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# Business Communication

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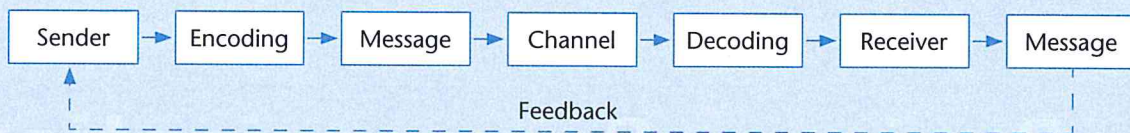




## Revision notes

### What is communication?

- Communication refers to the understanding and the transfer of messages between senders and receivers.
- It is a process of exchanging information between people or organisations.
- Communication takes place within and outside an organisation.
- There are seven parts in the communication process: (1) sender, (2) encoding, (3) message, (4) channel, (5) decoding, (6) receiver and (7) feedback.



### Classification of communication

Communication can be classified by (1) the way of encoding, (2) the direction, (3) the channel and (4) the existence of feedback as follows:

Way of Encoding	Characteristics
<b>Oral</b>	<ul style="list-style-type: none"> <li>• Includes all messages transmitted through spoken words</li> <li>• Transmits messages quickly</li> <li>• Feedback can be obtained almost immediately</li> </ul>
<b>Written</b>	<ul style="list-style-type: none"> <li>• Includes all messages transmitted through written words</li> <li>• Usually more organised and clearer than oral messages</li> <li>• Takes a longer time to prepare a written message</li> <li>• The sender may not get feedback</li> </ul>
<b>Non-verbal</b>	<ul style="list-style-type: none"> <li>• Includes all messages transmitted by body movements, gestures and postures, facial expressions, intonation</li> <li>• Receivers have to pay attention to the non-verbal cues and listen to the sender's words</li> </ul>

Direction	Characteristics
<b>Downward</b>	Messages flow from a superior to his subordinates
<b>Upward</b>	Messages flow from a subordinate to his superior
<b>Lateral</b>	Messages flow among people at the same level in an organisation



Channel	Characteristics
<b>Formal</b>	<ul style="list-style-type: none"> <li>Covers messages that follow formal, authorised channels</li> <li>Messages are all task-related</li> <li>Can be upward, downward or lateral communication</li> </ul>
<b>Informal</b>	<ul style="list-style-type: none"> <li>Takes place outside formal, authorised channels</li> <li>Informal communication networks are not controlled by the management</li> </ul>

Existence of feedback	Characteristics
<b>One-way</b>	Takes place when there is no feedback from the receiver
<b>Two-way</b>	<ul style="list-style-type: none"> <li>Takes place when there is feedback from the receiver</li> <li>More reliable than one-way communication</li> <li>Promotes trustful relationships and mutual understanding between people</li> </ul>

### Choosing a suitable form of communication

- The sender has to choose the best form of communication so as to maximise its effectiveness.
- The factors affecting the choice of the form of communication are:
  - Importance of the message
  - Complexity and length of the message
  - Speed of transmission
  - Legality of communication
  - Requirement of feedback

### Effective Communication

The five principles of effective communication are summarised as follows:

Principles	Details
<b>Clarity</b>	Use simple language
<b>Conciseness</b>	What the receiver should know
<b>Completeness</b>	Give enough information
<b>Concreteness</b>	Make the message purpose clear
<b>Courtesy</b>	Communicate politely



### Importance of effective communication to business

- 1 *Enable people to work together:* Effective communication allows employees to coordinate their activities, exchange information and solve problems together.
- 2 *Make business transactions possible:* It allows customers to understand the products offered by a company and facilitates the process of buying and selling. It also prevents misunderstandings between companies or delays in the exchange of information.
- 3 *Facilitate the management process:* With effective communication, managers can get things done through their subordinates.
- 4 *Help establish social relationships:* It can strengthen social ties and foster harmonious relationships among employees in a company.
- 5 *Transmit information needed for decision making:* This helps managers monitor and control the operations of a company.
- 6 *Keep companies informed about the concerns of the community:* It helps companies understand the expectations of the community.

### Barriers to effective communication

There are 10 major barriers to communication:

- 1 Lack of attention
- 2 Emotions
- 3 Noise
- 4 Filtering of information
- 5 Selective perception
- 6 Language
- 7 Inconsistent non-verbal language
- 8 Information overload
- 9 Complex organisational structure
- 10 Inappropriate channel

### Methods of overcoming communication barriers

There are eight methods for overcoming communication barriers:

- 1 Use simple words
- 2 Give feedback
- 3 Use multiple channels
- 4 Avoid using inconsistent non-verbal language
- 5 Build trustful relationships
- 6 Keep emotions under control
- 7 Listen actively
- 8 Choose the right channel



## Business information

- When data are processed and analysed, they are turned into information which is useful for making decisions.
- Business data can be classified by sources of data and purpose of gathering.

