International Baccalaureate
Baccalauréat International
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BUSINESS AND MANAGEMENT
HIGHER LEVEL
PAPER 1

Thursday 8 November 2012 (afternoon)

2 hours 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.
- Section C: answer the compulsory question.
- A calculator is required for this examination paper.
- Clean copies of the **Business and Management** *formulae sheet and discount tables* are required for this examination paper.
- The maximum mark for this examination paper is *[80 marks]*.

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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)   *organizational culture (line 11)*   *[2 marks]*

   (ii)   *matrix structure (line 91)*.   *[2 marks]*

   (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]*

   (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]*

   (d)   Evaluate the possible ways to overcome conflict between external stakeholders and the *UWP* Mission in Loyka.   *[8 marks]*

Additional information

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

SECTION C

*Answer **the compulsory** question from this section.*

5.   General Diane Pierce concluded that building a hospital was a better option than building a university.

The situation around Beral was deteriorating *(Item 1)*. Soon the city would be unable to obtain sufficient food supplies. Moreover, the loss of control of the area surrounding Beral would psychologically impact on the residents, perhaps causing greater resistance to the *UWP* Mission. General Pierce decided to increase the frequency of the *UWP* patrols in the *UWP*-protected area. This, however, would require several changes to the overall plan for the *UWP* Mission in Beral. With an increase in the frequency of patrols, fewer troops would be available for the construction project.

General Pierce instructed Colonel Michael Donovan to prepare a new critical path analysis. He developed two possible timetables and approaches to constructing the hospital *(Items 2 and 3)*. Either way, completing the project would take longer than 30 weeks as originally planned. Colonel Donovan also recommended a change to the workforce planning scheme, shifting from a traditional construction approach where the construction team moves from one job to the next sequentially; to a cell production approach where smaller teams work simultaneously on different jobs *(Item 5)*. He warned, however, that regardless of the approach taken, building the hospital under the new circumstances would put huge physical and mental pressure on the troops. In light of the deteriorating situation in Beral, Colonel Donovan's warnings, and of recent demographic data about Loyka *(Item 6)*, General Pierce had to re-evaluate her strategy of building a hospital.

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

        (ii)   With reference to the case study, explain **one** disadvantage of using a critical path analysis.   *[2 marks]*

(c)   Analyse the use of a cell production approach for the construction of the hospital.   *[9 marks]*

(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]*

Additional Information

Item 1: Extract from *Beral Courier*, a local newspaper

Rumours of increased violence outside the *UWP*-protected area were recently confirmed by the office of the local governor. Attacks against vehicles on roads near local towns such as Bosca, Boussena, Gana and Saura have been confirmed by local police. One driver, who was returning from Saura, was seriously injured. In another instance, there was severe damage to a road, causing vehicles to take a different route, which doubled the travel time. The *UWP* Mission has announced its intention to increase *UWP* patrols in the area.

The impact of the increased violence has had an immediate impact on local Beral shops, which reported shortages of produce.

Item 2: Two possible timetables and approaches to constructing the hospital

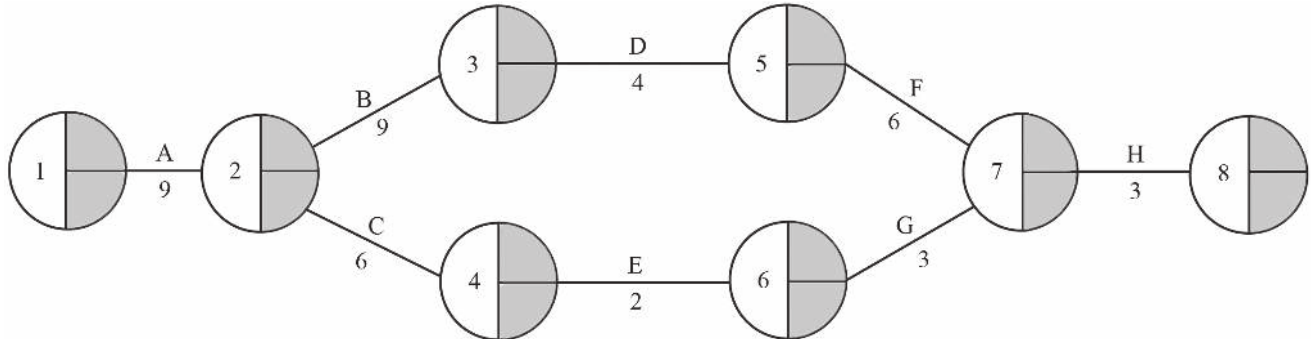| Option 1: Traditional construction approach	Option 2: Cell production approach (one cell)
Estimated construction time: 37 weeks Sequence of tasks: i. Site preparation (6 weeks) ii. Construction of exterior walls and roof (18 weeks) iii. Construction of interior walls, painting and flooring (12 weeks) iv. Cleaning (1 week)	Estimated construction time: 31 weeks Sequence of tasks: See Item 3 (below)

