

CAMBRIDGE INTERNATIONAL EXAMINATIONS  
Cambridge Career Award in Business  
Standard Level

**BUSINESS ORGANISATION AND ENVIRONMENT**

**5161/01**

Core Module

October 2003

**2 hours 15 minutes**

Additional Materials: Answer Booklet/Paper

**READ THESE INSTRUCTIONS FIRST**

The time allocated for this examination includes 15 minutes reading time.  
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.  
You may use a calculator.

Attempt **all** tasks.  
Write your answers on the separate Answer Booklet/Paper provided.  
At the end of the examination, fasten all your work securely together.  
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 the tasks that follow.**  
(The following case study is fictitious).

### **Case Study: Excelsior Teaching Agency [Southern Africa]**

Excelsior Education Pte Ltd is registered in Singapore. The company has extensive interests in education worldwide including education software, publishing, and management of private schools. Excelsior realised there was a growing shortage of schoolteachers in some countries, and throughout the world there are experienced teachers who want the opportunity to teach abroad. Excelsior Teaching Agency was set up as a wholly owned subsidiary to recruit teachers who want to find a job in schools in Canada, Australia, or the UK. 5

In the first year of the business it grew too quickly and proved to be a costly operation owing to the extensive amount of international travelling involved. The parent company decided that the Teaching Agency should offer franchises, as this was seen as the best method of earning money, reducing both costs and risk, and moving successfully into overseas markets. Each franchise is based on an exclusive region of recruitment, and in this case the franchisee is the Excelsior Teaching Agency [Southern Africa] located in Gaborone. The Agency recruits in Botswana, South Africa, Zambia and Zimbabwe. 10

Five former teachers formed a partnership to invest in the franchise and they are benefiting from a healthy recruitment market. Together, the partners have experience and knowledge of both the recruitment and placement countries. One partner is from Canada, one from the UK, two from Botswana, and one from Lesotho, and each has taught in more than one country. 15

The five partners directly employ only six assistants but use a number of freelance consultants who, for a fee and expenses, travel throughout the region interviewing and recommending teachers. They also have a number of 'associates' in the target countries who are paid fees to act as the Agency's contacts with the teachers who have been placed in the schools, and to deal with such matters as their pay and accommodation. 20

Teachers are contracted usually for a year at a time and there are two types of arrangement:

- (i) the *Agency* employs the teacher and the school pays them a daily fee
- (ii) the placement *school* employs the teacher on a one-year fixed term contract, in which case, it must pay the Agency a 'finder's fee' (for that fee, the Agency recruits the teacher and resolves matters like visa, work permit, bank account, housing and travel). 25

Business is excellent and the partners like to talk of their successful micro business.

Clearly each partner has had to make a capital contribution: there are two investments of \$30,000, two of \$45,000, and one of \$60,000. At the moment each partner receives an equal share of the profits but the major investing partner suggests that profit sharing should reflect the size of contributions. 30

The partners have been working together for about 18 months but they have not really sorted out their working arrangements satisfactorily. Each partner is supposed to have a specific role within the business i.e. finance, recruitment, placement, marketing, or administration. The partners are not very good at focusing on their own specialist areas tending to cause confusion by meddling in one another's activities. There is no organisation chart. Two of the partners think that the business is not as efficient as it might be and without a healthy market the business might fail. The partners should organise themselves as a project team and work within a matrix. 35 40

The partners like to think of themselves as good employers and agents. They are keen to offer and arrange satisfactory terms, conditions and working arrangements. They realise they are sending teachers to work abroad and it is important that they secure the best terms and conditions possible. Sometimes teachers complain about the schools or their accommodation.

It can be argued that no company, regardless of size, can be entirely exempt from the PEST factors that tend to affect the business climate. The business has been a success and the partners have not yet considered the various problems that could affect it. They are about to hold a discussion to identify likely problems. 45

The location of the Agency is in Gaborone, the Capital of Botswana. The choice was made largely because the office accommodation was in a modern business development, secure, and affordable for a new business. There is also an airport. 50

The teacher recruitment market is very busy and profitable but the Agency is aware that other education agencies are active not just throughout the world but specifically in its own region. At the present time the Agency is having difficulty in keeping up with demand, but sooner or later the market could have too many agencies. 55

The Agency has to satisfy some very demanding clients. Complete client satisfaction is the aim and focus of the business. However some schools employing the agency's teachers have recently complained they are not as well qualified as claimed, or as competent as expected. The partners need to consider their customer relations' policy.

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

- 1 Define the following terms which are used in the case study:
- (a) subsidiary (line 5) [3]
  - (b) exclusive region (line 11) [3]
  - (c) profit sharing (line 32) [3]
  - (d) PEST factors (line 45) [3]
  - (e) business climate (line 46) [3]
- [Total: 15]**
- 2 (a) The partners like to talk about their micro business. One of the staff thinks it is the wrong description to use.
- Define what is meant by a micro business and suggest whether or not the term is appropriate for the Agency. [5]
- (b) Excelsior Teaching Agency (Southern Africa) is a franchisee.
- Identify **two** advantages to the Agency of being a franchisee. [5]
- (c) Each partner has invested a different amount of capital and receives an equal share of the profits. This concerns the major investing partner.
- Explain why each partner receives an equal share of the profits and how the major investing partner's suggestion can be settled. [5]
- [Total: 15]**
- 3 (a) Each partner is supposed to have a specific role within the business i.e. finance, recruitment, placement, marketing or administration.
- Explain how the different functions or roles in the Agency should link together. [10]
- (b) It has been suggested that the partners should organise themselves as a project team and work within a matrix.
- Explain how a matrix might benefit the Agency. [5]
- (c) The Agency has no organisation chart. One of the functions of an organisation chart is accountability.
- Explain the term accountability. [5]
- [Total: 20]**

- 4 (a) The Agency's employees are the six assistants and some of the teachers. Other teachers are employed by the schools which have offered a placement.

Select and explain **three** expectations that the employer, ie the Agency, might reasonably have of all its staff. [10]

- (b) Sometimes the teachers on placement complain about the schools they work in and/or their accommodation.

Identify **two** arrangements or conditions teachers might reasonably expect. [5]

- (c) Some of the teachers are on fixed term contracts whilst the consultants are freelance.

Explain the difference between having a fixed term contract and being freelance. [5]

[Total: 20]

- 5 (a) All businesses are affected to some degree by those external influences that determine the business climate.

Describe how **competition** and **employment policy** might affect the Agency. [10]

- (b) The location of the Agency is in Gaborone.

Keeping in mind the Agency's business, explain whether or not its location is important. [5]

[Total: 15]

- 6 (a) The Agency is in a busy and profitable market.

List **three** factors or issues which affect the nature of the Agency's market. [5]

- (b) The Agency has to satisfy some very demanding clients and complaints have been made about *some* of the teachers.

Keeping in mind that the clients are educational institutions and expect experienced and qualified teachers, suggest how the Agency should ensure client satisfaction. [10]

[Total: 15]

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