

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
Cambridge International Diploma Standard Level

MARK SCHEME for the May 2011 question paper
for the guidance of teachers

CAMBRIDGE INTERNATIONAL DIPLOMA IN BUSINESS

5169 Business Organisation and Environment, maximum mark 100

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

- Cambridge will not enter into discussions or correspondence in connection with these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2011 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

Page 2	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

Examiners should note that:

- The following are **not** model answers but should be regarded as persuasive.
- The mark scheme identifies the more likely points that candidates will raise.
- A candidate may offer other relevant and suitable responses.
- Although some tasks can relate to any business, responses should be made in **context** where appropriate.
- The key is to test a candidate's knowledge and awareness.
- Extensive answers are not called for but candidates should offer well-written informative responses.
- Each task can earn up to 6 marks.
- English is not the first language of the majority of our candidates. The quality of written language is no part of the assessment.
- This is a *standard level* paper.
- Usually, each response is followed by advice on the interpretation and application of marks. Since each task is worth up to 6 marks, it seems unnecessary to append virtually the same advice to each task. A table is therefore given which will apply to most 4 mark questions and a separate table for most 6 mark questions. *These notes are the guide for the entire examination paper.*

Page 3	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

Four Mark Questions

Marks	Descriptors
1	A response indicating some basic or limited knowledge; identity of perhaps one element without discussion, explanation or application.
2	A response which identifies two elements without explanation or discussion, or identifies only one element but offers some discussion or explanation of that element.
3	A better answer that offers a very full discussion of one element or identifies two elements with some discussion or explanation on each.
4	The best possible response given the examination pressure; clear and direct answer to the task in context; reflects knowledge application and perhaps some judgement.

Six Mark Questions

Marks	Descriptors
1	A response indicating some basic or limited knowledge, identity of perhaps one element without discussion, explanation or application.
2	A response that offers some explanation of one element or identifies two elements without discussion, explanation or application.
3	A better answer that offers two or more elements with some limited discussion and maybe some context, or a full discussion on one element only.
4	This answer will offer good discussion on two or more elements usually in context.
5	A good discussion on all elements requested showing excellent knowledge with some reasoning and maybe limited judgement
6	The best possible response given the examination pressure; clear and direct answer to the task. The response is well structured and reflects knowledge, application, reasoning and some judgement, and importantly, context.

Page 4	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

Candidates are expected to use material in the case study to support their responses i.e. respond in **context** wherever appropriate. This is *standard* level so the responses are not expected to be as complete as the mark scheme suggests below. The points identified are the more likely ones that candidates will raise. We are looking for balanced responses which look for knowledge, understanding and application.

1 (a) **State which business sector (Primary, Secondary or Tertiary) the following businesses will operate in:** [2]

(i) **A furniture manufacturer who supplies Top Class Furniture (TCF).**

- Secondary

(ii) **TCF itself.**

- Tertiary

One mark for each correct answer.

(b) **Explain two advantages of a partnership compared with a sole trader.** [4]

- More finance can be raised since there is more than one owner.
- The workload can be shared.
- There are more people to generate ideas.
- Each partner can specialise in different parts of the business.

Maximum of 3 marks for one very well explained advantage. Four mark table applies.

(c) **Describe the following two financial terms:** [4]

(i) **Working capital**

- Current Assets minus Current Liabilities.
- Funds available to meet immediate business expenditure

(ii) **Indirect Costs**

- Costs incurred by the business that result from the whole business or department.
- It is not possible to identify these costs directly with particular products or processes.
- Examples are insurance, rent and office salaries.

Maximum of 3 marks for one very well explained description. Four mark table applies.

(d) **State two medium term (12–36 months) objectives that TCF might now set.** [4]

- Increase market share.
- Improve profitability.
- Introduce new ranges of products.
- Open a new shop.

Two marks for each objective stated.

Page 5	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

(e) Explain why the growth in the Malaysian economy results in the growth in demand for TCF's products. [6]

- Growth in Malaysian economy usually results in an increase in disposable income for the individual.
- An increase in disposable income will mean more people can afford the goods sold by TCF.
- The growth will also reduce unemployment leading to increased demand.

Six mark table applies.

2 (a) What is meant by 'a narrow span of control'? [2]

- A supervisor has only a few subordinates reporting to him.
- Less than about 5 subordinates reporting to a supervisor.

One mark for brief statement, two marks for fuller statement.

(b) Explain why marketing and purchasing departments must work closely together. [6]

- Purchasing department must ensure that there is a sufficient supply in the shops of any products that marketing department are advertising heavily and/or discounting .
- Marketing department must be aware of any products that purchasing department have obtained at a particularly good price.
- Marketing department must pass to purchasing department the results of any market research that they have carried out.

Six mark table applies.

(c) Describe two reasons why it is better to have a centralised purchasing department rather than each branch having its own purchasing function. [6]

- Greater ability to bulk buy and obtain lower prices.
- Better coordination of purchasing resulting in less chance of over-ordering or under-ordering a product.
- Purchasing specialists will be able to communicate better and easier with each other if they are all working out of one office.
- Uniformity of product.

Six mark table applies.

