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International Baccalaureate®  
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**BUSINESS AND MANAGEMENT  
STANDARD LEVEL  
PAPER 1**

Thursday 6 November 2008 (afternoon)

1 hour 30 minutes

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**INSTRUCTIONS TO CANDIDATES**

- Do not turn over this examination paper until instructed to do so.
- Read the case study carefully and then answer all the questions.

1. (a) (i) Define the term *gearing*. [2 marks]
- (ii) Explain **two** reasons why *Organix* produces accounts. [4 marks]
- (b) Discuss financial **and** non-financial implications for *Organix* of borrowing \$500 000 to finance the restaurant and the farm shop. Your answer should consider the implications for the balance sheet, profit and loss account and gearing. [10 marks]
2. (a) Define the term *social responsibility* (line 72). [2 marks]
- (b) Describe **two** objectives of socially responsible organizations like *Organix*. [4 marks]
- (c) Examine **one** advantage and **one** disadvantage to *Organix* of making a full commitment to operating as a socially responsible organization. [8 marks]
3. (a) (i) Define the term *stakeholder*. [2 marks]
- (ii) Identify **two** internal and **two** external stakeholder groups of *Organix*. [4 marks]
- (b) Explain the implications for **two** of *Organix*'s stakeholder groups if the government reduces "organic standards to make it easier for farms to convert to organic status" (lines 149-150). [8 marks]
4. (a) Compare and contrast the leadership styles of Terry and Max. [6 marks]
- (b) Advise Terry and Max of an appropriate organizational structure for the farm in the future. Your answer should consider differing leadership styles, the changing external environment and *Organix*'s expansion plans. [10 marks]
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