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**BUSINESS AND MANAGEMENT
STANDARD LEVEL
PAPER 1**

Thursday 18 November 2010 (afternoon)

1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

- Do not open this examination paper until instructed to do so.
- Read the case study carefully.
- Section A: answer two questions.
- Section B: answer the compulsory question.

SECTION A

Answer **two** questions from this section.

1. (a) *N-Pharma* is now a successful business, but it initially struggled: “poor cash flow meant that the early years were financially challenging” (lines 6–7). Outline **two** problems that Yukio Nakamura’s business start-up may have faced. [4 marks]
- (b) Construct a fully labelled Ansoff matrix to show *N-Pharma*’s possible growth strategies. [4 marks]
- (c) Analyse the value of “social and environmental audits” (line 107) to *N-Pharma*. [7 marks]

2. (a) Define the following terms:
 - (i) *span of control* (line 60) [2 marks]
 - (ii) *empowerment* (line 64). [2 marks]
- (b) Comment on the effectiveness of Susan James’ leadership style in the Canadian subsidiary of *N-Pharma*. [4 marks]
- (c) Analyse the appropriateness of a cost-based pricing strategy (line 29) for *N-Pharma*’s drugs. [7 marks]

3. (a) Tadashi Agi has been appointed to the new post of “director of corporate social responsibility” (line 101). Outline **two** methods of recruitment that could have been used in this appointment. [4 marks]
- (b) Explain how Tadashi Agi could use new technologies within *N-Pharma* to communicate his ethical vision effectively with stakeholders (lines 105–106). [4 marks]
- (c) Tadashi Agi is now writing a “Charter of Ethics”, setting ethical objectives for *N-Pharma* (lines 102–103). Examine the reasons why organizations consider setting ethical objectives. [7 marks]

SECTION B

Answer *the compulsory* question from this section.

4. (a) Outline **two** alternative strategies that could have been used to deal with the liquidity problem at the USA subsidiary of *N-Pharma* (line 111). [4 marks]
- (b) Explain the importance of quality assurance and quality control (lines 26–27) for *N-Pharma*. [4 marks]
- (c) “*N-Pharma* already sells some of its drugs in China, especially through business-to-business (B2B) operations with private clinics” (lines 137–138). Explain the benefits for *N-Pharma* of using B2B operations compared to business-to-customers (B2C). [4 marks]
- (d) *N-Pharma* subsidiaries have a double role: they “are responsible for both production and distribution of *N-Pharma* drugs in their national markets” (lines 18–19). Discuss the advantages **and** disadvantages of such a double role. [8 marks]

Additional information

There is no additional information in this paper for Sections A and B.
