



MARKSCHEME

November 2012

BUSINESS AND MANAGEMENT

Higher Level

Paper 1

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The markbands on pages 3–6 should be used where indicated in the markscheme.

Section A			Level descriptors
Q1 (c)	Q2 (c)	Q3 (c)	
Marks 0–7			
0			<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–2			<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No reference is made to the information in the case study.
3–5			<ul style="list-style-type: none"> • A description or partial analysis/examination with relevant knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • Some reference is made to the information in the case study, not just to the name of the organization. • At the lower end of the markband responses are mainly theoretical.
6–7			<ul style="list-style-type: none"> • A balanced analysis/examination with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • An analysis/examination that uses appropriate terminology throughout the response. • Explicit references are made to the information in the case study.

Section B	Level descriptors
Q4 (d)	
Marks 0–8	
0	<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–2	<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No evidence of judgments and/or conclusions. • No reference is made to the information in the case study.
3–4	<ul style="list-style-type: none"> • A description with some knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • No evidence of judgments and/or conclusions. • Some reference is made to the information in the case study, not just to the name of the organization. • The response is mainly theoretical.
5–6	<ul style="list-style-type: none"> • A response with relevant knowledge and understanding of relevant issues, concepts and theories. • A response that uses relevant and appropriate terminology. • Evidence of judgments and/or conclusions that are little more than unsubstantiated statements that has balanced analysis and demonstrates understanding. • Explicit references to the information in the case study are made at places in the response.
7–8	<ul style="list-style-type: none"> • A response with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • A response that uses appropriate terminology competently throughout the response. • A response that includes judgments and/or conclusions that is well supported and underpinned by a balanced analysis. • Explicit references to the information in the case study are made throughout the response.

Section C	Level descriptors
Q5 (c)	
Marks 0–9	
0	<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–3	<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No reference is made to the information in the case study and/or the extension material within Section C.
4–6	<ul style="list-style-type: none"> • A description or partial analysis/examination with relevant knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • Some reference is made to the information in the case study and/or the extension material within Section C, not just to the name of the organization. • At the lower end of the markband responses are mainly theoretical.
7–9	<ul style="list-style-type: none"> • A balanced analysis/examination with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • An analysis/examination that uses appropriate terminology throughout the response. • Explicit references are made to the information in the case study and/or the extension material within Section C.

Section C	Level descriptors
Q5 (d)	
Marks 0–12	
0	<ul style="list-style-type: none"> • No knowledge or understanding of relevant issues, concepts and theories. • No use of appropriate terminology.
1–3	<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues, concepts and theories. • Little use of appropriate terminology. • No evidence of synthesis of information from the case study, the extension material in Section C and, where applicable, from other responses within Section C. Information is merely lifted and copied into the response. • No evidence of judgments and/or conclusions. • No reference is made to the information in the case study and the extension material within Section C.
4–6	<ul style="list-style-type: none"> • A description with some knowledge and/or understanding of relevant issues, concepts and theories. • Some use of appropriate terminology. • No evidence of synthesis of information from the case study, the extension material in Section C and, where applicable, from other responses within Section C. Information is merely lifted and copied into the response. • Evidence of judgments and/or conclusions that are no more than unsubstantiated statements. • Limited reference is made to the information in the case study and the extension material within Section C. • The response is mainly theoretical.
7–9	<ul style="list-style-type: none"> • A response with relevant knowledge and understanding of relevant issues, concepts and theories. • A response that uses appropriate terminology. • At places in the response information from the case study, the extension material in Section C and, where applicable, from other responses within Section C is (synthesised and) integrated to provide a basis for analysis and evaluation. • A response that includes judgments and/or conclusions that have limited support and are underpinned by a balanced analysis. • Explicit references to the information in the case study and the extension material within Section C are made at places in the response.
10–12	<ul style="list-style-type: none"> • A response with accurate, specific, well-detailed knowledge and understanding of relevant issues, concepts and theories. • A response that uses appropriate terminology competently throughout the response. • Information from the case study, the extension material in Section C and, where applicable, from other responses within Section C is proficiently (synthesised and) integrated to provide a basis for analysis and evaluation. • A response that includes judgments and/or conclusions that is well supported and underpinned by a thorough and balanced analysis. • Explicit references to the information in the case study and the extension material within Section C are made throughout the response.

