

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

EFFECTIVE BUSINESS COMMUNICATIONS

5172/01

Core Module

May 2004

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper
Graph 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 on both sides of the paper.
You may use a soft pencil for any diagrams, graphs, music 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.

[The case study is based on a real company, but some information is fictitious.]

Ford Car Manufacturers

Ford, the world's second largest carmaker, is set to remove bonuses for thousands of senior employees as it tries to regain investor confidence.

Stopping the bonuses is the latest step in an extensive cost cutting drive that will lead the company to cut 35,000 jobs worldwide in the next five years in the face of a competitive car market.

Ford has been pushed into crisis by huge restructuring charges, massive debts and growing pension and health care liabilities. Confirmation of the bonus decision is expected this month when Ford unveils its full results. In 2001, the company made record losses, and in the first nine months of 2002 it made a net loss of \$850 million¹; despite only just breaking even at the operating level. 5

Ford traditionally pays bonuses in March to all senior staff members worldwide, including some production-line workers, based on the company's overall performance. Ford had its best-ever year in 1999, when it made a massive profit. The staff bonuses in that year amounted to several thousand dollars per staff member. 10

Due to the changes in economic performance, staff were not given any bonus payments last year, 2003, which was the first time this had happened in a decade. 15

The payments are usually paid to all staff above a certain grade. However, one source said several thousand employees worldwide would be affected this year. Ford has denied suggestions that other employee benefits, such as cheap health care for retiring executives, were under review.

Last year Bill Ford set out a plan to cut billions of dollars off the company's cost base by shedding 35,000 jobs over five years. Seven North American plants would be shut down and models of cars with poor sales would be stopped. However, progress with the plan has been undermined by the fiercely competitive North American car market, where zero-interest finance deals have become standard. Ford said that its December sales in North America were up 9% year-on-year, while its major competitor, General Motors, achieved a 36% increase. However, analysts believe the numbers have been pushed up by generous discounts and cheap finance deals. 20 25

NB this case has been adapted from The Sunday Times Newspaper, 5/1/03. The following tasks are fictitious and do not represent Ford in any way.

¹ US dollars

You must attempt ALL of the following tasks.

- 1 You are the Public Relations Manager at Ford, and have now heard that the bonuses will not be paid to employees this year.
- (a) Explain and justify **four** methods of two-way internal communication which could be used to communicate this decision to the staff involved. [8]
- (b) You notice that a number of staff seem to have problems in understanding the message about the lack of bonuses. Explain each of the following and give **one** example for each:
- (i) Non-verbal communication
- (ii) Metacommunications
- (iii) Paralanguage [6]
- (c) Identify and explain **three** main barriers to communication, which may prevent the staff from understanding the information about the lack of bonuses. [6]
[Total: 20]
- 2 You are concerned that staff have become demotivated by the decision to discontinue bonuses, and by the success of Ford's competitors.
- (a) You have decided to offer counselling interviews. Explain how you will prepare for these interviews. [12]
- (b) Suggest **four** different types of questions, and give an example of **each**, which could be used within these counselling interviews. [8]
[Total: 20]
- 3 The employees are worried about the potential 35,000 redundancies worldwide which Ford are planning to undertake in the next few years. This is also having a negative impact on working teams.
- (a) Explain why there appears to be group conflicts in the workforce currently, especially at the shop floor level. [6]
- (b) Explain how the workforce could be helped through this period of uncertainty to make work teams effective again. [8]
- (c) A meeting is going to be called with the Board of Directors to organise and plan the redundancy process. Write the agenda for this meeting. [6]
[Total: 20]

4 It seems that the timing of communications is very important in this situation and so the use of technology is being considered.

(a) Explain how the following technology could be used and give **one** advantage for **each**:

(i) Intranet for employee communication

(ii) Extranet for communication with Ford's suppliers

(iii) Email for sending press releases to the national press [12]

(b) An internal report about the current situation is to be faxed to Ford Head Offices in the USA. Identify and explain the key stages of this report. [8]

[Total: 20]

5 The local press have found out about the proposed redundancies.

(a) You will be sending them Ford's worldwide organisation chart. Explain what an organisation chart is. [6]

(b) You want to send the press further figures to indicate that sales are not yet in decline. Explain **one** advantage and **one** disadvantage of the following types of graphical forms of communication which you could use:

(i) Pie chart

(ii) Line graph

(iii) Table [6]

(c) You decide to hold a press conference. Suggest, with examples, how new technology could be used to improve visual communication during this press conference. [8]

[Total: 20]