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Business management

Higher level

Paper 1

Friday 30 April 2021 (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]**.

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Section A

Answer **two** questions from this section.

1. (a) Outline **two** benefits for *MM* of outsourcing human resource management (HRM) (lines 51–54). [4]
(b) Explain how *MM* has differentiated itself. [6]
2. (a) With reference to *MM*, outline **two** sources of finance suitable for taking over the film studio in India (lines 144–147). [4]
(b) Explain how a formal system of appraisal may have avoided the problems caused by Clare (lines 86–100). [6]
3. (a) Outline **two** reasons why *MM* may relocate all of its operations to Bengaluru (lines 124–142). [4]
(b) Explain how the proposed contract with Country X may conflict with *MM*'s ethical objectives (lines 114–123). [6]

Section B

Answer the following question.

4. *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]
(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]
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References: