

**CAMBRIDGE INTERNATIONAL EXAMINATIONS**

**Cambridge Career Awards**

**MARK SCHEME FOR the October 2002 question paper**

**CAREER AWARD IN BUSINESS  
STANDARD LEVEL**

**5161 Business Organisation and Environment**

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

The mark scheme must be read in conjunction with the question paper.

- CIE will not enter into discussions or correspondence in connection with this mark scheme.



## MARK SCHEME

The following are **not model answers** but are nonetheless to be regarded as persuasive. A candidate may offer relevant and appropriate responses.

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1 Define the following terms which are used in the case study:

3 marks per response = 15 marks in total

a candidate needs to give one or two well constructed explanatory sentences

- i) redundant: eg to become unemployed as a result of a job or function no longer being required; the unemployment is not the fault of the employee; companies reducing overheads or closing down will create redundancies.
- ii) partners: eg people joining together in a business as equals; not to be confused with fellow shareholders in a small business; each partner is entitled to participate in the management of the firm.
- iii) part-time employees: eg employees contracted to work on a permanent basis but who work fewer hours than the full-time staff; will still enjoy benefits such as holidays with pay.
- iv) micro-business: eg refers to a small firm involving less than 10 people; micro refers to employment not to turnover or activity; increase in micros in recent years as more people set up in small business.
- v) advertising: eg a tertiary activity; means of communication using media like newspapers and magazines, television; means of making people aware of your goods and services; may inform or persuade.

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| L1 | indicates partial knowledge or weak response | 1-2 marks |
| L2 | good knowledge and firm definition           | 3         |

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The following tasks 2(a) to 6(b) are awarded either 5 or 10 marks each and the suggested assessment structure is set out below:

- (a) 5 mark ie 2 level task
  - L1 demonstrates limited or partial knowledge or offers an unsupported view/response 1-2 marks
  - L2 demonstrates knowledge and awareness 3-5
- (b) 10 mark ie 4 level task
  - L1 limited knowledge or unsupported point(s) 1-2
  - L2 demonstrates some understanding 3-5
  - L3 demonstrates understanding and knowledge 6-8
  - L4 discussion reflecting exemplary knowledge & application to case 9-10

2 (a) List **three** specific features of a partnership (5 marks)

Candidate is asked to **list three**: eg

2-20 partners: unlimited liability; equal rights to profits and equal liability to debts; death or resignation of a partner ends the partnership; one partner's decision binds the other partners

(b) The jigsaw business has no Deed of Partnership. Briefly explain what difference a Deed might make to Jagwant's partnership. (5 marks)

Candidate needs to demonstrate that the Deed is stronger than the Act; Without a Deed, a partnership is covered by 1890 Partnership Act; Deed identifies the way the partnership will be run; provides for continuation on death or resignation of a partner; specifies arrangements for sharing profits and liabilities for debts; Deed can provide for settlement of disputes

- (c) Explain why Jagwant's business could be regarded as belonging to both the secondary and tertiary sectors of the economy. (5 marks)

Candidate to show grasp of meaning of both sectors: eg secondary = manufacture, producing goods ie making jigsaws tertiary = selling (retailing), marketing and advertising. and find in favour or against the task

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- 3 A business student visiting the organisation noticed the lack of any obvious structure. Jagwant said he doesn't understand about structure and anyway the firm runs successfully without one.

Explain

- i what a business structure is (5 marks)  
ii suggest what you think Jagwant means when he says he doesn't need a business structure (5 marks)

3(i) Candidate needs to demonstrate awareness and meaning of business structure: the structure reflects the way in which a business is organised; each business is likely to be organised differently; the structure defines relationships between different divisions or sections and people; identifies who's in charge; who makes decisions, who carries them out; how information is communicated; defines who has responsibility and/or authority.

3(ii) Jagwant may feel that he knows everyone, they all work closely together and all are capable of doing any job, so why identify responsibility in any kind of formal structure? He is nominally the boss, he started the business, but being a partnership they are all responsible, they all know what needs doing.

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- 4 (a) The manager has suggested Jagwant's Jigsaws operates a flexitime system.

Explain

- i what flexitime is (5 marks)  
ii how flexitime might benefit an employee. (5 marks)

4(a)i Employment contract allowing an employee to complete contracted weekly hours in a timetable largely convenient to the employee; employee must attend work not later than an agreed time eg 10.15 nor leave before a specified time eg 15.30;

4(a)ii an employee may be best suited for working long hours in the mornings or afternoons; deciding hours will help avoid rush hour traffic; employee can make convenient dental and medical appointments; if a parent, can attend school activities or meet teachers more easily; may well be a major motivator

- (b) In respect of the terms, conditions, arrangements or elements of the partnership and employment, suggest what

- i the partners should expect of one another (5 marks)  
ii what the three employees might expect from the firm (5 marks)

Candidate needs to be aware of elements of employment and partnership; eg  
4(b)i partners: expect loyalty, cooperation, effective and efficient work and decision-making, commitment, honesty, safe working

4(b)ii employees: training, fair wages, safe working environment, fair treatment, acceptance of any code of conduct, ability to work with others

Candidate should be able to offer certainly two points each and discuss them meaningfully

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- 5 (a) Jagwant does not believe PEST factors affect his business. Describe to Jagwant what is meant by the business cycle and the distribution of income, and briefly suggest why they might influence his jigsaw business (10 marks)

Candidate needs a general grasp of these influences on business; eg -  
business cycle: aka trade cycle, pattern of upturns and downturns in the economy, view that cycle runs for about 5-10 years, cycle caused by erratic investment, government policies, boom-recession-slump-recovery, in pessimistic times trade falls, no investment, cash flow slows, lay-offs;

distribution of income: spread of income earned by different groups of people, taxation could affect disposable income or spending pattern, distribution reflects gap between rich and poor, indicates who can afford to buy non-essentials like jigsaws, reflects general economic health of country

candidate needs to suggest that even Jagwant's business relies upon good levels of earnings and employment, confidence in business, disposable income

- (b) Bearing in mind the general factors relating to the location of business, explain why
- i the jigsaw business prospers in a side street (5 marks)
  - ii why Jagwant thinks moving into the new complex might ruin the business (5 marks)

Candidate needs to rehearse issues of location and to interpret them to fit Jagwant's case: eg

5(b)i the location of the shop isn't so important because of its specialist trade, people are prepared to walk down a side street, only one-third of business is conducted by the shop the rest is postal and thus location doesn't matter

5(b)ii the cost of going into the new complex will put pressure on the business, they'll have to sell more just to cover increased costs, maybe take on extra staff, have to win more customers, standards might slip, have to work harder to stay in the same place financially.

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- 6 (a) Using the marketing mix (of 4Ps), explain why the jigsaw business is successful. (10 marks)

Some explanation of the 4Ps are helpful - product, price, place and promotion; Candidate needs to relate the points to the jigsaws: product defined by clients and good quality; price seems attractive enough to maintain business; place ie shop and postal service, adequate and convenient; promotion ie adverts plus leaflets in jigsaw boxes, seems to work; these points plus the personal attention and precision work ensure success.

- (b) Jagwant's Jigsaw Puzzles run a personal and specialised business.  
Explain why it is important for them to have a customer relations policy (10 marks)

So far customers have been satisfied but only because the firm produces quality work at affordable prices; firm must continue to recognise customers are its lifeblood; customer satisfaction is the aim; increase customer loyalty; continued assurance of quality of service; without recognising importance of customers, there is no business

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