Source	Details
<b>Internal</b>	<ul style="list-style-type: none"> <li>• Collected from sources within the company</li> <li>• For example, invoices, payroll records, inventory records</li> </ul>
<b>External</b>	<ul style="list-style-type: none"> <li>• Obtained from outside sources</li> <li>• Most external data are free</li> <li>• Focus more on the broad economic and social trends, not specifically related to any company</li> <li>• For example, various economic and trade statistics compiled by the government</li> </ul>

Purpose of gathering	Details
<b>Primary</b>	<ul style="list-style-type: none"> <li>• Collected by a company to achieve a specific purpose</li> <li>• Collecting cost is high</li> <li>• Data are more relevant to the company</li> </ul>
<b>Secondary</b>	<ul style="list-style-type: none"> <li>• Collected by other people or organisations for their own purposes.</li> <li>• Major sources: the government and trade associations</li> <li>• Data show only the general conditions of the economic or industrial environment</li> <li>• Free of charge</li> <li>• Data may not meet the needs of the company</li> </ul>

- The following table summarises the characteristics of quality business information.

Criteria	Information should ...
<b>Relevance</b>	be relevant to the problems handled by the managers
<b>Accuracy</b>	be correct and reliable
<b>Timeliness</b>	be available when it is needed
<b>Completeness</b>	be comprehensive and contain everything needed for decision-making
<b>Conciseness</b>	be clear and appropriate for the needs of decision makers
<b>Cost-effectiveness</b>	be gathered and processed at a reasonable cost



## Information and communication technology

- Information and communication technology (ICT) includes all computing and communication devices and technology which are used for information processing.
- Major ICT devices include computer hardware, computer software, network systems (the Internet, intranet and extranet), mobile phones, facsimile transmission (fax), email, Bluetooth technology and video-conferencing, etc.

## Contributions of ICT to information management

ICT contributes to information management as it

- 1 manages information efficiently and effectively
- 2 allows information to be transmitted from and sent anywhere at any time.
- 3 helps an organisation communicate and develop better relationships with its stakeholders.
- 4 facilitates the development of electronic business and mobile commerce.



## Demo Question

Read the case study below and then answer the questions.

Peter Learning World is an Indian-based distance learning centre for children. The headquarters is located in Calcutta. It offers distance learning courses for students around the world. Students can learn anytime and anywhere in the world. However, 90% of its business comes from the US.

The opening of the centre started with a market niche found in the US. Schoolchildren in the US have a great need for tutoring. However, tutoring fees are very expensive as tutors' salaries are high in the US.

Thanks to the development of technology, India is an ideal place for the distance learning business. As many Indians were educated at US universities, Peter Learning World employs a lot of Indians as tutors at lower wages than in the US.

Apart from setting up the centre in Calcutta, the CEO of Peter Learning World, Peter plans to set up more centres in other cities in India, like New Delhi and Mumbai. With the surge in students, Peter also plans to set up 10 more sales offices in different cities in the US.

- (a) Explain how the following information and communication technology devices can aid student's learning in different countries.
- (i) The Internet
  - (ii) Email
  - (iii) Video-conferencing
- (6 marks)



- (b) How important is communication to Peter in expanding his business? (6 marks)
- (c) Peter's business relies heavily on the Internet. Discuss three problems he will face. (6 marks)



### Troubleshooter

- 1 Question (a) asks students about the knowledge of each type of ICT device. Students should focus on how these devices can be used in the operations of the learning centre.
- 2 In tackling question (a), students have to use their imagination if they have not taken any distance learning courses before. It is not difficult provided that they have a thorough understanding of various types of ICT devices.
- 3 Question (b) requires students to put themselves in the shoes of the CEO of the distance learning business. They should imagine how they can use communication in managing the business. Apart from communication, students are required to integrate the management concepts mentioned in the previous chapters into the answer.
- 4 Question (c) requires students to forecast the possible problems that Peter might face. It actually asks about the problems of using the Internet for business communication. However, these are not mentioned in the case study. So students have to read widely to expand their knowledge about the Internet and other ICT devices.
- 5 In fact, it is common that examination questions require students to integrate the knowledge they learnt from several chapters. Therefore, students should not restrict themselves when learning and should learn to integrate their knowledge from various subjects.



### Answers

- (a) (i) Internet:
- Tutor and students can use MSN Messenger to send written messages and receive each other's responses instantly. Students can ask the tutor questions and receive his feedback immediately.
  - Peter Learning World can make use of chatrooms so that students and tutors can exchange information regarding various subjects.
  - Peter Learning World can build its own website with teaching resources. Students can search and obtain the information they want.
- (Any other reasonable answers)  
(Any one of the above, 2 marks)
- (ii) Email: Tutors can attach graphics files, audio and video files as well as text files to their emails and send the email to students. This helps the tutor deliver detailed and complicated teaching concepts to many students at a time. Moreover, tutors and students can keep a copy for their records. This is useful in studying subjects like mathematics and economics in which many graphs are used. (2 marks)



(iii) Video-conferencing: Video-conferencing enables tutors and students to meet in real time. Peter Learning World can open a tutorial class that brings students in different locations together. (2 marks)

(b) Communication can help Peter in the following ways:

- Communication enables people to work together. Peter can transfer his experience in setting up a business, making business deals and managing the office to overseas branches in various cities. Peter should also communicate the company's mission and values to the staff so that the staff can clearly understand them. Without communication, the new managers in the new centres have to work on their own. Synergy cannot be achieved within the company. (2 marks)
- Communication can facilitate Peter's management process. Peter should supervise the staff in different offices. He should give instructions to subordinates in overseas branches. Moreover, he should listen to the concerns of staff at overseas branches when they encounter difficulties. It is important for Peter to get information in order to monitor and control the daily operations and sales of his business. With this information, Peter should be able to make prompt decisions when problems arise. (2 marks)
- Communication helps Peter build good social relationships with his staff in his overseas branches. Communication can strengthen social ties and foster harmonious relationships between them. The performance of the company would be improved as a result. (2 marks)

(Any other reasonable answers)

(c) Problems which Peter is likely to face are:

- The centre's teaching resources and students' information may be stolen by hackers.
- The centre's websites may be attacked by computer viruses.
- Students and the centre cannot use the Internet when the server is down.
- The centre cannot communicate with students without an Internet connection. (e.g., when there is no computer or electricity.) The operation of the business is disrupted.

