

Business management
Standard level
Paper 1

Thursday 19 May 2016 (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 management case study** is required for this examination paper.
- Read the case study carefully.
- A clean copy of the **business management formulae sheet** is required for this examination paper.
- Section A: answer two questions.
- Section B: answer question 4.
- A calculator is required for this examination paper.
- The maximum mark for this examination paper is **[40 marks]**.

Section A

Answer **two** questions from this section.

1. (a) Describe **one** benefit for Henri Trouvé’s father of his unique selling point (USP) (lines 5–7). [2]
- (b) Describe **one** feature of *TM*’s marketing strategy. [2]
- (c) Explain the advantages for *TM* of internal growth rather than external growth. [6]

2. (a) State **two** benefits for *TM* of having aims (line 18). [2]
- (b) State **two** reasons why *TM* should consider using e-commerce (line 84). [2]
- (c) Explain the interests of **one** of *TM*’s internal stakeholders. [6]

3. (a) Describe **one** benefit for *TM* of low labour turnover (lines 38–39). [2]
- (b) Describe **one** benefit for *TM* of improving its corporate social responsibility (CSR) (line 46). [2]
- (c) Explain the appropriateness of Henri Trouvé’s paternalistic leadership style at *TM*. [6]

Section B

Answer the following question.

4. The case study for Henri's MBA contains additional information on *TM*:
- *TM* uses market segmentation to aid its marketing activities.
 - *TM* outsources functions such as accounts and human resource management to low-cost countries.

Henri studies the *TM* case study further. He is outraged by what he reads:

- *TM*'s Chief Executive Officer (CEO) earns 250 times more, per year, than a salesperson.
- Financial rewards for senior management are very high: in addition to shares, they are given profit-related pay, performance-related pay (PRP) and fringe payments (perks).
- Despite being one of the most profitable businesses in the world, most employees at *TM* have not had a pay rise for three years despite increasing sales.
- Shareholders made significant returns on investments.

The case study includes some financial information for *TM* (year ending 2014):

Current assets	\$80 000 million
Current liabilities	\$40 000 million
Debtors	\$27 000 million
Stock	\$26 000 million

- (a) Define the term *current liabilities*. [2]
- (b) With reference to *TM*, explain **two** benefits for *TM* of market segmentation. [4]
- (c) Using the information above, calculate for *TM*:
- (i) the current ratio (*show all your working*); [2]
 - (ii) the acid-test/quick ratio (*show all your working*). [2]
- (d) Henri tells the rest of his class that he thinks that *TM* employees are demotivated. Using **two** motivation theories, discuss the factors that may demotivate employees at *TM*. [10]
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