



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma in Business
Standard Level

BUSINESS ORGANISATION AND ENVIRONMENT

5161/01, 5169/01

Core Module

May 2008

2 hours plus 15 minutes reading time

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

Attempt all tasks.

Start each task on a new piece of paper.

Please leave a margin on the right and left hand side of each new page.

At the end of the examination, fasten all your work securely together, in the correct order.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of 4 printed pages.



You must read the case study and attempt ALL the tasks which follow.

(The following case study is fictitious.)

SELECT LOCATIONS

‘Select Locations’ is the trading name of a general partnership which specialises in finding suitable locations for film and television companies. The business operates in the geographical area of the Philippines, Indonesia, Malaysia and Australia. In addition to selecting locations, the business also provides supporting services like accommodation, transportation and on-site catering.

There are only three partners and they employ a small support staff at their headquarters in Manila. The senior partner, Carlos Araneta, says the main business objective is making a ‘good profit’, but in order to do so it is necessary to remain competitive and satisfy clients’ demands. Carlos says the partnership holds a lot of working capital in cash because it has to pay for locations and facilities in advance. Fixed costs of the business are very low. 5

Carlos said there was no need for a formal organisational structure. The partners and the staff, as well as the specialist personnel employed on projects, are expected to work as part of a team and each member should be able and willing to carry out a number of different tasks. If there is a structure then it is in the form of a matrix. As the senior partner, Carlos has total span of control and operates within a short chain of command. The partners are jointly responsible for target setting. 10 15

The film business is known for its demanding clients and it is the partners’ view that all the stakeholders are equally important to them but, as Carlos says, ‘some are more important than others’.

Each project requires a lot of personnel who are hired for the duration of the contract. The experts and technicians are self-employed and recruited from all over the world but the unskilled positions are generally filled by local labour on a casual basis. The partners have strict expectations of their employees – cooperative attitude, efficient and effective work of a high standard, and appropriate skills. Running a business like Select Locations means that at any time, two of the three partners tend to be travelling on business. As they are equipped with laptops they can telework and remain in touch with the office. 20 25

Every business is affected in some way by PEST or external factors. Carlos believes that the factors which have the biggest effect on the partnership are at the film locations. For example, local employment issues or environmental pressure groups when the film locations are in areas of special beauty. Clearly each location has to fit the needs of the film or television script but equally there are other essential factors like availability of facilities, supply of reliable labour, and possible incentives from a Government to encourage the film-makers to work there. 30

Select Locations has to market its services and two of its marketing aims are to extend its customer base, and to develop and promote its image. Carlos is fond of saying that the business is only as good as its last project. It cannot offer the same sort of customer service policy as many other companies e.g. an after-sales service, replacements, helpline, but it can comply with the legal regulations and maintain good service standards. Select Locations wants to survive. 35

You must attempt ALL of the following tasks.

- 1 (a) Select Locations is described as a general partnership. Identify **two** features of a general partnership. [2 x 2 = 4]
- (b) Explain the partners' business objectives to
- (i) make a 'good profit' [4]
- (ii) remain competitive [4]
- (iii) satisfy their clients [4]
- (c) Explain the meaning of the following terms:
- (i) working capital [2]
- (ii) fixed costs [2]
- [Total: 20]
- 2 (a) Explain what is meant by a matrix structure and identify **one** benefit of it to Select Locations. [2 x 2 = 4]
- (b) Carlos says that the stakeholders are equally important to the partners, although some are more important than others.
- (i) Define the term 'stakeholder'. [2]
- (ii) Identify **two** of Select Locations' stakeholders and indicate why they could be regarded as the most important. [2 x 4 = 8]
- (c) With reference to Select Locations, define the following terms:
- (i) target setting [2]
- (ii) span of control [2]
- (iii) chain of command [2]
- [Total: 20]
- 3 (a) Additional personnel are either self-employed or casual employees.
- (i) Define the term 'casual employees'. [2]
- (ii) Suggest **one** benefit to the partnership of employing casual employees. [2]

(b) Describe the following expectations that the partners might reasonably have of the personnel they employ:

(i) cooperative attitude [4]

(ii) appropriate skills [4]

(iii) efficient and effective work of a high standard [4]

(c) Explain what is meant by teleworking and suggest **one** benefit it gives Select Locations.

[2 x 2 = 4]

[Total: 20]

4 (a) Every business is affected in some way by PEST or external factors. Explain how the partnership, when selecting locations, might be influenced by:

(i) local employment issues [4]

(ii) environmental pressure groups [4]

(iii) government incentives [4]

(b) Discuss the following factors which determine why the partnership might select a particular location for the making of a film:

(i) supply of reliable labour [4]

(ii) availability of facilities [4]

[Total: 20]

5 (a) While the film industry may operate in a global market, Select Locations works in the international market. Explain what is meant by:

(i) a global market [2]

(ii) an international market [2]

(b) Select Locations has to market its services to the film and television world. Explain the following elements of its marketing policy:

(i) extending the customer base [4]

(ii) developing and promoting the image [4]

(c) (i) Explain what is meant by the statement that Select Locations “...cannot offer the same sort of customer service policy as many other companies...” [4]

(ii) Explain what Carlos means when he says that the business is only as good as its last project. [4]

[Total: 20]

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.