SECTION A

1. (a) **General Diane Pierce uses a situational leadership style (lines 33–34). Identify four key features of a situational leadership style.** [4 marks]

A situational leadership style has features such as:

- the leader adapts their style to different situations (hence the name “situational”)
- flexibility (e.g. General Diane Pierce may lead “the Olive Hats” differently according to changes in Loyka)
- it is influenced by the nature of the followers, or the nature of the organization, or the nature of the task
- the leader will sometimes delegate (as General Diane Pierce has done with Colonel Michael Donovan about the construction project), but may sometimes be more directive (e.g. when a strategic decision needs to be made and implemented)
- it can be presented as a combination of other leadership styles
- *accept any other relevant feature.*

Award [1 mark] for each correct feature identified, up to a maximum of [4 marks].

- (b) **Explain why General Diane Pierce decided to order Colonel Michael Donovan to carry out surveys and also to organize focus groups (lines 97–101).** [4 marks]

General Diane Pierce decided to order Colonel Michael Donovan to carry out surveys because in addition to qualitative data providing an indication of “local community’s opinion” the results should give quantitative data (percentages, statistics) to help make a better informed decision about which facility to build, a hospital or a university (see Appendix 4). Surveying 2000 local residents should provide a “valid and reliable indication of the local community’s opinion” as this is a large sample, however the results proved inconclusive.

General Diane Pierce also decided there was a need to organize focus groups because the results would provide more detailed qualitative data, exploring in more depth some issues, for example about locals’ resistance to both projects. This would help interpret the results from the surveys. As she is aware of cultural differences, she also thought that the men and the women of Loyka would have different opinions, which is why she wanted focus groups composed differently (some of men only, some of women only, and some of both men and women).

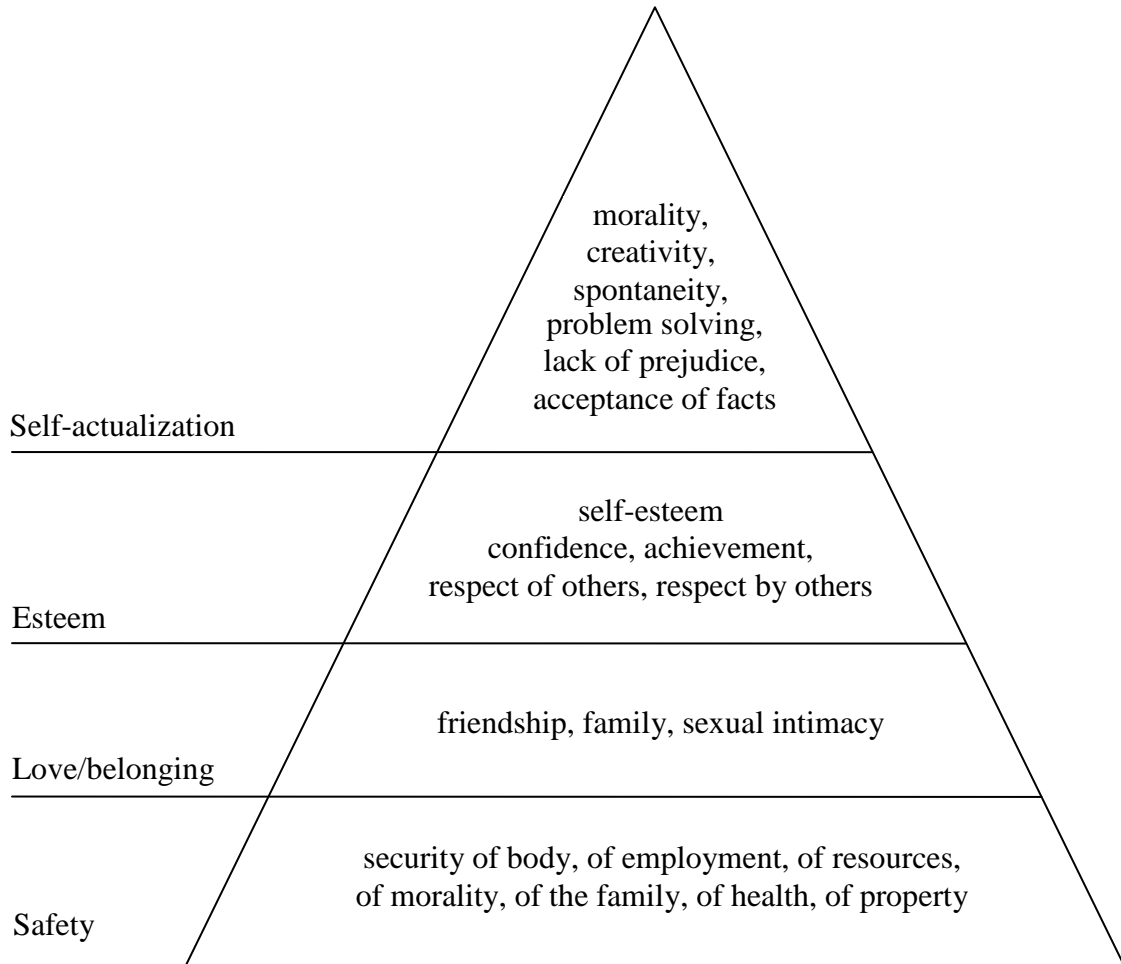
Award [1 mark] for reference to a survey as providing quantitative data and [1 mark] for mentioning that focus groups provide qualitative data. Award a further [1 mark] for an explanation of General Diane Pierce’s decision for each research method up to a maximum of [2 marks].

