

1. SP.Q2

Explain three external environmental factors to be considered in setting up a café.

(6 marks)

2. SP.Q3

In deciding whether to join a fashion retail chain or not, suggest two criteria for assessing the franchisor.

(4 marks)

3. SP.Q6(c)

In early 20X7, Mr Chan plans to close the factory in Hong Kong and form a new business in Shenzhen. All the workers of the Hong Kong factory will then be laid off. Propose two measures that Mr Chan could adopt to minimize the workers' dissatisfaction with their layoffs.

(4 marks)

4. PP.Q1

A business should be responsible to various stakeholders. List three types of stakeholders in a construction company and explain how the company can fulfill its social responsibilities to each of them. (6 marks)

5. PP.Q6(a),(b)

Ms Lo owns three small boutiques. In order to enhance the operations and internal communication of her company, she seeks advice from a management consultant. The consultant recommends Ms Lo to adopt a 'flat-type' organisational structure and use electronic means of communication to improve the situation.

(a) Compare the difference between a 'tall-type' and a 'flat-type' organisational structure in terms of

(1) organisational layers

(1 mark)

(2) span of control

(1 mark)

(b) Give two reasons why Ms Lo should adopt a 'flat-type' organisational structure.

(4 marks)

6. 2012.Q2

Mr Ho is a toy manufacturer. Recently, he has received a number of complaints from his customers about paint peeling off from his toys. A management consultant tells Mr Ho that having good operations management can reduce the number of defective items.

In what ways could operations management help Mr Ho to reduce the number of defective items? Give two ways.

(4 marks)

7. 2012.Q6(b)

Peter was a sole proprietor running a small business without any employees. Peter went bankrupt on 31 March 2012 and he decided to close the business.

(a) Give two types of stakeholders in Peter's business and explain the adverse effect of the closure on each of them.

(4 marks)



BAFS Core Part Business Environment & Introduction to Management Past Papers (-2020)

8. 2012.Q7(a)

Mary is an experienced designer who has a wide customer network. She is considering setting up a small interior design firm on her own. At the same time, another designer, Paul, invites her to for a partnership.

(a) Give two reasons why Mary should accept Paul's invitation instead of setting up a firm on her own. (4 marks)

9. 2012.Q7(b)

Mary is an experienced designer who has a wide customer network. She is considering setting up a small interior design firm on her own. At the same time, another designer, Paul, invites her to for a partnership.

(b) Mary finally set up the interior design firm on her own. List two criteria for setting good business goals for her. Explain each with an example. (4 marks)

10. 2013.Q2

Ken owns a fast-food chain business with more than 50 outlets in Hong Kong. He is going to expand his business by offering delivery services all over Hong Kong. Wendy, a business consultant, recommends Ken to establish a telephone hotline centre in the Mainland to take orders from customers in Hong Kong and direct the Hong Kong outlets to deliver the meals.

Explain three types of external factors that would affect Ken's decision on whether to set up a telephone hotline centre in the Mainland. (6 marks)

11. 2013.Q4

Information management can support the human resources department of a company in different ways. List three of them. (3 marks)

12. 2013.Q6

Explain three ways in which division of work could enhance the efficiency of a manufacturing company. (6 marks)

13. 2014.Q1

Patrick, Queenie and Ronald jointly set up a business in the form of a limited partnership. The partnership agreement contains the following terms:

- Only Queenie and Ronald will contribute capital.
 - Patrick and Ronald have no involvement in the daily operations of the partnership.
 - If the partnership is liquidated, only Queenie has to pay the outstanding debts of the partnership, using her personal funds.
- (a) Identify the nominal partner in this partnership. (1 mark)
(b) Suggest two contributions that a nominal partner could make to a partnership. (4 marks)

BAFS Core Part Business Environment & Introduction to Management Past Papers (-2020)

14. 2014.Q2(b)

Superfast Company provides software and system development services and has about 100 employees. Daniel, the owner and general manager of the firm, is a computer specialist and has involved himself heavily in the software and system development work.

A business consultant advised him that the company should set up a marketing department to help reduce his workload.

(b) State the two functions of a marketing department in Superfast Company. (2 marks)

15. 2014.Q5(b),(c)

Mike learns from a report that the materials of some of his inventory may be harmful to people's health. He plans to give away these items as free gifts to his customers, without mentioning the potential health hazards. His wife warns him that this is an unethical practice and will adversely affect his business.

(b) If Mike decides to give away those items as planned, explain two possible impacts on his business. (4 marks)

(c) Apart from customers, identify another stakeholder of Mike's business. (1 mark)

16. 2014.Q6(b)

Two managers of the same rank, David and Ellen, together supervise all the shop assistants. One day, an assistant in the sportswear section took sick leave and David assigned a newly employed assistant to take her place. He asked her to serve customer in the section for the rest of the day. At noon, Ellen asked this assistant to deliver a document to a supplier.

