

Helping you Achieve Highest Grades in IB

IB Business Management HL

Question Paper

Fully in-lined with the First Assessment
Examinations in 2024 & Beyond

Paper: 1 (All Topics)

Units:

- **1 - Introduction to Business Management**
- **2 - Human Resource Management**
- **3 - Finance and Accounts**
- **4 - Marketing**
- **5 - Operations Management**

Marks: 60

Total Marks: / 60

Suitable for HL Students sitting the 2025 exams onwards
However, SL students may also find these resources useful

Questions

21M.1.HL.TZ0.4

Refer to the Multi Marketing (MM) case study (SL/HL paper 1 May 2021).

MM's growth has been helped by its unique selling point/proposition (USP) of rapid response to customer needs and by its high-quality customer service. New employees undergo detailed training to become skilled in:

- finding out what a customer's objectives are
- helping the customer work towards a marketing plan
- working closely with the customer as *MM* develops a marketing strategy for them
- maintaining links with the customer to provide an effective after-sales service.

The business takes a multicultural approach to its customers, employees and other stakeholders. *MM*'s approach to diversity is one of the features that stakeholders say they like about the business. The company also ensures that it accommodates many cultural differences.

According to a business service that provides measures of social behaviour for every country, in British businesses:

- employees are accustomed to working in a competitive, individualistic society
- employees often take individual responsibility for their own actions and decisions
- competition is high between both employees and customers
- customers are accustomed to changing contracts when service is bad or competitors offer a better deal.

In comparison, Indian businesses:

- are based on power structures with a greater focus on teamwork than individuality
- are more likely to be hierarchical
- have greater loyalty from their customers
- have greater formality with their customers
- place importance on building business relationships
- are subject to greater variety in culture between businesses and regions.

Maintaining high levels of customer service is expensive. *MM* has increasing costs (line 107). Rachel is concerned about *MM*'s finances and is examining the latest accounts for the company for 2019 and 2020 (**Table 1**) to identify problems.

Table 1: Selected financial information for *MM* for 2019 and 2020



	2019	2020
Sales revenue (\$ millions)	175	146
Cash (\$ millions)	20	10
Debtors (\$ millions)	18	16
Stocks (\$ millions)	2	4
Overdraft (\$ millions)	0	5
Other creditors (\$ millions)	30	20

a. Define the term *unique selling point/proposition (USP)*. [2]

b.i. Calculate the debtor days for *MM* at the end 2020 (*show all your working*). [2]

b.ii. Explain **one** method *MM* could use to improve its liquidity. [2]

c.

Explain how the people element of the extended marketing mix has influenced *MM*'s marketing strategy.

[4]

d.

Discuss how cultural differences within *MM* may influence employer–employee relationships.

[10]

20N.1.HL.TZ0.4

Refer to the *Ducal Aspirateurs* case study (*DA*) (SL/HL paper 1 Nov 2020).

There are several important items to be discussed at *DA*'s board meeting, three of which are outlined below.

Item 1: Budgets. *DA* produces its budgets based on the functional areas of the business. For example, the Marketing, Production, Innovation and Corporate Social Responsibility (CSR) Departments are all separate cost centres. Pierre is proposing that budgets should be more detailed so that, for example, each of *DA*'s products has its own cost centre and each separate innovation project is also a cost centre.

Item 2: Recommendations from the management consultants. The management consultants propose bringing *DA* more up to date with employment practices by replacing the many benefits that employees get with a low basic pay and a profit-related bonus, and charging market rents for the housing in Ville d'Ablet. There will also be penalties on employees for failing to meet targets. The CSR department are opposed to this idea because they believe it will change the culture of the business, which has built up over many years.

Item 3: The manufacture of rechargeable batteries used in cordless products. *DA* currently makes its own rechargeable batteries. In 2019, it made 10 000 batteries. The variable cost is €15 per battery and the fixed costs are €30 000. *XL*, a public limited company, is a major manufacturer of batteries. *DA* has contacted *XL* to manufacture the rechargeable batteries, which they will buy from *XL* at €17 each.

a. Define the term *public limited company*. [2]

b.

Explain **one** advantage **and one** disadvantage for *DA* of changing from function-based cost centres to the cost centres proposed by Pierre.

[4]

c.i.

Calculate the difference between the cost for *DA* to make the rechargeable batteries and the cost to buy them from *XL*.

[3]

c.ii.

Suggest **one** other factor that *DA* should consider before deciding whether to make the rechargeable batteries or buy them from *XL*.

[1]

d.

Discuss the likely impact on *DA*'s organizational culture of the changes recommended by the management consultants.

[10]

19M.1.HL.TZ0.4

Refer to the Radeki de Dovnic Manufacturing case study (SL/HL paper 1 May 2019).

If *RDM* builds a new production facility in Europe, an immediate consequence will be an increase in capacity. At current levels of output this would lead to a reduction in capacity utilization. The current output of *RDM*'s factory is 20 000 units a year, with a productive capacity of 21 000 units a year before the new facility is built. If the new production facility is built, the greater capacity for the whole business will, at current levels of output, result in the capacity utilization falling to 50 % until production at the new facility starts.

Xi, the marketing manager, suggests that this increased capacity provides the opportunity for market development to be achieved by entering the United States (US) market.

The US market has similarities with Europe, with an aging population and low birth rate. Demand for customized healthcare devices is high. However, the healthcare system in the US is very different, with a much greater role for private sector healthcare compared to Europe, where much of the healthcare is state funded. In the US, 18 % of gross domestic product (GDP) is spent on healthcare compared with an average of 11 % in Europe. Advertising spend in the US is very

high for the typical healthcare equipment business, which uses TV and the internet to reach individuals, whereas in Europe healthcare equipment businesses typically negotiate with government organizations. Average incomes in the US are higher than in Europe. Competition in the US is very high, although some major healthcare equipment businesses dominate the market. Industrial/ employee relations in the US are generally more decentralized than in Europe, with a lower level of unionization.

To assess the best way to enter the US market, some senior managers may have to move to the US and Xi may need to recruit some new staff in the US with specialized knowledge of US laws and regulations, as well as some additional marketing employees. Xi is aware that industrial/ employee relations are different in the US. Existing staff will have to get used to new ways of working and are concerned about having to work with new staff in the US.

[Source: © International Baccalaureate Organization 2019]

a. Describe **one** industrial/employee relations method used by employers. [2]

b.i. Using the resource, calculate the current capacity utilization rate at *RDM*'s factory. [1]

b.ii.

Calculate the increase in capacity at *RDM* if the company builds a new production facility (*show all your working*).

[3]

c.

Explain **two** possible reasons for *RDM* employees' resistance to change if *RDM* enters the US market.

[4]

d.

Using information from the case study and the resource, discuss the opportunities and threats for *RDM* of entering the US market.

[10]