



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

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**BUSINESS ORGANISATION AND ENVIRONMENT**

**5169/01**

Core Module

**May 2012**

**2 hours plus 15 minutes' reading time**

Additional Materials: Answer Booklet/Paper

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**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.

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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.)

### **Wang & Choo Jewellery Ltd.**

Wang & Choo Jewellery Ltd (WCJ) were established in Singapore in 1989. They originally had one store but opened a second store in 1994. One is situated in the Ngee Ann City Shopping Centre and the other in Parkway Parade, both located in Singapore. The business was originally a partnership between Danny Choo and Lily Wang who had met at university. The business is now a limited company with Danny and Lily each owning 50% of the shares. The original start-up capital was provided by the families of Danny and Lily, but they now rely on the ploughed-back profits and occasional bank overdrafts to finance the business. 5

Lily took a design course at university and is in charge of all product related matters at the firm. She designs some of the jewellery which is then made by subcontracted jewellery manufacturers. Other products are purchased directly from wholesalers or imported directly from foreign manufacturers. Danny took a business course at university and is in charge of the Finance and Human Resource functions. Marketing is handled by both of them. Danny monitors the costs of marketing, with Lily making sure the correct products are well advertised, but only after appropriate market research has been completed. 10

Each of the two branches has a Branch Manager who reports to Danny. The branches are approximately the same size and each has three supervisors and about ten full-time sales staff, with a further number of part-time staff. In addition, there is a small repair and design workshop at the back of the Parkway Parade store. This employs two full-time workers and is supervised by Lily. There is also an office for two clerks, primarily employed on bookkeeping functions, and these are supervised by Danny. 15 20

The branches are organised on hierarchical lines. The sales staff report to a supervisor who, in turn, reports to the Branch Manager. The staff have to work varying shifts in order to cover the long hours (10am to 9.30pm seven days a week) that the branches are open.

Danny has always been a demanding employer, and expects maximum efforts from his employees. This has led to several disagreements and there is a high turnover of employees in both branches, especially amongst the younger staff. The rates of pay are above average for the work expected, but there are very few non-financial incentives. Employees are not represented by a trade union, and there is no staff association. 25

Jewellery is a luxury product and was therefore badly affected by the worldwide recession that started in 2008. Danny quickly recognised this and bought in some less expensive 9 carat gold products. He also agreed that Lily should design and oversee the local manufacture of more of their own products. The costs of these are usually lower than items bought from wholesalers, or those designed and made by foreign manufacturers 30

**You must attempt ALL of the following tasks.**

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

- 1 (a) Apart from bringing in cheaper goods, describe **two** other steps that WCJ might take when faced with a drop in demand due to a worldwide recession. [2 x 2 = 4]
- (b) Describe **two** advantages of a limited company compared with a partnership. [2 x 2 = 4]
- (c) Explain why WCJ may sometimes need bank overdrafts. [6]
- (d) Identify and explain the purpose of **two** of the main books of accounts entry that WCJ would have to maintain as part of their bookkeeping system. [2 x 3 = 6]
- [Total: 20]**
- 2 (a) Describe **two** difficulties the long opening hours would have on the supervision of the staff in the branches. [2 x 2 = 4]
- (b) With reference to WCJ, define the following terms:
- (i) channels of communication
- (ii) target setting [2 x 2 = 4]
- (c) Explain how Lily and Danny combine their different skills to help the business achieve its objectives. [6]
- (d) Explain **two** advantages of setting out a formal hierarchical organisation structure for WCJ. [2 x 3 = 6]
- [Total: 20]**
- 3 (a) Describe **two** practical non-financial incentives that could be used effectively by Lily and Danny in order to motivate the staff of WJC. [2 x 2 = 4]
- (b) Describe **two** advantages of employing more part-time staff in the branches rather than full-time staff. [2 x 2 = 4]
- (c) Describe the following expectations that WCJ might reasonably have of their employees:
- (i) loyalty
- (ii) ability to work with others
- (iii) acceptance of company codes of conduct [3 x 2 = 6]
- (d) Explain the advantages to the employees if they had a staff association or trade union [6]
- [Total: 20]**

- 4 (a) Describe **two** corporate objectives that Danny and Lily might set in a period of recession. [2 x 2 = 4]
- (b) Explain why WCJ might prefer to locate their stores in shopping centres. [6]
- (c) WCJ will be affected in some way by PEST or external environmental factors. Explain how they would be affected by the following:
- (i) an increase in the rate of corporate taxation
- (ii) another jewellery store opening in the same centre [2 x 3 = 6]
- (d) Describe what is meant by technological change using an example relating to WCJ. [4]
- [Total: 20]
- 5 (a) Describe **two** advertising methods that could be used effectively by WCJ. [2 x 2 = 4]
- (b) Describe **two** advantages of marketing the exclusive jewellery designed by Lily. [2 x 2 = 4]
- (c) Explain why it is important for WCJ to know what their customers want. [6]
- (d) Explain why price might not be as important as product in the marketing mix for WCJ. [6]
- [Total: 20]

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