

© International Baccalaureate Organization 2023

All rights reserved. No part of this product may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without the prior written permission from the IB. Additionally, the license tied with this product prohibits use of any selected files or extracts from this product. Use by third parties, including but not limited to publishers, private teachers, tutoring or study services, preparatory schools, vendors operating curriculum mapping services or teacher resource digital platforms and app developers, whether fee-covered or not, is prohibited and is a criminal offense.

More information on how to request written permission in the form of a license can be obtained from <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organisation du Baccalauréat International 2023

Tous droits réservés. Aucune partie de ce produit ne peut être reproduite sous quelque forme ni par quelque moyen que ce soit, électronique ou mécanique, y compris des systèmes de stockage et de récupération d'informations, sans l'autorisation écrite préalable de l'IB. De plus, la licence associée à ce produit interdit toute utilisation de tout fichier ou extrait sélectionné dans ce produit. L'utilisation par des tiers, y compris, sans toutefois s'y limiter, des éditeurs, des professeurs particuliers, des services de tutorat ou d'aide aux études, des établissements de préparation à l'enseignement supérieur, des fournisseurs de services de planification des programmes d'études, des gestionnaires de plateformes pédagogiques en ligne, et des développeurs d'applications, moyennant paiement ou non, est interdite et constitue une infraction pénale.

Pour plus d'informations sur la procédure à suivre pour obtenir une autorisation écrite sous la forme d'une licence, rendez-vous à l'adresse <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organización del Bachillerato Internacional, 2023

Todos los derechos reservados. No se podrá reproducir ninguna parte de este producto de ninguna forma ni por ningún medio electrónico o mecánico, incluidos los sistemas de almacenamiento y recuperación de información, sin la previa autorización por escrito del IB. Además, la licencia vinculada a este producto prohíbe el uso de todo archivo o fragmento seleccionado de este producto. El uso por parte de terceros —lo que incluye, a título enunciativo, editoriales, profesores particulares, servicios de apoyo académico o ayuda para el estudio, colegios preparatorios, desarrolladores de aplicaciones y entidades que presten servicios de planificación curricular u ofrezcan recursos para docentes mediante plataformas digitales—, ya sea incluido en tasas o no, está prohibido y constituye un delito.

En este enlace encontrará más información sobre cómo solicitar una autorización por escrito en forma de licencia: <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

Business management

Standard level

Paper 1

28 April 2023

Zone A afternoon | Zone B morning | Zone C morning

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) Outline **two** disadvantages for *SVT*'s employees of the new flexible-working contract (lines 60–62). [4]
- (b) Explain the factors that *SVT* should consider when deciding on a pricing strategy for the WF15 water purifier (lines 126–131). [6]
2. (a) Outline **one** advantage **and one** disadvantage for *SVT* of Ariadne's leadership style (lines 21–26). [4]
- (b) Explain different distribution channels that *SVT* could use for the WF15 water purifier (lines 132–133). [6]
3. (a) Outline **two** non-financial rewards that *SVT* could have used for the long-serving employees that wanted to leave the company because of the implementation of the flexible-working contract (lines 56–64). [4]
- (b) With reference to STEEPLE factors, explain changes in the external environment that may have affected *SVT* (lines 20–21). [6]

Section B

Answer the following question.

4. In 2022, the global home water filter market was \$14 billion.

SVT's product penetration in Europe and the United States of America (USA) is high and growing but low in the rest of the world. In 2022:

- SVT's total sales revenue from home water filters was \$4.9 billion
- the average revenue earned per water filter was \$20
- 90 % of SVT's home water filter sales were to Europe and the USA.

In 2022, SVT announced the closure of its European and USA water filter manufacturing factories. Water filter profit margins had fallen for three years, partly because of increasing costs of energy, rent and labour. SVT has since built a huge new factory in Asia to manufacture home water filters.

SVT's market research, using quota sampling, found that 80 % of households that purchased an SVT water filter:

- had an above-average income
- owned two or more cars.

In January 2023, SVT:

- launched an advertising campaign in Europe and the USA highlighting the lack of potable water for millions of people in less economically developed countries (LEDCs)
- announced a 5 % worldwide increase in the price of its home water filters.

SVT committed to use the revenue from the 5 % price increase to provide two million free WF15 water purifiers annually to charities in LEDCs. It costs SVT \$10 to make a water purifier.

Some disagreement occurred among the board of directors regarding this price increase. Some directors felt it would highlight SVT's vision and commitment to helping people in LEDCs, but others believed sales might fall, impacting profits in SVT's Consumer Products Division.

- (a) Define the term *quota sampling*. [2]
- (b) (i) Calculate SVT's home water filter market share in 2022 (*show all your working*). [2]
- (ii) Calculate the number of home water filters SVT sold in 2022 to the rest of the world (excluding Europe and the USA) (*show all your working*). [2]
- (c) Explain **two** factors that SVT would have needed to consider when deciding where to open the new factory in Asia. [4]
- (d) Discuss whether SVT should have increased the price of its home water filters. [10]