(Any three of the above, 2 marks for each point)





## Revision Exercises

### Multiple Choice Questions

(2 marks for each question)

- 1 Which of the following concerning communication is false?
  - A. Two-way communication is more efficient than one-way communication.
  - B. Communication allows people to exchange information through oral, written or electronic means within an organisation.
  - C. Most staff need to communicate with each other inside a company.
  - D. Communication is the transfer and understanding of messages.
  
- 2 A staff layoff at a company is rumoured. The best way to address the rumour is with
  - A. email communication.
  - B. face-to-face communication.
  - C. communication by letter.
  - D. communication by memo.
  
- 3 The following elements in the communication process are found in one-way communication except
  - A. decoding.
  - B. feedback.
  - C. encoding.
  - D. a channel.
  
- 4 The following are examples of oral communication except
  - A. voicemails.
  - B. meetings.
  - C. emails.
  - D. telephone calls.
  
- 5 Which of the following are examples of non-verbal communication?
  - (i) Gestures
  - (ii) Postures
  - (iii) Personal space
  - (iv) Intonation
  - A. (i) and (iii)
  - B. (ii) and (iv)
  - C. (ii), (iii) and (iv)
  - D. All of the above



- 6 Which of the following is an example of downward communication?
- A. Providing job instructions
  - B. Suggestion boxes
  - C. Complaints from subordinates
  - D. Employee attitude surveys
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- 7 The following are examples of downward communication except
- A. praising subordinates for good performance.
  - B. conducting an employee opinion survey.
  - C. informing staff of company policies and procedures.
  - D. giving feedback about subordinates' performance.
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- 8 A manager at a supermarket is thinking of increasing the prices of his products. However, he is worried that the high prices will drive customers away. Which of the following secondary data can be helpful in his decision making?
- A. Prices of products in supermarkets nearby
  - B. Purchasing price of products
  - C. Projected sales and profits
  - D. Consumer price index
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- 9 Which of the following concerning formal communication and informal communication is false?
- A. Upward, downward and lateral communications are not formal communication.
  - B. Rumours are an example of informal communication.
  - C. An informal communication network cannot be controlled by management.
  - D. Messages of formal communication in an office are all task-related.
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- 10 Which of the following are factors affecting the choice of the form of communication?
- (i) Speed of transmission
  - (ii) Legality of communication
  - (iii) Importance of the message
  - (iv) Complexity of the message
- A. (i) and (ii)
  - B. (iii) and (iv)
  - C. (ii), (iii) and (iv)
  - D. All of the above
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- 11 The following are advantages of using the intranet except that
- A. employees can share information with each other over the intranet.
  - B. the cost of using the intranet is low.
  - C. employees can gain access to company documents anywhere in the world.
  - D. employees can obtain information quickly.
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- 12 A bank in Hong Kong declares that it does no business with US banks. It has prepared both an English version and Chinese version for its newspaper announcement. In other words, its revenues will not be affected by the US subprime mortgage crisis. Which of the principle of effective communication has it used for clarification?
- (i) Courtesy
  - (ii) Concreteness
  - (iii) Conciseness
  - (iv) Clarity
- A. (i) and (iv)
  - B. (ii) and (iii)
  - C. (ii), (iii) and (iv)
  - D. All of the above
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- 13 Effective communication is important to business because it
- (i) helps lower operational costs.
  - (ii) transmits information needed for decision making.
  - (iii) keeps companies informed about the concerns of the community.
  - (iv) enables people to work together.
- A. (i) and (ii)
  - B. (i), (iii) and (iv)
  - C. (ii), (iii) and (iv)
  - D. All of the above
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- 14 The following are methods of overcoming communication barriers except
- A. avoiding using inconsistent non-verbal language.
  - B. using one communication channel.
  - C. listening actively.
  - D. keeping one's emotions under control.
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15 Which of the following concerning data and information is true?

- (i) Companies gather vast quantities of data from their operations every day.
- (ii) After processing, information is turned into data.
- (iii) Managers can use data to make decisions.

- A. (i) only
- B. (ii) only
- C. (i) and (iii)
- D. All of the above

16 Conciseness means that information should be

- A. clear and appropriate to the needs of decision-makers.
- B. correct and reliable.
- C. relevant to the problem.
- D. available when it is needed.

17 Mr Smith is out of his office today and on a trip in another country. What ICT devices can help him gain access to his company's intranet?

- (i) Mobile phone
- (ii) Notebook computer
- (iii) Email
- (iv) PDA

- A. (i) and (iii)
- B. (ii) and (iv)
- C. (i), (ii) and (iv)
- D. All of the above

18 A & B Company is a credit rating agency which helps clients investigate the financial profile of their business partners. Their clients expect their information to be

- (i) concise.
- (ii) complete.
- (iii) accurate.
- (iv) free of charge.