(b)(i) What principle of effective management has been violated in the above case? (1 mark)
(ii) Suggest two problems that might arise when the principle in (i) is violated. (4 marks)

17. 2015.Q1(a)(b)

Annie operates a small guest house on Lamma Island for foreign travelers. She sets up an Internet booking system for the guest house, with the following goal:

"To increase the number of Internet bookings substantially in the near future"

(a) Briefly explain two characteristics of a SMART goal that are missing from the above goal. (4 marks)

(b) Explain one political factor and one legal factor that may affect Annie's business. (4 marks)

18. 2015.Q4(b)(c)

Peter plans to expand the business and set up three departments to take care of the garment business in Hong Kong, Macau and Shenzhen respectively. A business consultant reminds him that other forms of departmentalization may also be considered.

(b) State the form of departmentalization planned by Peter. (1 mark)

(c) Briefly describes two other forms of departmentalization that could be adopted by Peter's business. (4 marks)

19. 2015.Q5(b),(c)

To raise money for expansion, John wants to change the form of business ownership of the firm. He plans

to invite five people to invest in and join the business as owners. After expansion, all owners shall have limited liability for the firm. Their ownership cannot be freely transferred.

- (b) According to the above information, which form of business ownership will John adopt for the expansion? (1 mark)
- (c) Apart from the restriction in ownership transfer, suggest two other disadvantages for the form of business ownership mentioned in (b), as compared to a sole proprietorship. (4 marks)

20. 2016.Q3(a)(b)

Carlo operates a reputable restaurant chain in Italy with customers from all over the world. He is planning to establish branches in Hong Kong. A business consultant suggests him to operate the branches in the form of franchising.

- (a) Give two reasons why Carlo should establish the branches in the form of franchising instead of setting up his own restaurants in Hong Kong (4 marks)
- (b) Explain one legal and one cultural factor that Carlo should consider when setting up branches in Hong Kong. (4 marks)

21. 2016.Q4(c)

John runs a small supermarket.

A business consultant advises John to adopt Management by Objectives in his supermarket.

- (c)(i) How are objectives set under Management by Objectives in John's supermarket? (1 mark)
- (ii) Explain one advantage and one disadvantage of adopting Management by Objectives in John's supermarket. (4 marks)

22. 2016.Q5(c)

John runs a small supermarket.

A business consultant advises John to improve the controlling functions of his supermarket.

- (c)(i) What is the purpose of controlling in management? (1 mark)
- (ii) List the steps in the controlling process. (4 marks)

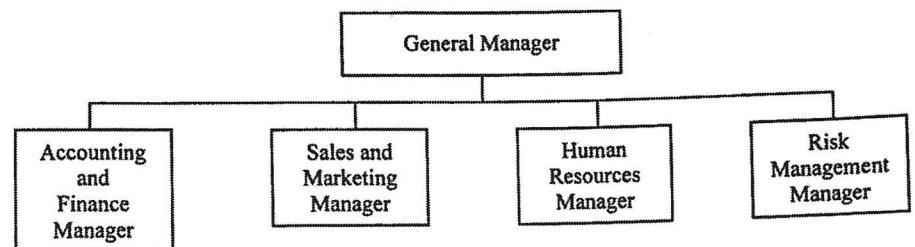
23. 2017.Q1

- (a) What is a joint venture? (1 mark)
- (b) Outline two advantages of running a business in the form of a joint venture. (4 marks)

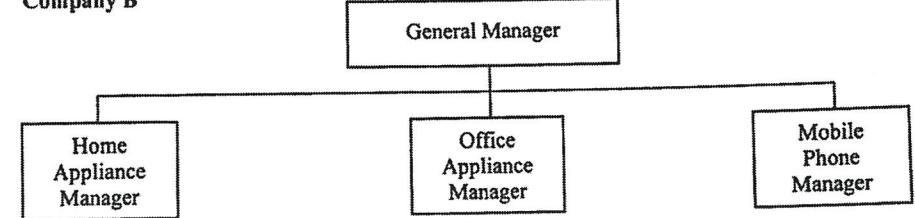
24. 2017.Q3(a)(b)(c)

Company A and Company B are retail business selling electrical appliances. Their organisation chart are as follows:

Company A



Company B



- (a) State the form of departmentalisation adopted by the two companies: (2 marks)

(i) Company A

(ii) Company B

- (b) Which of the General Managers of the two companies has a wider span of control? (1 mark)

Recently, the warehouse of Company A caught fire, which led to substantial losses.

- (c) Which department of Company A should be responsible for claiming insurance compensation? Explain one main role of this department in the company. (3 marks)

25. 2017.Q4(b)(c)

John commenced a firm selling grocery and household products on 1 January 2016. Three employees were hired for the operation of the firm.