Award [1 mark] only for generic comments about data collection to make an informed decision.

- (c) General Diane Pierce decided to use *UWP* resources to build either a new hospital or a new university campus. Using Maslow’s motivation theory, analyse the impact of this decision on *both* the local population and “the Olive Hats”.

[7 marks]

Maslow’s motivation theory is usually represented through a pyramid of needs, ranging from safety (at the bottom of the pyramid) to self-actualization (at the top of the pyramid).



[Source: Clark, P. *et al.*, 2009, *Business and Management Course Companion*, page 125, Glasgow, U.K. Oxford University Press]

After a period of civil war, the Loykese population needs safety, especially security of resources and of property. General Diane Pierce’s project of building a hospital also corresponds to the safety needs at the bottom of Maslow’s pyramid, about health and security of the family. Her project of building a university is higher up on the pyramid model as it would address some locals’ needs of achievement and confidence through their studies and qualifications, even leading to self-actualization. According to this model, the hospital satisfies more basic needs than the university; this could be a factor to help General Diane Pierce’s decision.

With regard to “the Olive Hats”, General Diane Pierce is well aware of their security and safety needs at the *UWP* Mission where they work. The community-based military environment also offers the soldiers a sense of belonging and togetherness. The involvement of Colonel Michael Donovan’s engineering group would even satisfy their needs for esteem and self-actualization: “the officers in the *Civil Engineering Group* were excited by the opportunity to lead the project”. The soldiers’ “motivation was beginning to deteriorate” before her arrival, General Diane Pierce has well understood how to act in order to satisfy a range of needs, not only basic ones for safety and security, but also more complex ones.

Accept any other relevant analysis.

N.B. Candidates are not expected to draw the model itself. For maximum marks, candidates must refer to both the needs of the local population **and** the needs of “the Olive Hats”.

If the response is one-sided with only the local population **or** “the Olive Hats” being referred to then a maximum of [**4 marks**] should be awarded.

Marks should be allocated according to the markbands on page 3.

2. (a) Define the following terms:

(i) *economies of scale (line 121)*

[2 marks]

Economies of scale are defined as a cost saving which a business experiences when the long-run unit costs or production costs fall as a business engages in larger-scale production.

N.B. Examples are **not** required for full marks provided the definition is accurate.

Candidates are **not** expected to word their definition **exactly** as above.

Award [1 mark] for a basic definition that conveys partial knowledge and understanding.

Award [2 marks] for a full, clear definition that conveys knowledge and understanding of economies of scale (with reference to **both** decrease in cost per unit and increase in production volume).

For **only** a relevant example **or** application to the case study **or** statement about bulk buying award [1 mark].

(ii) *just-in-case stock control (line 140).*

[2 marks]

Stock control is about checking/monitoring the level(s) of inventory *i.e.* in the case of Kos Palouk's business: the amount of fresh produce he stores. There are two types of stock control methods: just-in-case (JIC) and just-in-time (JIT). JIC is about keeping a certain level of stock because of emergencies *i.e.* having a reserve (the buffer stock) just in case (literally) it might be needed (hence the name of JIC).

Candidates are **not** expected to word their definition **exactly** as above.

