



88125013



**BUSINESS AND MANAGEMENT
STANDARD LEVEL
PAPER 1**

Thursday 8 November 2012 (afternoon)

1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

- Do not open this examination paper until instructed to do so.
- A clean copy of the ***Business and Management case study*** is required for this examination paper.
- Read the case study carefully.
- Section A: answer two questions.
- Section B: answer the compulsory question.
- A calculator is required for this examination paper.
- A clean copy of the ***Business and Management formulae sheet*** is required for this examination paper.
- The maximum mark for this examination paper is [50 marks].

SECTION A

Answer **two** questions from this section.

1. (a) General Diane Pierce uses a situational leadership style (*lines 33–34*). Identify **four** key features of a situational leadership style. [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]
- (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]
2. (a) Define the following terms:
- (i) *economies of scale* (*line 121*) [2 marks]
- (ii) *just-in-case stock control* (*line 140*). [2 marks]
- (b) Explain how Kos Palouk’s fixed and variable costs would be affected by pursuing **Option 2** (*lines 150–152*). [4 marks]
- (c) Analyse the advantages and disadvantages for Kos Palouk of pursuing **Option 2** (*lines 150–152*). [7 marks]
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]
- (b) With reference to **Option 3** (*lines 153–157*), distinguish between a wholesaler and a retailer. [4 marks]
- (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]

SECTION B

Answer *the compulsory* question from this section.

4. (a) Define the following terms:
- (i) *tertiary sector (line 2)* [2 marks]
 - (ii) *workforce planning (line 91).* [2 marks]
- (b) Using relevant information from below:
- (i) calculate the payback period (without depreciation) for Kos Palouk’s purchase of a new lorry (*show all your working*). [2 marks]
 - (ii) calculate the average rate of return (ARR) for Kos Palouk’s purchase of a new lorry (*show all your working*). [2 marks]
 - (iii) comment on the results to your calculations from parts (i) and (ii). [4 marks]
- (c) Advise General Diane Pierce whether the hospital or the university should be built. Justify your recommendation. [8 marks]

Additional information for question 4(b)

Estimated net annual return: \$17 400
Purchase price of lorry: \$43 500
Useful life of lorry: 7 years