- (b) What is business ethics? (1 mark)

(c) For each of the following stakeholders, illustrate with one example how John can ensure that the operation of his firm is socially responsible:

(i) Employees of the firm

(2 marks)

(ii) Residents living around the firm

(2 marks)

26. 2017.Q5(b)(c)

John commenced a firm selling grocery and household products on 1 January 2016. Three employees were hired for the operation of the firm.

A business consultant advised John to set goals for his firm.

- (b) State the management function that the task of setting goals for John's firm belongs (1 mark)
to.
(c) Explain two reasons why John should set goals for his firm. (4 marks)

27. 2018.Q1

Nick Limited is a private limited company, manufacturing and selling electrical appliances locally. Facing international competition, the company is planning to set up an online store to sell worldwide. To lower cost and increase sales, the company is analysing the effects of globalisation in order to formulate new business strategies.

- (a) Explain one technological factor and one economic factor that Nick Limited should (4 marks)
consider when planning to set up the online store.
(b) Suggest two strategies to Nick Limited that may lower its production cost under (4 marks)
globalisation.
(Total: 8 marks)

28. 2018.Q2

Calvin set up a supermarket selling Korean food. To attract customers and enhance competitiveness, the supermarket continually introduces new products. Some of these cannot be found in big local supermarkets. With its thriving business, the supermarket has been recently selected as an outstanding small and medium enterprise. Calvin has also been praised by the media as an outstanding entrepreneur.

- (a) Apart from the number of employees, state two other characteristics of small and (2 marks)
medium enterprises.
(b) With reference to the case above, explain two contributions of entrepreneurship to the (4 marks)
development of business.
(Total: 6 marks)

29. 2018.Q4(b)(c)

On 1 January 2017, Mandy commenced a sole proprietorship firm to design and sell computer software. The staff of the research and development department in the firm may freely design different computer software products, but the selection of the new product designs is done by Mandy alone, without involving any other staff.

- (b) State the leadership style adopted by Mandy. (1 mark)
(c) Explain two disadvantages of the leadership style adopted by Mandy. (4 marks)

30. 2018.Q5(b)(c)

During the year 2018, Vincent's firm aims to reduce costs. However, the marketing manager wants to launch a large-scale sales promotion campaign. The budgeted cost of the campaign is 50% of last year's sales.

- (b) State the principle of effective management that has been violated in the above case. (1 mark)
(c) Explain two reasons for adopting the principle of effective management in (b) above. (4 marks)

31. 2019.Q1

Pizza Deli is a multinational corporation founded in Italy and has branches in London and Sydney. It is considering expanding to Asia by setting up its own branch in Hong Kong. A reputable restaurant chain in Hong Kong invited Pizza Deli to join them as a franchisee.

- (a) Describe the main feature of Pizza Deli as a multinational corporation. (2 marks)
(b) Explain to Pizza Deli two disadvantages of joining the restaurant chain as a franchisee (4 marks)
instead of setting up its own branch.

32. 2019.Q2(b)

- (b) In 2019, Johnny established a firm selling cooking utensils in Hong Kong, with the
following goal:

'All Hong Kong people will know our brand name by the end of 2020.'

The above goal is not a SMART goal. Explain two SMART goal characteristics that are
not demonstrated by this goal. (4 marks)

33. 2019.Q4(c)(d)

Au's firm manufactures and sells garments.

In the production department of Au's firm, the garment manufacturing process involves many tasks, including cutting, sewing and packaging. Each worker is responsible for one task only.

- (c) State the principle of effective management adopted in the production department. (1 mark)

- (d) Explain two advantages for the production department of adopting the principle of effective management in (c) above. (4 marks)

34. 2019.Q5(c)(d)

Au's firm manufactures and sells garments.

Ken is the accountant at Au's firm. One day, he asked an accounting clerk, Ming, to prepare a cost analysis and report to him in the afternoon. At the same time, the office manager instructed Ming to complete a filing index in that afternoon.

- (c) State the principle of effective management violated in the above case. (1 mark)

- (d) If the principle of effective management in (c) above was adopted, explain two advantages for Au's firm. (4 marks)

35. 2020.Q1

High-Tech Company is a small and medium enterprise (SME) which specialises in developing data processing systems for businesses in Hong Kong. At the commencement of each quarter, the project manager and the programmers discuss and decide on the work plan for the quarter. Throughout the quarter, they review the work progress regularly and identify the difficulties encountered. Support is provided to the programmers based on their feedback.

- (a) Apart from providing job opportunities, state two contributions SMEs make to the economy of Hong Kong. (2 marks)

- (b)(i) State the principle of effective management adopted by High-Tech Company in the above scenario. (1 mark)

- (ii) Explain two advantages of High-Tech Company of adopting the principle of effective management in (b)(i) above. (4 marks)

36. 2020.Q4(A)(a)

(A) Warmer is a famous company in Canada, selling thick coats and wool products. It is planning to set up a branch in Hong Kong.