- A. (i) and (ii)
- B. (iii) and (iv)
- C. (i), (ii) and (iii)
- D. All of the above



- 19 Grace is Tom's secretary. Tom gave Grace a large amount of information yesterday, asking her to compile and give him a report today. However, two other managers also asked Grace to prepare other reports. Grace eventually forgot Tom's request. What are the causes of the above communication problem?
- (i) Lack of feedback in communication
  - (ii) Information overload
  - (iii) Lack of unity of command
- A. (i) and (ii)  
B. (i) and (iii)  
C. (ii) and (iii)  
D. All of the above
- 20 Mary is the CEO of a multinational corporation. She always uses video conferencing in her office. Which of the following is true regarding the use of video conferencing?
- (i) Video conferencing can bring Mary's colleagues at different locations to meetings.
  - (ii) Video conferencing can enhance relationships among her colleagues, since they can see and talk with each other.
  - (iii) Video conferencing transmits images via camera.
- A. (i) and (ii)  
B. (i) and (iii)  
C. (ii) and (iii)  
D. All of the above
- 21 Mr Chan is writing a report about a workplace accident. He will hand in the report to his boss. This is an example of
- A. lateral communication.
  - B. upward communication.
  - C. downward communication.
  - D. None of the above
- 22 Personal bias is due to differences in
- (i) personality.
  - (ii) salary.
  - (iii) education level.
  - (iv) religion.
- A. (i) and (ii)  
B. (iii) and (iv)  
C. (i), (iii) and (iv)  
D. None of the above

- 23 Mr Wong wants to improve the Putonghua level of his staff. He requires his staff to speak Putonghua during meetings. Any violation will result in a penalty. How can Mr Wong announce this policy?
- (i) Announce by email
  - (ii) Announce by SMS via staff's mobile phone
  - (iii) Announce at the annual dinner
- A. (i) only
  - B. (i) and (ii)
  - C. (ii) and (iii)
  - D. None of the above
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- 24 Which of the following descriptions is true?
- (i) A company with a tall organisational structure tends to have more communication problems than a company with a flat organisational structure.
  - (ii) The more diverse the geographical locations of a business are, the more difficult the communication is between the headquarters and its overseas branches.
  - (iii) The more staff an organisation has, the more difficult the communication among them is.
- A. (i) and (ii)
  - B. (i) and (iii)
  - C. (ii) and (iii)
  - D. All of the above
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### Short Questions

- 1 How can a multinational bank benefit from information and communication technology? (8 marks)

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2 Identify the barriers to communication in each of the following situations. Suggest a method for overcoming each of the barriers.

- (a) The boss forgets today's appointment time, although he was told by his secretary a week ago over the phone. (3 marks)

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- (b) A teacher is giving a lecture to his students while construction work is being carried out outside the classroom. Students can barely hear the lecture. (3 marks)

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- (c) A new staff member joins the company and his boss tells him a lot of work-related procedures. At the end of the day, he cannot remember what has been said. (3 marks)

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3 (a) Identify the three forms of communication according to the manner of encoding. Illustrate each of the forms with an example. (6 marks)

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- (b) Explain how a manager can make use of the three forms of communication identified in (a) to lead his staff. (4 marks)

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- 4 (a) What is information and communication technology? (2 marks)

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- (b) Describe how a bank can make use of ICT to improve its customer services. (6 marks)

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- 5 Mr Leung is a customer relationship manager at a UK-based bank, BBA Bank. His job involves enhancing customer relationships in personal banking. He also has to manage customer responses and requests every day.

Recently, BBA Bank's business has been declining. Many customers are closing their accounts with the bank. The CEO of BBA Bank, Meylin, has called Mr Leung to discuss this issue.

Mr Leung tells Meylin that they should determine the reason for the loss of customers. It is important for the bank to learn from its mistakes. However, Meylin wonders whether the bank has made any mistakes.

- (a) Identify two kinds of information that Mr Leung should collect so that he can find the reasons for the loss of customers. (4 marks)

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- (b) What is internal and external data? (2 marks)

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- (c) Meylin has asked Mr Leung to recommend ways to remedy the situation. With reference to (b), how can Mr Leung make use of these data to remedy the situation? (4 marks)

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- (d) Meylin suggests that some customers might be satisfied with their services. She proposes to conduct a general research on customers' satisfaction level. However, Mr Leung objects to her idea. Suggest three reasons why Mr Leung have done so. Explain your answers in terms of the characteristics of quality business information. (6 marks)

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- 6 Maria is an advertising production manager. Her job involves a lot of communications.

Maria's clients will first come up with a promotional concept. They will then tell Maria about it. Maria will then incorporate the promotional concept into dummy advertisements. In general, the dummy advertisements can be in different formats, e.g., TV, radio, newspaper and magazine.

Maria will present the dummy advertisements to her clients at a meeting. At the meeting, she will listen to the client's concerns and discuss them. Her clients will comment on the dummy advertisement. Then Maria will have to amend the dummy advertisement.

(a) Identify the following elements of the communication process in the above case.

