



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

Business Organisation and Environment

5179/01

Core Module

May 2011

2 hours plus 15 minutes' reading time

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

Write 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 **5** printed pages and **3** blank pages.



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

(This case study is fictitious.)

BANGLA-PRINT

The Sylhet Printing Works was started and owned by Mohammed Akhtar. The business operated as a sole trader and, apart from Mohammed and his nephew, Moklis, employed only three people. There was enough trade to keep Mohammed and Moklis reasonably well paid but the profit at the end of a year never went over \$200¹ so there was never enough reinvestment in the business.

When Mohammed Akhtar died in 2004, he left the business to Moklis who transformed it significantly. His uncle had also left him some money but not enough to modernise and enlarge the business so he had to borrow \$20 000. Moklis changed the name to Bangla-Print and brought in his brother, Kaz, to look after the finances. The property was restored and the latest printing equipment installed. The business is flourishing and now employs 21 people. 5

When Moklis invited Kaz to join him, he changed the business into a general partnership. While Kaz was pleased to join his brother he argued that they should have signed a Deed of Partnership because it would offer them protection. Moklis refused to discuss the matter. 10

Moklis is the senior partner and used to getting his own way. Kaz recently suggested setting up quality circles because he felt they would help motivate employees. Moklis angrily dismissed the idea saying employees should mind their own business. Kaz also proposed having a proper structure to Bangla-Print. Moklis said he didn't want complications. Bangla-Print has a flat structure which is ideal for the size of their business. Kaz says Moklis is an authoritarian and a Theory X person. Moklis says Kaz needs to face up to the realities of running a business. 15

Bangla-Print is located on the outskirts of Dhaka in a relatively poor area which means there is a lot of available labour but certainly not enough trade to support the present day business. The key to the firm's recent growth and success lies in the United Kingdom among the Bangladeshi community there. It has become the practice for Bangladeshis to employ Sylhet-based companies to supply their business requirements and family occasions. Moklis realised this when, on a visit to relatives in the UK, he was given an order for wedding stationery and another for menus. 20

Moklis can produce high quality printing at a cost, including delivery, much lower than any UK printer. This has resulted in excellent business from the UK which has enabled Bangla-Print to become busy and profitable. Business is conducted on a cash-only basis. Local trade will pay in cash while UK orders are paid for by money transfer. 25

The firm is busy and the employees work very long days. Moklis refuses to take on additional labour because, in his opinion, his workers should be grateful they have jobs. He also argues that if trade is not very good then the workforce may lose overtime but not their jobs. During the 2009 credit crunch, Bangla-Print did not experience much loss of business and no one was made redundant. 30

Moklis likes to think he is a fair employer but feels the employees owe him their loyalty and co-operation because he has provided them with work. He pays a little above average for the area but will not provide any incentives. He feels that a good hourly rate plus overtime is sufficient incentive for any employee. He also believes that he should be able to count on their full cooperation. He is unhappy about providing any training because he expects employees to have the appropriate skills when they are taken on or to improve their skills at their own expense in their own time. In exchange for a job with adequate pay, Moklis wants effective and efficient work. 40

The objectives of Bangla-Print are three-fold: making a 'big' profit, economic survival and

¹ Quoted in US dollars

remaining competitive. The partners understand that every business is in some way influenced by PEST or external factors. They have identified exchange rates, competition, and the trade cycle. Moklis believes that since he has expanded the business and now employs 21 people that the Government should offer Bangla-Print 'suitable incentives'. 45

Apart from some local advertising, Bangla-Print has no marketing activity. The partners don't think market research is useful because they serve a niche market and have sufficient contacts in the UK. Moklis thinks a customer service policy is a waste of time. Either customers like what the business does or they don't. In any case the majority of the customers live in the UK and if they are dissatisfied it is unlikely they will seek any remedy. Kaz says that customers are their main resource. Moklis believes the business is successful because the 4Ps (price, place, product and promotion) are in the right balance. 50

You must attempt ALL of the following tasks.

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

- 1 (a) Explain the following business objectives of Bangla-Print:
- (i) Economic survival; [5]
 - (ii) Making a profit. [5]
- (b) When Moklis inherited the business he had to borrow \$20 000 to modernise it. Explain to Kaz how he might finance any future development of the business. [5]
- (c) When Kaz joined his brother in the business, he wanted what he called the protection of a Deed of Partnership. Explain what is meant by a Deed of Partnership. [5]
- [Total: 20]**
- 2 (a) Moklis regards Bangla-Print as having a flat structure. Explain what is meant by a flat structure and suggest **one** advantage of it to Bangla-Print. [5]
- (b) Kaz wants to introduce quality circles. Explain what a quality circle is and identify **one** likely benefit of it to Bangla-Print. [5]
- (c) Kaz accuses Moklis of being authoritarian and a Theory X person.
- (i) Explain what is meant by an authoritarian leader. [5]
 - (ii) Explain what is meant by a Theory X person. [5]
- [Total: 20]**
- 3 (a) Describe the following expectations that Moklis has of his workforce:
- (i) Loyalty and cooperation; [5]
 - (ii) Effective and efficient work; [5]
 - (iii) Appropriate skills. [5]
- (b) Moklis is against offering his employees any incentives other than their pay. Explain what an incentive is and describe just **one** incentive you would offer Bangla-Print's employees. [5]
- [Total: 20]**

- 4 (a) Every business is affected in some way by external or PEST factors that influence its activities. Explain how Bangla-Print might be influenced by:
- (i) Exchange rates; [5]
 - (ii) Competition. [5]
- (b) Bangla-Print is located in the poor outskirts of Dhaka. Explain how important or not this location is to Bangla-Print. [5]
- (c) Describe **two** examples of what Moklis calls 'suitable incentives' that the Government should give to Bangla-Print. [5]
- [Total: 20]**
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- 5 (a) Moklis believes the business is successful because the 4Ps are in the right balance. Explain what he means. [5]
- (b) Market research is not undertaken by the company as they serve a niche market. Explain what is meant by a:
- (i) Niche market; [5]
 - (ii) Market Research. [5]
- (c) Kaz says that customers are their main resource. Explain what he means by that comment. [5]
- [Total: 20]**

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