Award [1 mark] for a basic definition that conveys partial knowledge and understanding.

Award [2 marks] for a full, clear definition that conveys knowledge and understanding similar to the answer above.

For **only** a relevant: example **or** application to the case study award [1 mark].

- (b) Explain how Kos Palouk's fixed and variable costs would be affected by pursuing *Option 2* (lines 150–152).

[4 marks]

Option 2 is an increase in the scale of operation, though not as radical as **Option 3**. With **Option 2**, Kos Palouk would sell more produce, so his output would increase, yet without major changes to his business.

- Fixed costs are costs that do not change as output does; an example of a fixed cost is the rent of the storage facility, or the lorry loan repayment. Pursuing **Option 2** would mean an increase to such fixed costs.
- Variable costs are costs that do change as output does; an example of a variable cost is the cost of the products bought by Kos Palouk from farmers for resale to the *UWP Mission* and to the university or hospital. Pursuing **Option 2** would mean an increase to such variable costs.

Accept any other relevant example of fixed costs and variable costs in the context of Kos Palouk and Option 2.

N.B. Candidates may refer to economies of scale in their answer. This is acceptable as Kos Palouk could well realize economies of scale with **Option 2**, though there is no explicit indication in the case study.

N.B. Candidates are **not** required to give a detailed definition of fixed/variable costs.

N.B. Candidates may refer to maintenance costs for the lorry as either fixed or variable; accept either.

Mark as 2 + 2: [2 marks] for fixed costs and **[2 marks]** for variable costs.

Award **[1 mark]** for a clear understanding of the concept of fixed costs/variable costs and **[1 mark]** for relating this accurately to Kos Palouk, explaining any change, up to a maximum of **[2 marks]**.

- (c) **Analyse the advantages and disadvantages for Kos Palouk of pursuing Option 2 (lines 150–152).**

[7 marks]

Option 2 has several advantages for Kos Palouk:

- he would benefit from economies of scale and would earn much more every month (he would have personal savings of \$950 a month, compared to \$100 with his existing, small-scale business model)
- once built, the university or hospital will represent a large volume new customer, without Kos Palouk having to do much marketing, promotion or advertising in order to target that market (first mover advantage)
- *accept any other relevant advantage.*

However, it also has the following disadvantages:

- there are strong elements of risk: risk for his own safety (the danger of driving to remote communities where he may be perceived as collaborating with the *UWP* troops), risk for his own property (as the bank wants his lorry as collateral)
- competition may become fierce, once other local entrepreneurs realize the potential and enter the market; if his business is not successful, Kos Palouk might regret leaving his safe job at the officers' dining hall
- Kos Palouk would need to leave his job at the officers' dining hall and lose his regular source of income
- *accept any other relevant disadvantage.*

Accept any other relevant analysis.

Marks should be allocated according to the markbands on page 3.

3. (a) **General Diane Pierce needs to remotivate her troops but cannot offer any financial rewards (lines 39–41). Describe two non-financial rewards that she could use.**

[4 marks]

General Diane Pierce could use several non-financial rewards to remotivate her troops, such as:

- Job enrichment: she could give her troops opportunities to use the skills they have, which will be the case for the officers when they start working on the construction of the hospital or university, as they have said that they are excited to do so.
- Job enlargement / job expansion: she could increase the range of tasks of the soldiers, motivating them by a variety of jobs and a change of routine (this can be called “job rotation”). As part of their job enlargement, they could be more involved in projects with the local population.
- Empowerment / increased responsibility / delegation: she could give some staff (especially officers) more power in decision-making, for example she could empower Colonel Michael Donovan by letting him follow his own recommendation to build a hospital in 30 weeks.
- Teamwork: although soldiers are likely to work in teams already, she could strengthen the importance of teamwork, for example by having the troops build the hospital using cell production.

N.B. The concepts themselves (e.g. “empowerment”) might not be mentioned explicitly in the answer, but candidates may achieve the marks nonetheless.

Mark as 2 + 2.

Award **[1 mark]** for each relevant non-financial reward and **[1 mark]** for a description of that non-financial reward in the context of the “Olive Hats”, up to a maximum of **[2 marks]**.

- (b) With reference to *Option 3 (lines 153–157)*, distinguish between a wholesaler and a retailer.

