



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

**BUSINESS ORGANISATION AND ENVIRONMENT**

**5169/01**

Core Module

**October 2010**

**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 the tasks which follow.**

(This case study is fictitious.)

## **GLOBAL ANTIQUES**

About five years ago, Abdul set up an antiques business. He made a reasonable living from a small shop which he opened only three days a week as he had to spend the rest of the week finding and buying antiques. Abdul began as a sole trader but if he was to expand his business, he needed help and more finance. He decided to join up with three friends who were looking for a business opportunity. 5

Apart from their capital contribution they also invested their skills. Tariq is experienced in sales and marketing, Tawfiq in accounts and computers, and Ali in antiques. They formed a general partnership called Global Antiques. Their lawyer drew up a Deed of Partnership (also known as a Partnership Agreement).

The objectives of the partnership are to: provide the partners with employment, make a profit, and satisfy their clients. Global Antiques deals mostly in expensive items of high value. It is unusual for clients to pay cash. In fact the partners prefer clients to pay by debit or credit cards. 10

In order to lower operating costs, the partners decided not to have an office or a showroom but just a small warehouse for their stock. The partners generally work from home and keep in touch with each other and the warehouse electronically i.e. by teleworking. Selling is mostly done via the internet and attendance at local and international antiques fairs. In the case of a very important and expensive item they meet the prospective buyer in person. 15

Abdul describes the business as a loose association of four bright minds. He says there is no formal structure because they don't need one. However, he agrees that some kind of a structure exists and that it is flat. He claims that the partners' skills (functional activities) link together and complement each other successfully. Apart from themselves, the partners regard clients as their most important stakeholders. 20

The partners employ several people at the warehouse who undertake repairs to antiques, deliveries, packaging and any other duties demanded of them. Since the partners believe they are in an uncertain business, their assistants are employed on fixed-term but renewable contracts. Abdul says that in order to make Global Antiques a success, the partners have certain expectations of each other: the ability to work with each other, a strong commitment to the partnership, and effective and efficient work practices. 25

Abdul and his partners know that any business is likely to be influenced in some way by external or PEST factors. Abdul identifies three particular factors: competition, fair trading, and changes in computer technology. He also says that the business or trade cycle is an over-riding influence. 30

Asked why the partnership did not want a smart office and a showroom, Abdul explained that such facilities would be unnecessarily expensive. Because of the way the partners work and sell antiques, the location isn't particularly important.

The partners regard their market as international and their target clients are wealthy. The antique market, according to Abdul, is dictated by quality, price, and competition. When they update their website and promote antiques, the partners take into consideration the profile of their clients. The antique business is sensitive and having a customer relations policy is important. Above all, the partners must satisfy their customers. 40

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

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

- 1 (a) Global Antiques is described as a general partnership.
- (i) Describe **two** features of a general partnership. [4]
- (ii) Explain the purpose of a Deed of Partnership (or Partnership Agreement). [4]
- (b) Explain the main objectives of the partnership to:
- (i) satisfy client demand; [4]
- (ii) make a profit. [4]
- (c) Explain the difference between cash and debit or credit card payments. [4]
- [Total: 20]**
- 2 (a) There is no formal structure to Global Antiques because Abdul says the partnership doesn't need one. However, Abdul agrees that some kind of a structure exists and that it is flat.
- (i) Explain why Abdul says the partnership does not need a formal structure. [4]
- (ii) Explain what is meant by a flat structure. [4]
- (b) Every business has stakeholders.
- (i) Explain why the partners regard their clients as the most important stakeholders in the business. [4]
- (ii) Excluding clients, list **four** of Global Antiques' stakeholders. [4]
- (c) Explain how the different skills (or functional activities) of the partners link together and complement each other. [4]
- [Total: 20]**
- 3 (a) Global Antiques' assistants are not employed on permanent contracts. Explain what is meant by a fixed-term renewable contract. [4]
- (b) The partners communicate with each other and clients by teleworking. Explain what teleworking is and how it benefits Global Antiques. [4]

- (c) Describe the following expectations that the **partners** have of each other.
- (i) The ability to work with each other. [4]
  - (ii) A commitment to the partnership. [4]
  - (iii) Effective and efficient work practices. [4]
- [Total: 20]**
- 4 (a) Every business is in some way affected by PEST or external factors. Explain how Global Antiques might be influenced by:
- (i) competition; [4]
  - (ii) fair trading; [4]
  - (iii) changes in computer technology. [4]
- (b) Explain what is meant by the business or trade cycle. [4]
- (c) Abdul said that because of the way the partners work and sell antiques, the location of the business isn't important. Explain what Abdul means. [4]
- [Total: 20]**
- 5 (a) Abdul identified the factors which dictate Global Antiques' market. Explain **each** of the following factors:
- (i) quality; [4]
  - (ii) price; [4]
  - (iii) product. [4]
- (b) Describe what is meant by a client profile. [4]
- (c) Explain why it is important to have a customer relations policy. [4]
- [Total: 20]**

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