

Business management
Standard level
Paper 1

Thursday 9 November 2017 (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 **two** advantages to *MSS* of being a charity (line 14). [4]
(b) Explain how the school could overcome high labour turnover. [6]

2. (a) Describe **two** features of the school's marketing mix (line 54). [4]
(b) Explain, with reference to *MSS*, the purpose of the mission and vision statements (line 37). [6]

3. (a) Describe **one** capital expenditure **and one** revenue expenditure for *MSS* (lines 16–17). [4]
(b) Explain a suitable promotional mix that *MSS* might use to attract new students. [6]

Section B

Answer the following question.

4. Some teachers have complained that Mrs K is too strict and treats them like students. These teachers want more freedom in choosing what to do in their lessons. However, other teachers like the certainty and clear instructions they receive at the weekly staff meetings and appreciate that Mrs K takes a close interest in everything they do. Mrs K makes all the day-to-day decisions at the school, and sometimes would like more guidance from Jacob, but she is pleased that he makes all the strategic decisions.

Jacob has delegated the day-to-day running of the school to Mrs K. Whenever he meets the staff at the school he likes to listen and he wants to learn about what challenges them in their work. The teachers and management want to help Jacob achieve his vision for the school. He is very effective at negotiating with external organizations and promoting the school, and is the main force for innovation and change.

Jacob has undertaken further market research into what families living in Dodoma want from a school. He used a convenience sampling method that involved talking to friends and relatives.

Jacob is concerned with cash flow. Although the school year starts in January, fees are not collected until April, the time when local people traditionally have higher incomes. At the moment all purchases are made in cash. **Table 1** shows the latest cash-flow forecast for the next six months.

Table 1: Cash-flow forecast for MSS for the next six months (figures in \$000s)

	Jan	Feb	March	April	May	June
Opening balance	13	5	-3	-17	21	11
Plus:						
Fees received	0	0	0	50	5	0
Sales of surplus crops	2	4	3	1	0	0
Minus:						
Teachers' salaries	5	5	5	5	5	5
Cash purchases	3	4	8	3	X	3
Other expenses	2	3	4	5	4	5
Closing balance	5	-3	-17	21	11	Y

- (a) Define the term *economies of scale* (line 36). [2]
- (b) Explain **one** advantage **and one** disadvantage for Jacob of using convenience sampling. [4]
- (c) (i) Calculate the value of **X** and the value of **Y** in **Table 1**. [2]
- (ii) With reference to **Table 1**, explain **one** way in which *MSS* could improve cash flow. [2]
- (d) Discuss the differences in leadership style between Jacob and Mrs K. [10]