(i) Message (2 marks)

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(ii) Channel (2 marks)

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(iii) Decoding (2 marks)

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(iv) Feedback (2 marks)

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(b) Name and explain four ICT devices that can help Maria enhance communication with her clients. (8 marks)

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7 This was the first day David worked at ABC bank. However, the experience was not that good for him. As soon as David reported for duty, his supervisor, Bob, told him almost all the working procedures in detail. David was confused. Although he frowned, his supervisor did not seem to be aware of this. Even worse, Bob was not aware that David had not worked in the banking sector before. He used much jargon which David could not understand. David even had difficulty differentiating the terms 'current accounts' and 'saving accounts'.



Moreover, the bank had many departments. When David could not get his computer to start, he asked Bob what he could do. Bob asked him to contact the IT department. However, the IT technician said that he had to report to the administration department first. David was very frustrated.

(a) Identify the forms of communication in the following situations:

(i) Bob told David the working procedures in detail. (1 mark)

\_\_\_\_\_ (1 mark)

(ii) David frowned when Bob described work procedures to him. (1 mark)

\_\_\_\_\_ (1 mark)

(iii) David asked Bob how to get the computer fixed. (1 mark)

\_\_\_\_\_ (1 mark)

(iv) David contacted the IT technician to get his computer fixed. (1 mark)

\_\_\_\_\_ (1 mark)

(v) The IT technician told David to contact the administration department. (1 mark)

(b) What are the communication problems in the above case? (6 marks)

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_

(c) How can the communication problems identified in (b) be solved? (6 marks)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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- (d) If you were Bob, how could you help David get accustomed to working in a large company? (4 marks)

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- 8 Rumours of bankruptcy have swirled about a local company with 2,000 employees. In order to enhance the employees' morale, the CEO of the company, Jason, is thinking of employing communication as a strategy. The objective is to clarify the financial position of the company to the staff.

- (a) Choose a suitable form of communication for Jason. (2 marks)

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- (b) Elaborate on the five factors affecting your choice of the form of communication in (a). (10 marks)

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- (c) Jason has just learned of the five principles of effective communication, but he does not know what they are all about. Explain to Jason the meaning of the five principles of effective communication. (5 marks)

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## Chapter 9 Business Communication

### Multiple Choice Questions

(2 marks for each question)

- 1 A Two-way communication usually requires more time and therefore is less efficient than one-way communication.
- 2 B Face-to-face communication between supervisors (on behalf of the company) and the staff can enhance the effectiveness of communication. The company can share more about the rationale behind the layoff with the staff. Also, the staff can ask questions to ease their doubts and worries.
- 3 B Feedback refers to responses given by the receiver which is part of two-way communication, but not one-way communication.
- 4 C
- 5 D
- 6 A
- 7 B
- 8 D
- 9 A
- 10 D
- 11 B
- 12 C
- 13 C
- 14 B Instead of using one communication channel, we had better use several communication channels to ensure that the message has been delivered to the receiver.
- 15 C Data is turned into information after processing.
- 16 A
- 17 C
- 18 C
- 19 D
- 20 D
- 21 B
- 22 C
- 23 A Sending SMS via mobile phone is normally regarded as an informal way of communication. Work-related messages should be sent in a formal way, e.g., by email. The annual dinner is a social occasion, which may not be suitable for announcing work practices.
- 24 D





## Short Questions

- 1 ICT is very useful for a multinational bank in managing information. ICT contributes significantly to information management as follows:
- Managing information efficiently and effectively: ICT enables the multinational bank to collect, process and store large quantities of information within a short period of time. Information stored can easily be traced and retrieved whenever needed. It is important for a bank to have a good information system to handle daily banking transactions. (2 marks)
  - Transmitting and receiving information anytime and anywhere: ICT allows information to be transmitted from and sent to anywhere in the world at any time. Therefore, the bank's regional or international managers can receive updated financial market information around the world anytime and anywhere to make important business decisions. (2 marks)
  - Developing better relationships with stakeholders: ICT helps the bank communicate and develop better relationships with its stakeholders. Distance is no longer a barrier to communication for people working in different branches around the world. With ICT devices, the multinational bank can easily transmit information to its stakeholders quickly. It can build up good relationships with its banking staff, clients and investors, etc. around the world as they can obtain any information from the multinational bank's website anytime and anywhere. (2 marks)
  - Facilitating the development of electronic business: The multinational bank can develop an electronic banking system or an internet banking system. Customers can handle banking transactions by themselves online and receive monthly statements electronically. (2 marks)
- 2 (a) Inappropriate channel (1 mark)  
Oral communication can easily be forgotten. The secretary should use written communication (e.g., letter, faxes and emails) to inform the boss of the appointment details. The secretary should follow up by phone on the day of the appointment. (2 marks)
- (b) Noise (1 mark)  
Oral communication is easily interrupted by noise. It is hard for students to receive the message. The teacher should change the classroom and should choose a quiet place to deliver the lecture. (2 marks)
- (c) Information overload (1 mark)  
If too many messages are given at a time, it is difficult for the receiver to remember the messages. The boss should think about what the new staff member needs to know and send the key information based on the needs identified. (2 marks)
- 3 (a) There are three types of communication by way of encoding, namely oral communication, written communication and non-verbal communication. (3 marks)
- Oral communication includes all messages transmitted through spoken words. (1 mark)
  - Written communication includes all messages transmitted through written words. (1 mark)
  - Non-verbal communication includes all messages transmitted by body movements, gestures and postures, facial expressions, intonation etc. (1 mark)
- (b) • A manager can lead his subordinates by guiding, directing and motivating people to work towards organisational goals. (1 mark)
- A manager can give instructions to his workers through spoken words (oral communication). He can also write down the instructions clearly on paper (written communication). If his subordinate can do his job well, the manager can give a thumb up sign (non-verbal communication). (3 marks)
- (Any other reasonable answers)