- (a) State one social factor and one physical factor that Warmer should consider when setting up a branch in Hong Kong and explain how each factor might affect its business. (4 marks)

37. 2020.Q5(A)(a)(b)(c)

(A) Company A and Company B specialise in designing and building large shopping malls in Hong Kong. They plan to set up a new business together to carry out a construction project - building a shopping mall in Causeway Bay. The project will last for five years and the new business will be disposed upon the completion of the project.

- (a) Identify the form of ownership of the new business to be set up by Company A and Company B. (1 mark)

- (b) Explain one advantage of operating in the form of business ownership in (a) above. (2 marks)

- (c) Explain one difference between a partnership and the form of business ownership in (a) above. (2 marks)



BAFS Core Part Business Environment & Introduction to Management Past Papers - Answer

1. SP.Q2

External factors:

- ✓ Political/legal: government policies about licensing, rules and regulations
- ✓ Economic: economic growth, income level and purchasing power
- ✓ Socio-cultural: cultural values, lifestyle
- ✓ Technological: technological level of café operation, IT applications
- ✓ Competitive: operation of other cafés and competition in the industry

(2 marks for each relevant factor, max. 6 marks)

2. SP.Q3

Criteria:

- ✓ Franchisor's reputation
- ✓ Restrictions and obligations
- ✓ Initial joining fee and royalty
- ✓ Support and assistance offered, e.g. promotion and training
- ✓ Franchisor's positioning and strategies match own expectation and desire

(2 marks for each relevant criterion, max. 4 marks)

3. SP.Q6(c)

Measures:

- ✓ Provide more generous compensation (more than statutorily required)
- ✓ Communicate and explain to all workers the reasons for the layoff
- ✓ Help laid off workers look for other jobs / recommend the good workers to other furniture factories

(2 marks for each relevant measure, max. 4 marks)

4. PP.Q1

- employees: e.g. provide a safe and healthy working environment
- customers: e.g. assure property quality
- suppliers: e.g. make payment timely
- creditors: e.g. pay interest and principal on time
- the government: e.g. pay taxes on time

(2 marks for each relevant point, max. 6 marks)

5. PP.Q6(a),(b)

(a)	Tall-type	Flat-type	
(1) layers	more	less	1 mark for this row
(2) span of control	Narrower	Wider	1 mark for this row

(b) Reasons:

- speed up decision-making
- increase management flexibility
- improve communication

(2 marks for each relevant reason, max. 4 marks)

BAFS Core Part Business Environment & Introduction to Management Past Papers - Answer

6. 2012.Q2

Ways:

- ✓ Inventory management: ensure a reasonable stock level to avoid wear and tear from over-storage
- ✓ Revision of design of the production process: to locate and correct the problem that leads to the defect
- ✓ Quality control: set standards to ensure goods provided are of high quality

(2 marks for each relevant way, max. 4 marks)

7. 2012.Q6(b)

Adverse effects to

- Lenders: may fail to collect all their money lent to the business
- Customers: may fail to receive products / services they paid for
- Suppliers: may fail to collect all the payments for their goods sold or services provided
- Government: may fail to collect the tax due

(2 marks for each relevant point, max. 4 marks)

8. 2012.Q7(a)

Reasons:

- Share of risk / workload
- More sources of capital
- More expertise / innovative ideas

(2 marks for each relevant reason, max. 4 mark)

9. 2012.Q7(b)

Criteria and its examples:

- ✓ Specific: e.g. earn a definite amount of profit
- ✓ Time-based: e.g. earn a certain amount of profit in the first year of operations
- ✓ Measurable: e.g. achieve a 10% increase in profit
- ✓ Challenging but attainable: e.g. earn a reasonable amount of profit

(2 marks for each relevant point, max. 4 marks)

10. 2013.Q2

External factors:

- ✓ Technological, e.g. reliability of telecommunication system
- ✓ Social, e.g. language use by operators
- ✓ Economic, e.g. wages level, cross-border telephone charge
- ✓ Legal, e.g. labour law, licensing regulations
- ✓ Physical, e.g. geographical dispersion
- ✓ Political, e.g. political stability

(2 marks for each relevant factor, max. 6 marks)

11. 2013.Q4

Ways:

- ✓ Store personnel data
- ✓ Handle payroll
- ✓ Take attendance
- ✓ Facilitate staff placement

(1 mark for each relevant way, max. 3 marks)

12. 2013.Q6

Ways:

- ✓ Facilitate automation: e.g. use of specialized equipment
- ✓ Facilitate supervision: e.g. each worker only concentrates on a specialized task
- ✓ Practice makes perfect: e.g. work faster and make fewer mistakes
- ✓ Save time: e.g. change from one position to another