(d) Explain why the community of Kuala Lumpur is a stakeholder in TCF. [6]

- A stakeholder is any individual, group or organisation which has a stake in the success of the business.
- TCF provide products that are bought by the inhabitants of Kuala Lumpur.
- TCF may pay some taxes to the local authority.
- TCF will provide employment opportunities to the inhabitants of Kuala Lumpur.

Six mark table applies.

Page 6	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

3 (a) Give two reasons why the turnover of part time staff may be higher than for the full time staff. [4]

- Probably less opportunities for promotion for part time staff resulting in less motivation.
- Part time staff may take up the position while still looking for a full time position elsewhere.
- People accepting part time jobs may have other responsibilities away from work which may result in them leaving.

Maximum of 3 marks for one very well explained reason. Four mark table applies.

(b) Describe two advantages to the employees of having a staff association. [4]

- Will represent employees when consulting or negotiating with employers.
- Will provide a forum for employees to discuss their work related problems.
- Will provide a means for individual employees to discuss problems without involving the management of TCF.
- May organise social occasions for the benefit of the employees.

Maximum of 3 marks for one very well explained advantage. Four mark table applies.

(c) Explain the benefit to both TCF and the staff, of giving regular training to the staff on product knowledge and sales techniques. [6]

- Better product knowledge will improve standard of service to customers resulting in more satisfied customers.
- Improved sales techniques will result in increased sales, which will benefit TCF, and also increase the earnings of the employee if they are paid on a commission or bonus basis.
- Training will result in a better motivated sales force.

Six mark table applies.

(d) Describe one advantage to the employees and one to TCF of promoting existing employees to senior posts. [6]

- Employees have chance of higher earnings if they receive promotion.
- Employees will be motivated better if they know there is a chance of promotion.
- Employees may work harder if they are competing with each other for promotion.
- TCF will know far more about the newly promoted employee than one who has been recruited externally.
- The newly promoted employee will know the internal procedures of TCF much better and will take less time to learn the new job.
- Less training will be needed for the newly promoted employee and very little induction will be needed.

Six mark table applies. Advantages to employees only or to TCF only gain a maximum of 4 marks, also a maximum of four marks for one advantage to each.

Page 7	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

4 (a) Describe two advantages for TCF of being located in high class shopping districts. [4]

- They are selling high quality products and their target market will be attracted to a high class shopping district.
- They will be surrounded by shops also aiming at a similar target market therefore increasing their number of potential customers.
- The prestige and reputation of the firm may be improved.

Maximum of 3 marks for one very well explained advantage. Four mark table applies.

(b) Describe two reasons why the government might want TCF to make reasonable profits. [4]

- To enable TCF to continue in business and provide employment.
- To enable TCF to pay taxes to the government based on their profits.
- To enable TCF to continue providing products for the inhabitants.

Maximum of 3 marks for one very well explained reason. Four mark table applies.

(c) Explain why the government might want TCF to sell more locally made products, rather than products imported from other countries? [6]

- To provide more jobs within Malaysia.
- To improve the balance of trade.
- To reduce the amount of imports.
- To support local industry and thus increase the amount of taxes received by government.

Six mark table applies

(d) Describe two advantages for TCF in having a formal customer complaints procedure. [6]

- To be able to check the number of complaints being received from customers and take action if there are too many or if they start to increase.
- To improve relations with customers because they will have confidence that any problems will be resolved.
- To provide feedback to TCF and highlight any areas of their service that may need improvement.

Six mark table applies.

Page 8	Mark Scheme: Teachers' version	Syllabus
	Cambridge International Diploma – May 2011	5169

5 (a) Why is quality particularly important in the market to which TCF are selling their product? [4]

- They are selling expensive furniture to customers who expect the best, therefore high quality is expected.
- The good reputation of TCF will largely depend on the high quality of their products.

Four mark table applies.

(b) When segmenting their customers, describe two characteristics of these customers that are important. [4]

- Their income level so that TCF know the minimum income level that their customers tend to have.
- Their home address so that TCF know how far customers are prepared to travel to their shops.
- Their attitude to changes in fashion so that TCF know how adventurous their customers may be.
- The media read or watched by the customer so that TCF know where to advertise.

Maximum of 3 marks for one very well explained characteristic. Four mark table applies.

(c) Explain why is it important for the marketing department of TCF to maintain close links with the furniture manufacturers. [6]

- Marketing department must be aware of new products and designs that are going to be available from the manufacturers.
- Marketing department must keep the furniture manufacturers aware of the trends in demand shown by the customers of TCF.
- Marketing department must be aware of any price increases or decreases imposed by the furniture manufacturers.

Six mark table applies.

(d) Promotion is part of the marketing mix. Describe with reasons two promotional media TCF should use. [6]

- Television advertisements because of their wide coverage and visual effect, although they are expensive, and so would have to be specifically targeted at the type of programme watched by a typical TCF customer.
- Newspaper advertisements because they also have visual appeal and are relatively cheap and easy to change from week to week.
- Magazines that also have visual appeal and TCF can also use magazines that are read by their target markets.

Six mark table applies. Two different media needed for more than 4 marks.