [4]

HRM is the process [1 mark] for creating and maintaining [1 mark] relationships between organisations [1 mark] and the people who work for them [1 mark].

(b) Explain the purpose of Human Resource Management. [6]

Level 1 0-4 marks
The candidate may concentrate on one aspect or deal with all aspects but the explanations will be brief or inaccurate.

Level 2 5-6 marks
The candidate will deal with all aspects of the purpose providing a full and accurate account. Minor errors are allowed.

(c) Explain whether Dipesh managed his homeworkers efficiently and effectively. [10]

Level 1 0-4 marks
The candidate will say yes or no with little real evidence. They may mention the fact that the workers are not used properly or that some are used more than others.

Level 2 5-8 marks
The candidate will make a more reasoned judgement and highlight the fact that some workers are over used and others underused. This is a waste of resources and the over worked workers are also not giving of their best due to pressure.
At the top of this band the “right mix of skills” may be questioned and the need for new workers of the right quality.

Level 3 9-10 marks
The candidate will produce a Level 2 answer but will mention the need to react to change which SAK has done but not very well.

[Total:20]

Page 2	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5165	1

2 (a) List four functions of a trade union. [4]

Any four points from the following list:

- Negotiating pay deals
- Negotiating working conditions
- Legal aid and advice
- Health and safety advice
- Education services
- Financial support – hardship funds

(b) Identify which aspects of the legal environment Dipesh has failed to mention or cover adequately. [6]

Level 1 0-4 marks
 The answer may be vague and incorrectly mention issues such as trade union membership. At the top of this band mention will be made of health and safety – toilets and washing facilities - equal opportunities and legal employment contracts. Description may be brief or contain errors.

Level 2 5-6 marks
 The candidate will correctly describe health and safety – toilets and washing facilities - equal opportunities and legal employment contracts, all within the context of SAK but may also add maternity/paternity and other issues.

(c) Explain how the training needs of the workers at SAK will be affected by the proposed changes in technology. [10]

Level 1 0-4 marks
 The candidate will provide a vague answer and at best will mention that some workers will lose their jobs or quote passages from the case study.

Level 2 5-8 marks
 The candidate will correctly identify the need for training due to the new machinery, the need to develop new skills and possibly the opportunities that this might create for some of the workers. Examples from the case will be used at the top of this band.

Level 3 9-10 marks
 In addition to a top level 2 answer the candidate will identify the concept of lifelong learning. In addition this will be drawn from the case and the fact that technology is constantly changing making constant training a necessity. Lifelong learning as a phrase does not have to be used but as a concept it does.

[Total: 20]

Page 3	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5165	1

3 (a) List four elements of the selection process. [4]

Any four points from the following list:

- Letters of application
- CV's
- Application forms
- References
- Tests
- Interviews

(b) Explain the four ways in which contracts might can be terminated, and recommend which method would be most appropriate for SAK. [6]

Level 1 0-4 marks
 The candidate will concentrate on the way in which contract may end (resignation, retirement, redundancy, and dismissal) but not necessarily mention the case study. Explanations may contain errors or the suggestion for SAK may be totally inappropriate.

Level 2 5-6 marks
 The candidate will accurately explain all of the ways in which contracts may end and suggest redundancy or dismissal (for poor quality work). The very best candidate will identify the fact that the worker did not have a contract in the first place.

(c) Explain the difference between the contractual arrangements used for the homeworkers and those likely to be used by SAK in the factory. [10]

Level 1 0-4 marks
 The candidate will produce a vague or generalised answer to this question. It may be centred on the payment methods – piece rate and time rate - or the flow of work – ad hoc against a regular flow.

Level 2 5-8 marks
 The candidate will discuss contracts and will either mention that the workers were self-employed or the fact that they should get a full time contract. At the top of this band a comparison should be made with the concept of contracting out explained.

Level 3 9-10 marks
 The candidate will explain that the workers were self-employed and so the work was contracted out – not really a contract – and that now they should have a legal contract, possibly full time and permanent, but that nothing has been mentioned.

[Total: 20]

Page 4	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5165	1

4 (a) List four methods of measuring or monitoring people’s performance at work. [4]

Any four points from the following list: [4]

- Standards
- Targets
- Key accountabilities
- Competencies
- Appraisal systems

(b) Explain how an appraisal system might work at SAK. [6]

Level 1 0-4 marks
The candidate will explain how an appraisal system works but may not put this in the context of SAK. The purpose of the appraisal may not be clear and will not be related to SAK

Level 2 5-6 marks
The candidate will clearly explain how an appraisal system would work in the context of SAK and how it could be used to determine the quality of a persons work, their pay or promotion prospects.

(c) Explain how a system could be set up at SAK to negotiate and discuss the issues raised at the meeting called by Dipesh. [10]

Level 1 0-4 marks
The candidate will produce a vague and generalised answer that mentions meeting and discussions but does not mention the formal consultation or negotiation systems that could be set up by name. The idea of using trade unions may be mentioned.

Level 2 5-8 marks
The candidate will identify the formal consultation or negotiation systems that could be set up such as workers councils, worker directors, committees structures for health and safety and or consultation. Some aspects of this answer may be brief or inaccurate.

Level 3 9-10 marks
The candidate will produce a level 2 answer but all explanations will be full and accurate without omissions

[Total:20]

Page 5	Mark Scheme	Syllabus	Paper
	CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS – MAY 2004	5165	1

5 (a) List four fringe benefits that a company may use. [4]

Any four points from the following list:

- Holidays
- Company car
- Cheap loans
- Subsidised food and accommodation
- Health care
- Preferential access to the companies' products/services (discounts)

(b) Explain how SAK might motivate its workers so that output and quality are at their highest possible levels in the new factory. [6]

Level 1 0-4 marks
The candidate will focus on money and fringe benefits to motivate the workers.

Level 2 5-6 marks
The candidate will focus on aspects of motivation such as *working conditions, job satisfaction, promotion, working relationships, recognition and levels of responsibility*. Not all of these factors need to be explained to obtain the top mark and financial motivators may be included without the candidate being penalised.

(c) Explain what types of training Dipesh would have to put into place to ensure that his workers are able to use the new technology and keep up to date. [10]

Level 1 0-4 marks
The candidate may produce a list of the different types of training or simply discuss the need to train on the new machines. The answers will be general and lacking technical detail.

Level 2 5-8 marks
The candidate will correctly identify the need for training on the new machines and correctly identify on the job or off the job training. Induction training will also be an element that is explained.

Level 3 9-10 marks
The candidate will correctly identify the need for induction training and off the job training by an external agent because nobody in the factory has ever used the machines. For the top mark a mention should be made of constant update training as new technology is introduced.

[Total:20]