(2 marks for each relevant way, max. 6 marks)

13. 2014.Q1

(a) Nominal Partner: Patrick

1

(b) Contributions:

Max. 4

- Provide professional advice
- Enhance reputation of the business
- Strengthen business linkages

(2 marks for each relevant contribution, max. 4 marks)

14. 2014.Q2(b)

Functions:

- Identify and/or create market opportunities
- Determine market position
- Select target market
- Formulate and evaluate marketing strategies (4Ps)
- Implement and monitor marketing activities
- Manage customer relationship

(1 mark for each relevant function, max. 2 marks)

15. 2014.Q5(b),(c)

(b) Adverse impacts:

Max. 4

- Unethical practice will harm the reputation of Mike's business
- Customers loss confidence and sales and prospects will be affected
- Affected customers may claim compensation from Mike

(2 marks for each relevant adverse impact, max. 4 marks)

(c) Stakeholder:

Max. 1

- Employees, suppliers/creditors, distributors, government, public
- (1 mark for each relevant stakeholder, max. 1 mark)

16. 2014.Q6(b)

(i) Unity of command

1

(ii) Problems:

Max. 4

- Contradictory instructions will cause confusion to the subordinates
 - Unclear chain-of-command / line of authority will cause conflicts between the managers
- (2 marks for each relevant problem, max. 4 marks)

17. 2015.Q1(a)(b)

(a) Characteristics:

Max. 4

- measurable: the goal does not specify a quantified amount of increase
 - time-bound: the goal does not specify the targeted timeframe
 - specific: the number of Internet bookings may refer to the log-in times of customers, successful bookings or the bookings that lead to actual rental
 - realistic/attainable: the goal may not be achievable, e.g. due to the shrinking tourism business around the world
- (2 marks for each relevant characteristic, max. 4 marks)

(b) Political factor:

Max. 2

- political stability of Hong Kong / travellers' home countries
 - the relationship between Hong Kong/China and the travellers' home countries
- (2 marks for each relevant political factor, max. 2 marks)

Legal factor:

Max. 2

- regulations relating to guest house/hotel licensing
 - regulations related to visa requirement
- (2 marks for each relevant legal factor, max. 2 marks)

8 marks

18. 2015.Q4(b)(c)

(b) Departmentalisation by location

1

(c) Other forms:

Max. 4

- By product: e.g. set up different departments to take care of the garment business for men's, women's and kids' wears respectively
 - By function: e.g. set up different departments to take care of production, marketing, human resource and finance respectively
- (2 marks for each relevant form of departmentalisation, max. 4 marks)



BAFS Core Part Business Environment & Introduction to Management Past Papers - Answer

19. 2015.Q5(b),(c)

(b) Private limited company

1

(c) Other disadvantages:

Max. 4

- profit tax rate is higher resulting in lower distributable profits
- more requirements in setup procedures/ higher setup cost
- Separation of ownership and management and thus owners may not be able to control daily operations

(2 marks for each relevant disadvantage, max. 4 marks)

20. 2016.Q3(a)(b)

(a) Reasons:

Max. 4

- Expansion of the chain in Hong Kong at a lower cost
- stable income: receive franchise fees regularly and share franchisees' profits
- easy access to the Hong Kong market: franchisees are more familiar with the local business environment

(2 marks for each relevant reason, max. 4 marks)

(b) Legal factors

Max. 2

- regulation related to restaurant licensing: e.g. Fire Services Ordinance / Building Ordinance
- Other ordinances: e.g. the Minimum Wage Ordinance, the Employment Ordinance, etc.

(2 marks for each relevant legal factor, max. 2 marks)

Cultural factors:

Max. 2

- tastes and preferences of the target customers in Hong Kong
- Demographic structure/ population structure of Hong Kong: e.g. age, gender, race, etc.

(2 marks for each relevant cultural factor, max. 2 marks)

21. 2016.Q4(c)

(i) Management by Objectives:

1

- the superiors and the subordinates set the firm's objectives together

(ii) Advantages

Max. 2

- subordinates are more committed as they have better understanding of the firm's objectives
- Facilitates control on subordinates' progress

(2 marks for each relevant advantage, max. 2 marks)

BAFS Core Part Business Environment & Introduction to Management Past Papers - Answer

(ii) Disadvantages

Max. 2

- time-consuming
 - increased workloads of superiors and subordinates
- (2 marks for each relevant disadvantage, max. 2 marks)

22. 2016.Q5(c)

(i) Controlling:

1

- ensures that activities are in line with the plan

(ii) Step 1: set performance standards

Step 2: measure actual performance

Step 3: compare actual performance with the standards

Step 4: take corrective actions

(1 mark for each correct step in sequence, max. 4 marks)

23. 2017.Q1

(a) Joint venture:

1

- Two or more business form a new business entity to carry out joint project(s)