- 4 (a) • Information and communication technology includes all computing and communication devices which are used for information processing. (1 mark)
- ICT devices allow companies to gather, process, store, transmit and retrieve information efficiently and effectively. (1 mark)
- (b) Many ICT devices can be used to improve customer services at a bank. They include:
- Phones: A bank can contact its customers by phone to collect their opinions. The bank can also set up a hotline, complaint hotline and phone banking for customers. Friendly and personal services can increase the bank's appeal to customers.
  - Email: A bank can send messages and files to customers to inform them of the latest news. This can build better customer relationships.
  - Internet: A bank can establish a website so that customers can obtain the bank's information anytime and anywhere. Internet banking can also be used to attract customers so that they find it more convenient to do their banking transactions online.

(Any other reasonable answers)

(Any two of the above, 3 marks for each point)

- 5 (a) • Mr Leung can collect primary data by conducting a customer opinion survey. From the survey, Mr Leung can learn why customers are not satisfied with the bank and why they are leaving the bank.
- Mr Leung can collect primary data regarding the number of competitors and their marketing strategies.
- Mr Leung can collect secondary data regarding Hong Kong's economic situation (e.g., GDP, GNP, inflation, unemployment rate, money supply, price level, interest rate, Hang Seng Index, property price etc)
- Mr Leung can set up a complaint department or a complaint hotline so that he can receive comments from customers. The customers can communicate with BBA Bank to express their dissatisfaction.

(Any two of the above, 2 marks for each point)

- (b) Internal data refers to the data collected from sources within the bank. (1 mark)
- External data refers to the data obtained from outside sources. (1 mark)

- (c) • Mr Leung can contact customers who have terminated their accounts with BBA Bank. After he gets feedback from his customers, he will recommend improvements in operational processes, procedures and products. (2 marks)
- Economic factors such as the inflation rate, interest rate, unemployment, etc can affect overall consumption and investment in an economy. Mr Leung can gain a clearer picture on why customers are leaving the bank. If possible, he should recommend that the company adjust its marketing strategies accordingly. (2 marks)

(Any other reasonable answers)

- (d) • Relevance: Information should be relevant to the problems handled by the managers. Here, Mr Leung wants to find out the reasons why customers are leaving the bank. So it is useless to know why customers are satisfied with the services of the bank.
- Timeliness: Information should be available when it is needed. It will take a long time to conduct a general research on customers' satisfaction level.
- Conciseness: Information must be clear and appropriate to the needs of decision makers. A general survey cannot meet Mr Leung's need to determine the reasons for the loss of customers so that he can improve the services of the bank.



- Cost-effectiveness: Information should be gathered and processed at a reasonable cost. A high cost will be incurred in conducting a general survey on customers' satisfaction level.

(Any three of the above, 2 marks for each point)

- 6 (a) (i) • Maria's client tells her about the promotional concept. This is the message between Maria and her clients. (1 mark)
- The message is the physical product resulting from encoding. In this case, the dummy advertisement is also the message. (1 mark)
- (ii) • The channel is the medium through which a message travels. The format of the dummy advertisement (e.g., TV, newspaper, magazine) is the channel for conveying the promotional concept. (1 mark)
- Maria uses a meeting as the channel for presenting the dummy advertisement to the client. (1 mark)
- (iii) • Decoding is the process of translating a sender's message. Maria has to translate the promotional concept of her clients into a dummy advertisement. (1 mark)
- The client will decode the dummy advertisement from Maria and try to understand it. (1 mark)
- (iv) • Feedback refers to the message sent back to the sender by the receiver. The dummy advertisement presented to the client is the feedback given by Maria. (1 mark)
- Maria gets the feedback from her client when the client comments on the dummy advertisement. (1 mark)
- (b) • MSN Messenger: Maria and her clients can use MSN Messenger to send written messages and receive each other's responses instantly.
- Mobile phones: Maria can contact the clients whenever and wherever she wants.
  - Fax: Maria can send the graphics of the dummy advertisement to her clients by fax.
  - Email: Maria can attach photos, graphics files, audio and video files as well as text files to her emails and send the dummy advertisements to her clients. Maria can also discuss the production of the advertisement with her clients by email.
  - Internet: Maria can also make use of the Internet and get the advertisement dummy uploaded on the websites. Her clients can then download the files online.
  - Video-conferencing: Maria can see, hear and talk with her clients via cameras or computers at the meeting.

