



88135013



**BUSINESS AND MANAGEMENT
STANDARD LEVEL
PAPER 1**

Wednesday 20 November 2013 (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) Define the following terms:
 - (i) *economies of scale* (line 16) [2 marks]
 - (ii) *empowerment* (line 35). [2 marks]
- (b) With reference to *RDB*, distinguish between internal growth and external growth. [4 marks]
- (c) Analyse the advantages and disadvantages of each new *RDB* factory being “jointly managed by one experienced *RDB* senior manager from Europe and one local manager familiar with the language and culture” (lines 100–101). [7 marks]

2. (a) By the 1970s, Japanese companies had moved to just-in-time production (line 26). Outline **one** advantage and **one** disadvantage of just-in-time production. [4 marks]
- (b) Using data from the additional information on page 3, calculate *RDB*’s:
 - (i) gross profit margin in 1970 **and** 1975. [2 marks]
 - (ii) acid test (quick) ratio in 1970 **and** 1975. [2 marks]
- (c) Interpret the results from your calculations in part (b). [7 marks]

3. (a) Describe **one** consequence of the likely relocation of the factories (lines 96–99):
 - (i) for **one** internal stakeholder of *RDB*. [2 marks]
 - (ii) for **one** external stakeholder of *RDB*. [2 marks]
- (b) Using information in lines 19–21, construct a position map of the ball bearing industry in the 1930s and place *RDB* and its two main competitors on it. [4 marks]
- (c) Analyse the advantages and disadvantages for *RDB* of becoming a public limited company (line 123). [7 marks]

SECTION B

Answer *the compulsory* question from this section.

- 4. (a) Outline why ball bearings are particularly important in the secondary sector of the economy. [2 marks]
- (b) Describe an autocratic leadership style. [2 marks]
- (c) Explain Valdemar Holstein’s suggestion of hiring local salesmen who would be “paid low salaries, but with high commissions as an incentive” (lines 152–153). [4 marks]
- (d) With reference to *RDB*, distinguish between primary research and secondary research. [4 marks]
- (e) Discuss the relative merits of producing ball bearings in small factories as opposed to the three European megafactories. [8 marks]

Additional information for question 2(b) and 2(c)

Selected financial data from *RDB*’s end of year profit and loss accounts (figures in €000 000)

	1970	1975
Cost of goods sold	55	92
Expenses	30	43
Sales revenue	118	164

Selected financial data from *RDB*’s end of year balance sheets (figures in €000 000)

	1970	1975
Cash	25	32
Current liabilities	16	26
Debtors	19	28
Long-term liabilities	30	51
Stock	46	64