(b) Advantages:

Max. 4

- More capital/resources can be contributed by joint venture partners
 - Business risks can be shared among joint venture partners
 - Easier entry into new market: joint venture partners know local market well/ have local connections
 - Can bring in expertise/goodwill of different joint partners
 - Can enjoy economies of scale
- (2 marks for each relevant advantage, maximum 4 marks)

5 marks

24. 2017.Q3(a)(b)

(a)(i) Company A: departmentalisation by function

1

(ii) Company B: departmentalisation by product

1

(b) General Manager of Company A

1

(c) Risk Management Department

1

Main role:

2

- Identifying the possible risks the business is exposed to
- Formulating risk management strategies to manage the risks

(2 marks for each relevant role, maximum 2 marks)

25. 2017.Q4(b)(c)

(b) Business ethics:

- The moral principles, values and beliefs which govern the behaviours of a business

(c)(i) Employees of the firm:

- Providing fair and reasonable remuneration
 - Providing a safe and pleasant working environment
- (2 marks for each relevant explanation, maximum 2 marks)

(ii) Residents living around the firm

- Disposing of litter and waste appropriately
 - Sponsoring community activities
- (2 marks for each relevant explanation, maximum 2 marks)

26. 2017.Q5(b)(c)

(b) Management function:

- Planning

(c) Reasons:

- To help capture opportunities and deal with challenges
 - To provide discretion to his staff
 - To provide standards for monitoring work progress
- (2 marks for each relevant reason, maximum 4 marks)

27. 2018.Q1

(a) Technological factors: payment platform/ network security/ internet coverage
(2 marks for each relevant factor, max. 2 marks)Economic factors: exchange rate/ income level/ trade barriers
(2 marks for each relevant factor, max. 2 marks)

(b) Strategies:

- Global sourcing
 - Outsourcing of production processes
 - Technology transfer/ enhancement of production processes
- (2 marks for each relevant strategy, max. 4 marks)

1

2

2

1

4

2

2

4

8 marks

Supplementary marking notes: Q1

(a) **Technological factor (External Factor affecting the set-up of the online shop)**

- payment platform / payment gateways 支付網關 (online payment technology)
(Electronic payment for online transaction e.g. Credit card, PayPal 貝寶/支付整合, AliPay 支付寶 or related payment methods)
 - network security and safety / cyber hacking/ leakage of personal information/ etc.
 - internet coverage / internet connectivity (worldwide IT technology level)
(e.g. broadband technology and global average connection speed in different countries)
 - concerns on other countries' IT infrastructures availability
 - concerns on global internet usage (people's IT knowledge)
- *** (2 marks for answer showing HOW or WHY the Technological factor affects the setting-up of online shop)

(b) **Economic factor (External)**

- Exchange rate 汇率 / Foreign currency fluctuation
(the process of making the payment and transferring money from one currency to another may adversely affect online sales)
- Income level 收入水平 /unemployment rate
(It affects consumers' demand leading to the fluctuation of online sales.)
- Trade barriers 貿易障礙 / trade tariff
It affects the trade relationship among trading partners and hinder the growth of online sales.
- Inflation Level
(It also increases the costs of Nick Limited on electricity , online advertising and maintenance)
- Interest rate (It affects the cost of borrowing for online shop buyers and sellers)
- Overall economic environment /Gross Domestic Product / etc.

*** (1+1 marking should show elaboration on HOW or WHY the economic factor affects the business of online shop, e.g. sales, cost and operational efficiency of online shop)

10

28



(b)

Strategies to reduce the production cost under globalisation :

- **global sourcing 全球採購:** lower transportation and communication cost
- **outsourcing of production processes 外判生產工序/ international Division of Labour 國際分工**
 - move the production to low-cost region
 - outsource some production parts to low-cost countries
- **technology transfer 技術轉移/ greater mobility of factors of production(capital or labour)**
 - efficient flow of capital/improve the production techniques and labour productivity
 - greater movement of cheap or skill labour may lower the production cost

28. 2018.Q2

(a) Characteristics:

- Managed by owner
- Limited capital
- Mainly local operations

(1 mark for each relevant characteristic, max. 2 marks)

(b) Contributions:

- Promote innovations (new products/new markets)
- Promote market competition/ provide more high-quality products or services to consumers

(2 marks for each relevant contribution, max. 4 marks)

2

4

6 marks

Supplementary marking notes for Q2(a)

- 以下答案一律 0 分

中文	English
規模較小（而沒有解釋）	Small scale of company
由一人擁有 / 以獨資或合夥經營	Owned by single individual / sole proprietor or partnership
支援大型企業	Support large enterprises
現金流量較少	Limited cash flow
創新產品及服務	Innovative products and services

Supplementary marking notes for Q2(b)

- 1+1 評分，答案與個案相關→2 分 (Related to case is necessary)

中文	English
推動創新(1) : 引入韓國食品超市/ 產品，售賣本地超市沒有的產品，推動市場提供創新發展	Promote innovations: introduce the Korean food supermarket/ products, which cannot be found in the local supermarket, promote market innovation
促進市場競爭(1) : 創立韓國食品超市/ 引入新韓國食品，使更多本地商店提供更多高質素的新產品及服務，促進市場競爭	Promote market competitions: introduce the Korean food supermarket/ products, more business will provide high-quality products or services to consumers, it promotes market competitions.