[4 marks]

In a long distribution channel, a wholesaler sells products to a retailer who, in turn, sells to customers. Wholesalers do not usually sell directly to the public, but to another agent: the retailer. Wholesalers buy and store large quantities and resell these in smaller quantities to retailers.

At the moment there is no wholesaler for the produce that Kos Palouk distributes; this means that the produce are bought directly from the farmers and sold directly to the *UWP Mission*. With **Option 3**, Kos Palouk would become a wholesaler: he would start selling to other retailers (other shop owners), creating a longer distribution chain.

N.B. A diagram of the supply chain is acceptable as part of the answer.

[1 to 2 marks]

Award [1 mark] for an answer that shows some basic knowledge of the definitions of a wholesaler and a retailer. Award [2 marks] for a theoretical answer that shows some clear knowledge of the difference between a wholesaler and a retailer.

[3 to 4 marks]

For [3 marks] the candidate refers to Kos Palouk. For [4 marks] the candidate refers to Kos Palouk and to the wholesale operation he may set up if he pursues **Option 3**.

- (c) **The *UWP* Mission has ethical objectives (*lines 5–7*). Examine whether the setting of ethical objectives by the *UWP* will be beneficial.**

[7 marks]

Organizations may set ethical objectives for several reasons, for instance:

- in the 21st century, there is an increasing expectation that organizations will behave as “good citizens”, hence the concept of corporate social responsibility (CSR), which in practice often means setting ethical objectives (in the case of the *UWP* Mission “to create stability, fulfilling the *UWP* Mission’s aim to maintain order, peace and security”)
- some organizations are aware that their actions and activities may negatively affect some stakeholders or the environment, which is why setting up ethical objectives will create a counterbalance (for example in the short term the *UWP* soldiers may have to restrict locals’ movements, but as a counterpart they will help create longer-term stability).

However, setting ethical objectives also has disadvantages:

- in some cases, it can appear as a mere exercise to give the impression that the organization is (suddenly) becoming ethical (*i.e.* what in English is called “paying lip service” to a cause), without anything concrete behind it
- in some cases, it can give the impression that the organization is trying to hide some bad practice by drawing attention to what they do well for the benefit of the wider society (for example opponents to the presence of “the Olive Hats” in Loyka could argue that the ethical objectives are just a way to justify the invasion of their land by foreign troops).

Accept any other relevant examination.

Marks should be allocated according to the markbands on page 3.

SECTION B

4. (a) Define the following terms:

(i) *organizational culture (line 11)*

[2 marks]

Organizational culture (also called “corporate culture”) refers to the fact that companies, like countries, have complex cultures that are marked by beliefs, attitudes and values. The culture of an organization is also influenced by stories, traditions and management style.

Candidates are **not** expected to word their definition **exactly** as above.

Award **[1 mark]** for a basic definition that conveys partial knowledge and understanding.

Award **[2 marks]** for a full, clear definition that conveys knowledge and understanding similar to the answer above.

For **only** a relevant: example **or** application to the case study award **[1 mark]**.

(ii) *matrix structure (line 91)*

[2 marks]

A matrix structure refers to a form of organization where workers are in multifunctional teams and may be working on different projects with different managers. The structure is usually represented by a table (the word “matrix” means “table”) that shows vertical as well as horizontal relationships.

Candidates are **not** expected to word their definition **exactly** as above.

Award **[1 mark]** for a basic definition that conveys partial knowledge and understanding (for example just drawing a diagram of the structure).

Award **[2 marks]** for a full, clear definition that conveys knowledge and understanding similar to the answer above.

For **only** a relevant: example **or** application to the case study award **[1 mark]**.

- (b) **Explain how the force field analysis (Appendix 2) helped the *UWP* headquarters in Geneva decide on a change of strategy in 2011.** *[3 marks]*

The candidate may wish to focus their response on an explanation of one of the following areas:

- identifying the problem/issue
- lists of points
- driving / restraining forces
- weights
- decision-making criteria.

The force field analysis model lists and weighs forces “for” and “against” a change of strategy in Loyka. Each point is allocated a number/coefficient (*e.g.* 3 or 5). Although there was an equal number of factors on each side (three), the totals showed that the three factors on the “for” side were stronger than the three factors on the “against” side (10 compared to 8), so this model helped convince the *UWP* headquarters that a change of strategy was needed.