(Any other reasonable answers)

(Any four of the above, 2 marks for each point)

- 7 (a) (i) Downward communication (1 mark)
- (ii) Non-verbal communication (1 mark)
- (iii) Upward communication (1 mark)
- (iv) Lateral communication (1 mark)
- (v) Lateral communication (1 mark)
- (b) • Information overload: Bob told David almost all the working procedures in detail. (2 marks)
- Language: Bob used much jargon. (2 marks)
  - Complex organisational structure: David did not know which departments to contact to fix his computer. Messages had to go through a lot of departments. (2 marks)

- (c) • Bob should think about what David needed to know and send the key information based on the needs identified. Some information can be shared later when David was getting more familiar with his job. (2 marks)
- Bob should use simple language to explain the working procedures to David. Jargon should be avoided. (2 marks)
  - The working procedures needed to be simplified. There was no need to report to the administration department to get the IT department to fix the computer. If such working procedures are required, David should be told clearly about the working procedures. Otherwise, a lot of time will be wasted. (2 marks)

(Any other reasonable answers)

- (d) • I would communicate more with David and listen to the problems he faces at work. A trustful relationship can be built.
- I would inform David about the company's policy and listen to his concerns.
  - I would gather David's opinions about the company and welcome his ideas.
  - I would introduce a mentor system and have a colleague provide guidelines and support to David at work every day.

(Any other reasonable answers)

(Any two of the above, 2 marks for each point)

- 8 (a) The CEO can hold a staff meeting to address the rumour. (Any other reasonable answers) (2 marks)

- (b) The factors used to determine the form of communication are as follows:

- Importance of the message: It is important for the CEO to address the rumour as soon as possible. The staff meeting serves as a good two-way communication as staff can ask the CEO questions. Face-to-face communication can also aid the communication process. (2 marks)
- Complexity and length of the message: The aim of the staff meeting is to reassure the staff. The message should be short. There is no need to deliver a lengthy and complex message. Oral communication (i.e., delivering a speech at a staff meeting) is better than written communication in this situation. (2 marks)
- Speed of transmitting: If the message needs to be transmitted quickly, oral communication should be used. It is urgent for the CEO to address the rumour quickly. Otherwise, the staff will lose confidence in the company. The daily operation of the company will be seriously disrupted. (2 marks)
- Legality of communication: Written and formal communication is better than oral and informal communication in terms of legality. The company may not want to draft a legal document to convey the message in a formal way. On the contrary, it will not want to get involved in legal issues. (2 marks)
- Requirement of feedback: Two-way communication should be used if feedback from the receiver is needed. The CEO can get immediate feedback from the staff at the staff meeting. (2 marks)

(Any other reasonable answers)



- (c) Effective communication can be achieved when people follow five principles of effective communication. They are: clarity, conciseness, completeness, concreteness, and courtesy.
- Clarity: The sender should always use simple language. (1 mark)
  - Conciseness: Before sending a message, the sender must think about what the receiver needs to know. He should then prepare the message based on the needs identified. (1 mark)
  - Completeness: The receiver may not understand a message which does not have enough information. The sender must give all the necessary information that the receiver needs to know. This can reduce the chance of misunderstanding or confusion. (1 mark)
  - Concreteness: The sender should make the purpose of the message clear. He must make sure that the message has a specific aim and contains useful facts. (1 mark)
  - Courtesy: People should communicate in a polite manner. Both the sender and the receiver must treat each other with respect. They should never use coarse language in their messages. (1 mark)

## Mock Exam Paper

### Multiple Choice Questions

(2 marks for each question)

- |    |   |    |   |    |   |
|----|---|----|---|----|---|
| 1  | D | 11 | A | 21 | A |
| 2  | B | 12 | D | 22 | C |
| 3  | C | 13 | B | 23 | B |
| 4  | D | 14 | C | 24 | D |
| 5  | A | 15 | B | 25 | C |
| 6  | B | 16 | C | 26 | C |
| 7  | B | 17 | D | 27 | A |
| 8  | B | 18 | A | 28 | D |
| 9  | C | 19 | A | 29 | D |
| 10 | D | 20 | C | 30 | A |

### Short Questions

- 1 (a) • Downward communication takes place when messages flow from a superior to subordinates. (0.5 mark)
- Examples include providing job instructions, informing staff about company policies and procedures, seeking information, praising subordinates for good performance, and giving feedback on performance. (Any one of the examples) (0.5 mark)
  - Upward communication takes place when messages flow from a subordinate to a superior. (0.5 mark)
  - Examples include progress reports on work, sales reports and forecasts, project proposals, suggestion boxes, grievances and complaints from subordinates, and employee attitude surveys. (Any one of the examples) (0.5 mark)
  - Lateral communication takes place when messages flow among people at the same level in an organisation. (0.5 mark)
  - For example, employees often communicate with each other to coordinate their tasks, solve problems or share their working experience. Employees from different departments can also work as a team to work on complex projects. (Any one of the examples) (0.5 mark)
- (b) • Downward communication: Companies can compile policies and procedures for its staff. These provide guidelines for staff to follow so that they can work up to the standard required by the company. (1 mark)
- Upward communication: Companies can also set up suggestion boxes to gather opinions from their employees. They can improve operational performance by listening to the opinions of their staff. Since frontline employees are close to the customers, they know the customers' needs better. (1 mark)
  - Lateral communication: It is important for employees to communicate with each other to coordinate their tasks, exchange information and solve problems. Lateral communication can strengthen social ties and foster harmonious relationships among employees in a company. The performance of a company would be improved if employees could communicate with each other effectively. (1 mark)
- (Any other reasonable answers)
- 2 (a) *Favourable Factors:*
- William could obtain support from Ultrasonic Care Company in terms of marketing, inventory supplies, accounting and management.
  - Ultrasonic Care Company has built up goodwill. Its services are well-known and accepted by customers.
  - Setting up the business would be easy as Ultrasonic Care Company could provide a wide range of support to William.