- 其它答案得分

中文	English	得分
推動創意	Promote creativity	1
促進經濟發展	Contribution to economic growth	0
提供就業機會	Providing jobs	0

29. 2018.Q4(b)(c)

(b) Autocratic leadership

1

(c) Disadvantages:

4

- Employees' job satisfaction and commitment would be lowered/greater resistance from employees
- Mandy has a heavier workload/ quality of decision-making depends on Mandy's capabilities

(2 marks for each relevant disadvantage, max. 4 marks)

10 marks

(b) NO MARK for wrong spelling "autocratic" or 錯別字 "獨裁"

(c) Disadvantages: Choose one from each of the following (alternative answers)**EMPLOYEES**

- Employees' job satisfaction / commitment / morale would be lowered.
員工的工作滿足感 / 承擔 / 士氣 較低
- Employees' team work / cooperative spirit / self-motivation / sense of belonging affected. 員工的團隊工作 / 合作精神 / 自我激勵 / 歸屬感 受到影響
- Employees become passive / unwilling to take initiative / lack of enthusiasm.
員工變得被動 / 不願意主動 / 缺乏積極性 / 缺乏熱誠
- Greater resistance / Resentment / Dissatisfaction from employees / Poor relationship with employees 員工阻力/ 憤恨/不滿 較大/ 與員工的關係較差

OWNER

- Mandy has heavier burden of work / would be more busy. 文迪工作負擔較重 / 較忙
- Higher chance of committing mistakes. 較易犯錯
- Work pressure increased. 工作壓力增加
- Quality of decision depends on the capability of the owner. 決策質素取決於東主的能力

30. 2018.Q5(b)(c)

(b) Unity of direction

1

(c) Reasons:

4

- Create coherence among employees to achieve the same objectives
- Avoid management confusions/ conflicts among different departments
- Help to build up team spirit

(2 marks for each relevant reason, max. 4 marks)

10 marks

Supplementary marking notes: Q5

(a) For each entry in the T account, award mark if both the following are correct:

- amount
- corresponding account name in the 'particulars' column
- ignore dates

(Trade/Accounts Receivables/Payables, Bank/Cash at Bank are accepted)

(c) Overall objective(s) can be achieved effectively because:

- employees share the same objective(s)
(employees work towards the same targets)
員工朝著相同的目標工作
- avoid management confusions/conflicts among different departments
(reduce wastages / better allocation of resources / avoid duplication of efforts)
減少浪費/資源分配更佳/避免工作重複
- help to build up team spirit
(improve staff morale/motivation, reduce staff turnover)
改善員工士氣/動機，減少員工流失
- help monitoring work progress (0)
有助監控工作進度
- improve communication (0)
改善溝通
- employees' participation in goal setting (0)
員工參與訂定目標



58

31. 2019.Q1

(a) - operates in more than one country

1

- Pizza Deli operates in Italy, London and Sydney respectively

1

(b) Disadvantages:

- Limited autonomy: e.g. need to follow the standards and guidelines stipulated in the franchise agreement
- Need to pay royalties to the franchisor even when making a loss
- Subject to the success and failure/reputation of the franchisor

(2 marks for each relevant disadvantage, max. 4 marks)

6 marks

ACCEPTABLE definition:

- operate in two or more countries 在兩個或以上國家營運
- 在不同國家經營業務
- It has branches in different countries, multinational bases, multiple countries, operate outside host country 世界各地、全球、總部國家以外都設有分店
- ✖ serves different countries / provides services to different countries 於不同國家提供服務
- ✖ expands the business all over the world 擴展 / 拓展至世界各地
- ✖ operates in other regions (地區), cities (城市)

- limited autonomy
有限自主

2

ACCEPTABLE elaboration:

- follow the franchisor to run the restaurant – unable to be innovative / cannot develop in their own way 要跟隨特許權擁人的方式 – 難以創新 / 失去自己的獨特性
- If they want to introduce a new product, they need to discuss with the franchisor which slows down the decision making time 如果他們想引入新產品，他們需要與特許權擁人商量，延長了決策的時間
- need to pay royalties to the franchisor even when making a loss
即使經營虧損也需支付特許權使用費予特許權擁人

2

ACCEPTABLE elaboration:

- ❖ royalties increase cost / share profits / reduce profits / increase financial burden 特許權使用費增加成本 / 分擔盈利 / 減少盈利 / 增加財政負擔
- ✖ need to pay the franchise fees when joining the franchise 加盟時一次過繳交特許權使用費 / pay the upfront fees regularly 定期繳交特許加盟費

- subject to the success and failure / reputation of the franchisor
受到特許權擁人的成敗/聲譽所影響

2

ACCEPTABLE elaboration:

- The negative news affects restaurant chain's business image – decrease sales 負面新聞影響連鎖店企業形象 – 導致收入減少

32. 2019.Q2(b)

4

(b) Characteristics:

- specific: e.g. does not define 'all Hong Kong people' and 'know' clearly
- measurable: e.g. the goal is vague and not expressed in numerical form; there is no means to measure whether 'all Hong Kong people' know the brand name
- realistic / attainable: the goal may not be achievable

Supplementary marking notes for Q2(b)

- should state the relevant characteristic and make relevant elaboration 1+1
- ✓ realistic/attainable/achievable : may not achieve the goal, e.g. 'time too short', 'all Hong Kong people know'

✖ Spelling mistakes of the characteristic 0+1

✖ 'relevant 相關' and 'time-bound 有時限' or other irrelevant characteristics, no need to mark explanation 0+0

33. 2019.Q4(c)(d)

(c) Division of work / division of labor 分工

1

(d) Advantages:

- higher productivity and efficiency/practice makes perfect
 - facilitates automation: e.g. use of machines and equipment
 - time saving: e.g. simplified training, saves time in switching from task to task
- (2 marks for each relevant advantage, max. 4 marks)

4

Marking notes - Q4(c)

✖ Divison of work / specialisation 分工合作、分工化、複雜分工 - 0 mark

Marking notes - Q4(d)

Ignore the correctness of (c)

Any combination of two of the following if

- * each can show an advantage with reasonable elaboration/example
- * no marks for repeated advantage and/or elaboration/example

Advantage	Elaboration (Example)
- higher productivity and efficiency/ practice makes perfect 生產力和效率更高, 熟能生巧	practice makes perfect, repeated practising, fewer mistakes 熟能生巧、減少錯誤
- facilitate automation 促進自動化	use of machine and equipment 使用機器和設備
- time-saving/ cost saving 節省時間/成本	simplified training, save time to switch from task to task 簡化培訓、節省切換工序所需的時間
- facilitate supervision 有助監督	each worker specialises in only one task 每名員工只專注於一項工序
- easier to recruit workers, facilitate job assignment and placement 容易招聘工人	choose right person for the job 為工作選擇合適的人選, 負責自己擅長的工序

Answers not accepted:

- ✗ enhance job satisfaction 提高工作滿意度
- ✗ avoid conflicts 減少衝突
- ✗ reduce machine cost 減少機器成本
- ✗ clear objectives and instructions 明確的目標和指示
- ✗ electronisation 電子化

34. 2019.Q5(c)(d)

- (c) Unity of command / Unity of command(s) 1

- (d) Advantages:

- avoid conflicting instructions causing confusion to subordinates: e.g. avoid work assignments being given by different managers
 - facilitate supervision of subordinates: e.g. clearly define lines of authority, responsibility and accountability to avoid conflicts between managers
- (2 marks for each relevant advantage, max. 4 marks)

Part (d) Answers not accepted

✗ increase efficiency 提高效率

✗ lower workload 工作量較低

✗ enhance morale 提升士氣

✗ improve communication and relations between superior and subordinates 改善上司與下屬之間的溝通和關係

35. 2020.Q1

- (a) Contributions:

- provide innovative products and services
 - provide specialised products and services to cater for customers' needs
 - provide support and services to large enterprises
- (1 mark for each relevant contribution, max. 2 marks)

- (b)(i) Management by objectives 1

- (ii) Advantages:

- Subordinates have a better understanding of the objectives
- Subordinates are motivated and more committed
- Monitoring and control of work progress are more effective

(2 marks for each relevant advantage, max. 4 marks)

2

1

4

7 marks



36. 2020.Q4(A)(a)

(A)(a) Social factors:

- population size / structure

2

(2 marks for each relevant social factor with explanation, max. 2 marks)

Physical factors:

- Climate, infrastructure

2

(2 marks for each relevant physical factor with explanation, max. 2 marks)

(4)

37. 2020.Q5(A)(a)(b)(c)

(a) Joint venture

1

(b) Advantages:

- More funds and resources can be contributed by joint venturers
- Risk and liabilities can be shared among joint venturers
- More expertise and technology can be pooled

2

(2 marks for each relevant advantage, max. 2 marks)

(c) Difference

- A partnership operation has no definite time limit while a joint venture is project-based and will be terminated when the project is completed.

2

(2 marks for each relevant difference, max. 2 marks)

(5)