If the candidate chooses to focus their explanation on any one key area and that includes reference to the case study, they can achieve the full range of marks just as if they had covered all the points in a more general explanation.

Accept any other relevant explanation.

Award *[1 mark]* for each correct point, up to a maximum of *[3 marks]*.

- (c) **Explain why General Diane Pierce’s prior experience in social marketing can help the UWP Mission to achieve its strategic and operational objectives in Loyka.**

[5 marks]

Social marketing refers to the application of marketing principles, concepts and techniques to projects that are not necessarily commercial but rather benefit communities. General Diane Pierce’s experience of social marketing in previous UWP Missions means that she has been in projects where marketing activities were used, in order to help local populations, for example humanitarian ventures or fundraising ventures. Now in Loyka she can use what she has learnt from that experience. One objective is “to improve the image of ‘the Olive Hats’”, which is a form of PR (public relations), quite comparable to a promotional campaign. The other objective is “to remotivate her troops”, which could be seen as a form of internal marketing and as an exercise of internal communication. The case study also shows that General Diane Pierce is familiar with market research methods such as surveys and focus groups: in a way, she considers the Loykese as customers of her organization.

Accept any other relevant explanation.

Award **[1–2 marks]** for a definition of social marketing and/or strategic and operational objectives without any relevant reference to the case study.

Award **[3–4 marks]** for an explanation of social marketing and/or strategic and operational objectives with explicit and relevant references to the case study.

For **[5 marks]** the explanation must have clear reference to General Diane Pierce’s two specific objectives.

(d) Evaluate the possible ways to overcome conflict between external stakeholders and the UWP Mission in Loyka.

[8 marks]

The case study refers to several conflicts between external stakeholders (such as the local governor, local community) and the UWP Mission in Loyka. These conflicts may be overcome in several ways:

- The UWP Mission in Loyka already supports the local economy; the provisions for “the Olive Hats” are purchased locally (and Kos Palouk’s business is a good example, as he sells local produce to the UWP Mission); “the Olive Hats” also spend their pay in the local economy, which generates more income for local businesses such as shops and restaurants. The UWP Mission in Loyka could further strengthen its economic role, alleviating the critiques of its political and military role.
- Building the university or hospital will improve the image of “the Olive Hats” (this is the strategic objective that General Diane Pierce was given when she was appointed). This project is not only about social marketing (*i.e.* using marketing techniques to obtain changes in people’s behaviour and attitudes, especially hostile external stakeholders), it also has a business dimension, as the construction process and then the running of the new facility would also have positive business impacts (direct job creation and need for more supplies, for example furniture from local suppliers).
- The choice of university versus hospital is also relevant as each option leads to stakeholder conflicts (for example many conservatives “would be strongly opposed to Loykese women receiving care from foreign male doctors”, as Kos Palouk explained). Specific operational measures would have to be put in place (for example recruiting female doctors for the hospital) in order to avoid conflict.

Accept any other relevant evaluation.

Candidates could use other examples from the case study (*e.g.* reference to the fact that “the Olive Hats” “also helped repair roads and bridges that had been damaged during the civil war. As a result of these improvements in infrastructure, local businesses in Beral were able to resume their trade activities to the same levels as before the civil war”). Candidates could refer to different methods of conflict resolution (such as conciliation and arbitration), adapting them from the internal environment (conflict within an organization) to the external environment (conflict with external stakeholders).

This holistic question requires candidates to show their understanding of stakeholder conflict to achieve some marks at the lower markbands, and to display evaluative skills to reach the higher markbands.

Marks should be allocated according to the markbands on page 4.

SECTION C

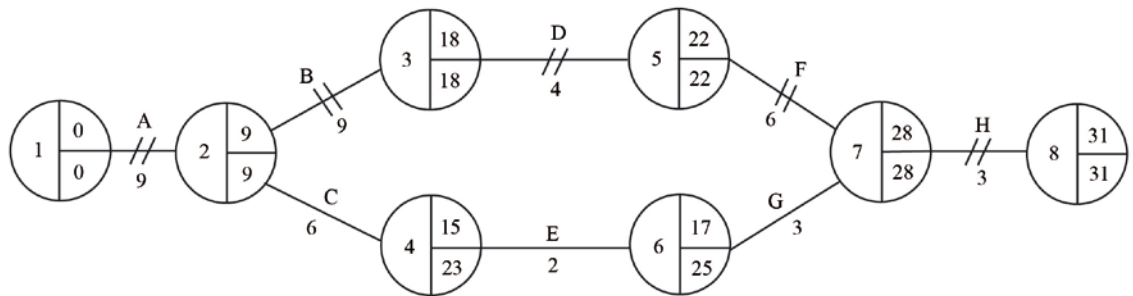
5. (a) Identify *two* factors that may affect the *UWP's* workforce planning in Beral. [2 marks]