- William would enjoy the benefits of a large shop, such as lower costs, when buying stock (e.g., equipment, utensils and cleansing detergents) in bulk.
- The management system of Ultrasonic Care Company could help establish goodwill quickly.

(Any two of the above, 1 mark for each point)

*Unfavourable factors:*

- William is required to pay promotional and management fees to Ultrasonic Care Company whether or not a profit is earned.
- William may not have enough independence in operating the business as Ultrasonic Care Company has much control over his operations.
- Ultrasonic Care Company, as the franchisor, has a lot of information about William's centre. It may purposely compete with franchisees if William's business is successful.

(Any two of the above, 1 mark for each point)

(b) William can compete with large businesses as follows:

- William can be more innovative. He can periodically introduce new services and products to attract customers.
- William should keep his operation flexible so as to be able to make changes promptly. Flexibility can enable him to keep up with rapid changes in the market.
- William should maintain a close relationship with his customers. He can also customise his products / services to the individual needs of his customers in order to provide them with better services.
- William can select a specified group of customers (niche market) and tailor his products and services to cater for their needs.

(Any other reasonable answers)

(Any three of the above, 1 mark for each point)

(c) William should

- find out what his customers need and want (1 mark)
- decide what kinds of car accessories are to be sold (1 mark)
- set prices for the car accessories (1 mark)
- promote the car accessories, e.g., William can create flyers to advertise the car accessories, and offer discounts and coupons to induce customer purchases, etc. (1 mark)
- arrange product displays to make products accessible to customers. (1 mark)

(Any other reasonable answers)

3 (a) Morgan Stanley, the shareholders of CITIC Resources, the public (or the taxpayers) and Hong Kong society as a whole. (4 marks)

- (b)
- Morgan Stanley: The senior management of Morgan Stanley broke the law when they used insider information for their own purposes. Illegal or unethical actions damage Morgan Stanley's image and reputation. It may lose credibility and the trust of other stakeholders, including customers, employees and creditors. (1 mark)
  - Shareholders of CITIC Resources: It is unfair to shareholders when someone can obtain privileged information in an illegal way. Shareholders suffer the most when the stock prices of CITIC Resources fluctuate due to insider trading. (1 mark)
  - The public (or the taxpayers): The public (or taxpayers) suffer because they paid the costs of investigating these insider tradings. (1 mark)
  - Hong Kong society as a whole: The incident demonstrates to the public that the financial market in Hong Kong is not well-regulated. Investors and companies will lose confidence in Hong Kong's stock market. Hong Kong's status as an international financial centre will be adversely affected. It will become unattractive to international investors and companies. (1 mark)



- (c) In order to prevent similar occurrences, the following actions can be taken:
- compile a code of conduct for staff to follow
  - educate staff on legal issues regarding privileged information and insider trading
  - set clear rules and guidelines for the access and use of information
  - conduct staff training programmes to emphasise the importance of compliance with the law and ethical standards
  - establish the job positions of ethics officers and ombudspersons in the company as a first line of defence against illegal and unethical behavior through staff reporting

(Any three of the above, 1 mark for each point)

- 4 (a) • Customers no longer need to go to a travel agency. They find it more convenient to book the services online.
- Customers can book the services and gain access to the booking system anytime.
  - Customers can easily compare prices and packages online.

(Any two of the above, 1 mark for each point)

- (b) ICT is very useful for an online travel agency in managing information. ICT contributes significantly to information management as follows:

- Managing information efficiently and effectively: ICT enables the online travel agency to collect, process and store large quantities of information within a short period of time. Information stored can easily be traced and retrieved whenever needed. It is important for an online travel agency to have a good information system to handle daily booking transactions. (1 mark)
- Transmitting and receiving information anytime and anywhere: ICT allows information to be transmitted from and sent anywhere in the world at any time. Therefore, customers around the world can book products and services online whenever they want. They can also compare prices online. (1 mark)
- Developing better relationships with stakeholders: ICT helps the online travel agency communicate with and develop better relationships with its stakeholders. With ICT devices, the online travel agency can easily transmit information to its stakeholders quickly. It can build up good relationships with its customers, investors and advertisers etc. around the world as they can obtain information from the online travel agency's website anytime and anywhere. (1 mark)
- Facilitating the development of electronic business: Customers can book travel packages by themselves online, make payments online by credit cards. Therefore, ICT promotes the growth of the industry. (1 mark)

- (c) • Email: An online travel agency can send messages and files to customers to inform them of the latest news. This can build better customer relationships.
- MSN Messenger: An online travel agency can make use of MSN Messenger to send written messages and receive customers' responses instantly. Customers can ask the staff questions and receive feedback immediately. Better relationships can be developed as customers feel that their needs are addressed.
  - Mobile phone: An online travel agency can set up a free hotline (toll free hotline). Friendly, personal service can increase the agency's appeal to customers.
  - Chatroom: An online travel agency can make use of chatrooms so that customers can exchange information regarding travel topics.
  - Internet: An online travel agency can build up its own website by providing travelling tips and information. Customers can search for and obtain the information they want.
  - Computer software: An online travel agency can develop better computer programmes so that customers find it convenient to book their services online. For example, a customised programme can allow customers to name their own packages with a specified price. The online travel agency can then compare prices for customers. It will then inform the customer if it can find a package which matches the requirements of the customers.

(Any five of the above, 1 mark for each point)