Item 3: Sequence of tasks for cell production approach (Option 2 above)

Tasks	Estimated duration (weeks)
A	9
B (must follow A)	9
C (must follow A)	6
D (must follow B and C)	4
E (must follow B and C)	2
F (must follow D)	6
G (must follow E)	3
H (must follow F and G)	3

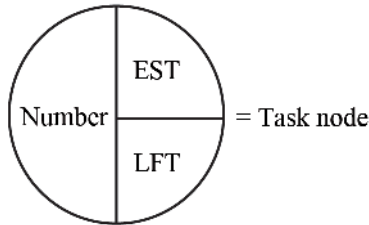**Item 4: Critical path analysis for cell production approach**

Network diagram for **one cell A–H** (each cell (hospital wing) takes the same time to construct).

Do **not** write your answers to 5(b)(i) on this page.

Key:
// = Critical path
EST = Earliest starting time
LFT = Latest finishing time

Number | EST / LFT = Task node

Item 5: Extract of a memo from Colonel Michael Donovan to General Diane Pierce regarding workforce planning

By changing from a traditional construction approach to a cell production approach, the total time taken to complete the hospital can be shortened to 31 weeks. This is one week longer than the original estimate but still six weeks earlier than the traditional approach.

In a cell production approach, most of the troops would be divided into cell "teams". Each team would be responsible for the construction of one wing (cell) of the hospital (Alpha, Beta, Charlie, and Delta). Although some tasks would have to be done for the entire hospital (such as painting and cleaning), most tasks will be completed by different cell teams, each building their own wing of the hospital.
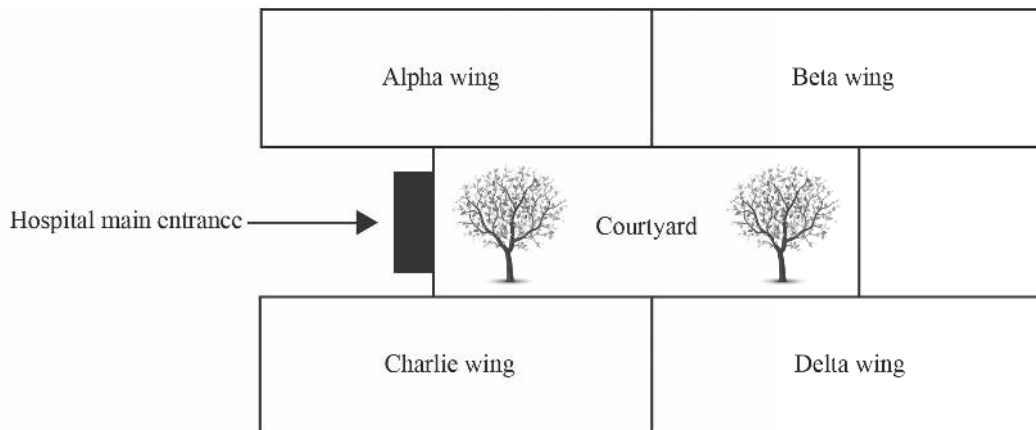
There are both advantages and disadvantages to this approach.

Item 6: Selected demographic data on Loyka

	1997	2002	2007	2012
Birth rate (births/1000 population)	26.2%	26.4%	12.2%	18.1%
Death rate (deaths/1000 population)	8.2%	8.1%	18.2%	8.5%
Population	4 million	4.5 million	3.5 million	3.4 million