Factors that could affect the *UWP's* workforce planning include:

- increase in violence, increasing demand for patrols
- skills/training of troops
- workforce reduction from death, transfer, injury, and illness
- other changed circumstances (reduction/increase in forces)
- *accept any other relevant factor.*

Award [1 mark] for each correct factor identified up to a maximum of [2 marks].

- (b) (i) Using information from Item 3, *copy and complete into your answer booklet* the network diagram in Item 4 for activities A to H and identify the critical path for the construction of the hospital. [5 marks]



Award [5 marks] if the network diagram is correct and the critical path has been correctly identified.

Award [4 marks] if there is 1 error (apply own figure rule (OFR)).

Award [3 marks] if there are 2 errors.

Award [2 marks] if there are 3 or more errors.

Award [1 mark] if the candidate has made some attempt to complete the network diagram.

- (ii) **With reference to the case study, explain *one* disadvantage of using a critical path analysis.**

[2 marks]

Disadvantages of a critical path analysis include:

- Planning for a project by way of a critical path analysis does not guarantee that the project, in this case the construction of a hospital, will not run into problems, or obstacles that throw the project off its projected timetable.
- Planning for the project depends on the quality of the information being used as its basis. If the information proves incorrect for example, troops trained primarily as infantry working on the construction of a building may require more time, or they may make mistakes, which could slow the project down.

Accept any other relevant disadvantage and explanation.

N.B. General comments such as “the external environment might change” need substantiating. Simple statements without sufficient explanation can only achieve **[1 mark]**.

Award **[1 mark]** for the correct identification of a disadvantage of a critical path analysis and an additional **[1 mark]** for an explanation. Award a maximum of **[2 marks]**.

If a candidate identifies a disadvantage that applies to critical path analysis in general, but is not relevant to this case (such as a project that is too complex, which this small hospital would not be), award a maximum of **[1 mark]**.

- (c) **Analyse the use of a cell production approach for the construction of the hospital.**

[9 marks]

Cell production in the construction industry splits the construction of a building into cells or modules. Typically this type of construction method can be done if it dovetails with the building design, which fits well with the proposed hospital in Loyka/Beral.

Rather than dividing the workforce into areas of specialization (masons, carpenters, electricians, plumbers, *etc.*), the workforce is split into teams, each team constructing a cell or module of the building. Though individual team members may develop some limited degree of specialization within teams, all members can perform all functions within the process.

In general, cell production fosters teamwork, as a whole team is responsible for a cell. This approach also fosters a commitment to the team (and therefore to the project) by individual team members as well as foster cohesion among team members.

From a motivational perspective, cell production can be rewarding as workers learn a variety of skills (job enrichment) and develop a broad understanding of the entire process. If team spirit does develop (as it typically does),

Though there are some risks to quality because workers in cell production have less specialized knowledge than in the traditional organization of a construction project, pride can develop for the whole project, strengthening a commitment to quality.

For the hospital, cell production makes considerable sense:

- Building the hospital is not the primary mission of the *UWP* troops in Loyka, and Colonel Michael Donovan can expect that soldiers will regularly be absent from the construction project to support the primary mission.
- With cell production, the pride it fosters, and the broad-based skill set workers develop through it, keeping the construction process going during periods of heightened absenteeism from the construction site will be easier. In a typical construction process, the absence of certain specialized workers could bring the entire project to a halt.
- The design of the building (into four wings) lends itself to construction in four different teams; a competitive spirit should develop.
- If one team is diverted to the primary mission (peacekeeping), the entire project does not have to come to a halt.
- Though the lack of worker specialization associated with the cell production means the facility might have a lesser “finish” compared to hospitals in industrialized countries, the top priority is having a functioning hospital, a much-needed facility in the war-torn country of Loyka.
- If, for whatever reason (increased violence or withdrawal of the *UWP* Mission from Loyka) several of the cells were completed and not the entire project, at least a portion of the project would be complete and could serve some purpose. Other portions could, conceivably, be completed later by the Loykese.

