



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

BUSINESS ORGANISATION AND ENVIRONMENT

5169/01

Core Module

May 2013

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 below and attempt ALL of the tasks which follow.

(This case study is fictitious.)

Rajib Fabrics Ltd (RFL)

Rajib Fabrics Ltd was established by Shakib Rajib in Dhaka, Bangladesh in 1967. It is a manufacturer of various fabrics used in the clothing industry. About 50% of its output is sold as fabric to other clothing manufacturers, and 50% is made by the business into clothing, mainly dresses for women and children. Most of these finished clothing products are exported to Europe and North America. 5

Shakib is now retired and the business is operated by his two sons, Anoop who is the Managing Director and Habibul who is the Finance Director. Shakib still owns 50% of the shares with the two sons owning 25% each. The business has about 220 employees divided equally between the Fabric Manufacturing Division and the Clothes Manufacturing Division, except for the 25 employees who work in Finance, Human Resources and Marketing. 10

Each of the two divisions is headed by a manager. Hasan Faruk is the manager of the Fabric Manufacturing Division. He has been employed by RFL for 30 years and started as a machine operator. Hasan is a very hard working person, and is widely respected by his staff. Rupa Hussein is the manager of the Clothes Manufacturing Division. She has been with RFL for 10 years starting as a dress designer, after studying dress design and fashion at a college in Dhaka. The shareholders want to see further expansion in their Clothes Manufacturing Division due to the increased profits generated by that division. The latest figures taken from the internal Profit and Loss Accounts are: 15

Clothes Manufacturing Division

Sales –	\$547 160 ¹	20
Cost of Sales –	<u>\$275 169</u>	
Gross Profit –	\$271 991	
Expenses –	<u>\$184 556</u>	
Net Profit –	<u>\$87 435</u>	

Both divisions are organised on hierarchical lines with a number of assistant managers reporting to the divisional manager, and supervisors, in turn, reporting to the assistant managers. The span of control throughout the organisation tends to be narrow. Recruitment is carried out by the Human Resource Department, although the final decision on who to employ is always taken by the divisional manager. About 70% of the employees are female, and most are permanent full-time employees, although there are a number of temporary part-time employees whose hours are changed depending upon the amount of work available. Rupa has had problems in recruiting enough skilled staff to make the dresses and is considering employing some temporary workers, who will be provided with sewing machines. They will work from home and be paid on a piece-rate basis according to the number of dresses that they make. 25 30

¹ Quoted in US dollars

You must attempt ALL of the following tasks.

Where appropriate use information from the case study to support your answer.

- 1 (a) Describe **two** advantages of a limited company compared with a sole trader. [2 x 2 = 4]
- (b) Use the Clothes Manufacturing Division accounts, to calculate the following percentages:
- (i) Gross Profit Margin
- (ii) Net Profit Margin [2 x 2 = 4]
- (c) Give **two** reasons why the Bangladeshi Government might encourage the expansion of the Clothes Manufacturing Division of RFL. [2 x 3 = 6]
- (d) Describe **two** sources of capital that might be used by RFL. [2 x 3 = 6]
- [Total: 20]
- 2 (a) Give **one** advantage and **one** disadvantage of a narrow span of control. [2 x 2 = 4]
- (b) Give **two** reasons why the senior management of RFL might produce an organisation chart. [2 x 2 = 4]
- (c) Explain why marketing and production might have to work closely together when Rupa is designing new dresses. [6]
- (d) Describe the role of **three** of the stakeholders of RFL. [3 x 2 = 6]
- [Total: 20]
- 3 (a) Describe **two** advantages to RFL of employing some temporary part-time employees. [2 x 2 = 4]
- (b) Explain **one** advantage to RFL and **one** advantage to the employees of working from home on a piece rate basis. [2 x 2 = 4]
- (c) Explain why Hasan might regard loyalty from the employees as very important. [6]
- (d) Describe **two** advantages **to the employees** if they formed a staff association which was agreed to by RFL. [2 x 3 = 6]
- [Total: 20]

- 4 (a) Dhaka is the capital of Bangladesh and a large city. Describe **two** advantages that RFL have by being located in a large city. [2 x 2 = 4]
- (b) Describe **two** technological changes that RFL may face. [2 x 2 = 4]
- (c) Explain how the positions in the business cycle will affect RFL. [6]
- (d) Every business is affected by external factors. Explain how RFL might be affected by:
- (i) taxation [3]
- (ii) competition [3]
- [Total: 20]
- 5 (a) Describe **two** promotional methods that RFL might use when trying to increase the sales of its fabrics to other clothing manufacturers in Bangladesh. [2 x 2 = 4]
- (b) Describe **two** segments of the women's dress market that RFL might decide to target in Europe and North America. [2 x 2 = 4]
- (c) Explain the advantages to RFL of selling dresses to Europe and North America. [6]
- (d) Describe the market research that RFL might carry out in order to ensure their sales in Europe and North America keep increasing. [6]
- [Total: 20]

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