Given the constraints that the *UWP* Mission faces, the decision to shift to a cell production approach makes sense. It produces a manageable plan for constructing the hospital. The time to complete it is not excessive. Though the building that is produced may have a lesser “finish” because of less worker specialization, at least the hospital will be built. The workforce will have maximum flexibility. All workers on all teams will have some degree of skill and knowledge about the process.

Accept any other relevant analysis.

Marks should be allocated according to the markbands on page 5.

- (d) **Using information contained in the case study, Items 1 to 6, and a force field analysis (no numerical weightings are required for your forces), evaluate General Diane Pierce’s strategic decision to build the hospital.** [12 marks]

It should be recognized that, given time constraints, answers are likely to include a **much** narrower range of issues and concepts than identified below. There is no “correct” answer.

Examiners **must** be prepared to award full marks to answers which synthesize and evaluate even if they do not examine all the stimulus materials.

It is to be expected that the answer will include relevant information from the case study, extension material and Items 1 to 6 and employ a range of business concepts, tools and terminology.

Candidates are free to recommend that the hospital be built or not built. The marks awarded depend upon the strength of the candidate’s reasoning and should be based upon the markbands on page 6.

In general, arguments for building the hospital include:

- it will provide a much-needed facility to the community
- it will leave a lasting concrete legacy of the *UWP* Mission
- it could immediately have a positive impact on relations with the local population
- the project could increase motivation of the troops by teaching them new skills and giving them different activities.

In general, arguments against building the hospital include:

- The local governor who contributed the piece of land for the construction site prefers a new university.
- The *UWP*’s Mission is peacekeeping (to preserve the lives of both the people of Loyka and the troops themselves). Diverting troops to other purposes could compromise the original mission.
- The continued deterioration of the situation in Loyka/Beral may mean completion of the project will be compromised or entirely halted, thus resulting in wasted resources (time and money).
- Unanswered questions, such as staffing the hospital remain and certain solutions (foreign male doctors) could cause added friction between the peacekeepers and the local population.
- As a symbol of foreign intervention, the hospital could become a point of controversy among the conflicting factions within Loyka, prolonging instability rather than helping to resolve it, and many indications are that the situation is deteriorating.

Candidates should consider the Items 1 to 6 in their evaluation. Possible issues to raise with each one include:

	Description	Driving forces for building hospital	Restraining forces against building hospital
Item 1	Report on the deterioration of the countryside	Continued deterioration of the situation could mean greater number of deaths and/or injuries and possible destruction of medical care infrastructure.	As the situation deteriorates, <i>UWP</i> troops may be required for more security patrols, thus causing disruption to labour supply.
Items 2+3	Two possible approaches	A solution to the labour problem has been found.	If, even before the project begins, adjustments are being made, it augurs poorly for the weeks and months ahead, as the situation worsens.
Item 4	Critical path analysis	Path shows that project could be completed according to the revised work schedule.	There are certain negatives to the cell production approach.
Item 5	Memo from Colonel Michael Donovan	Colonel Michael Donovan seems to have some confidence in the revised approach. He is an expert in this area.	In a hierarchical command system, often subordinates are reluctant to disagree with superiors. Colonel Michael Donovan may be producing a solution and portraying some confidence that he does not fully have.
Item 6	Demographic report	Families may be having fewer children out of fear from the war and lack of proper medical care. In the long run, a declining population weakens the business environment. A new hospital may provide some confidence.	The decline in birth and death rates suggest a flat or declining population. This may reflect a much more deteriorated condition of the country than other reports indicate. If true, the soldiers may be needed for other duties (patrols) and for protection of the <i>UWP</i> Mission itself.

Other reasonable and relevant inferences and conclusions should be accepted.

Award a maximum of [**6 marks**] if a force field analysis is not used.

Award a maximum of [**7–9 marks**] where both the case study **or** Items 1 to 6 have not been used, *i.e.* only one set of data.

To achieve the upper levels of the markbands on page 6 the candidate should provide a balanced evaluation of the arguments for and against the hospital being built, which is well supported by explicit references to information from the case study and Items 1 to 6.

Marks should be allocated according to the markbands on page 6.

N.B. Candidates should not be penalized if they have used the terms “For” and “Against” instead of “Driving” and “Restraining” forces.
