

IB Business Management – Pre-Released Case Study 2016

Examination Practice Questions



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IB BUSINESS MANAGEMENT – PRE-RELEASED CASE STUDY 2016: EXAM PRACTICE QUESTIONS

1. Explain the role of the marketing department in TM.
2. TM is a privately owned company. Distinguish between privately and publically owned companies.
3. Distinguish between organizations such as TM that operate in the private sector and those in the public sector.
4. Explain two advantages for TM operating as a public limited company.
5. Analyse the problems that TM may have faced as a start-up business when it was first set up.
6. Compare and contrast the objectives of pressure group organizations such as environmental campaigners and private companies such as TM.
7. Analyse the likely impact of the actions of environmental campaigners on TM.
8. Define the term objectives.
9. Define the term corporate social responsibility.
10. Define the term vision.
11. Define the term operational objectives.
12. Explain the importance of objectives in managing TM.
13. Explain the purpose of a vision statement to TM.
14. Using relevant examples, distinguish between operational objectives and strategic objectives at TM.
15. Explain why two different stakeholders may have different views on TM's approach to corporate social responsibility.
16. Examine the reasons why TM would consider setting ethical objectives.
17. Examine the reasons behind the CEO's thinking that TM had to focus on its corporate social responsibility.
18. Analyse the advantages and disadvantages for TM in setting ethical objectives.
19. Analyse the value of social and environmental audits to the different stakeholders of TM.

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20. Analyse the reasons why TM may choose different strategies towards its social responsibilities.
21. Discuss why TM's view of its social responsibilities may have changed in the last ten years.
22. Evaluate the need for TM to change its objectives in response to changes in both the internal and the external environment.
23. Discuss the impact of implementing ethical objectives at TM.
24. Define the term shareholders.
25. Identify two external stakeholders of TM.
26. Identify two internal stakeholders of TM.
27. Explain the interests of TM's internal stakeholders.
28. Discuss possible areas of conflict between the various stakeholders of TM.
29. Explain the interests of TM's external stakeholders.
30. Evaluate possible ways to overcome stakeholder conflict at TM.
31. Define the term external environment.
32. Explain how external opportunities and threats can impact on decision-making at TM.
33. Using a STEEPLE analysis, analyse the impact of the external environment on the operations of TM.
34. Evaluate the impact on TM's objectives and strategy following a change in any two of the STEEPLE factors.
35. Evaluate the impact on TM's objectives and strategy of a change in the external business environment.
36. Using a SWOT framework, examine the strengths and weaknesses of TM.
37. Using a decision-making and planning tool, examine the internal and external constraints on decision-making at TM.
38. Using a SWOT analysis, examine the advantages and disadvantages of TM remaining in China.
39. Define the term growth.
40. Define the term internal (organic) growth.
41. Define the term economies of scale.
42. Define the term strategic alliances.
43. Define the term joint ventures.
44. Explain two types of economies of scale that TM is likely to benefit from as it opens more hyperstores.
45. Explain two types of diseconomies of scale that TM is likely to be disadvantaged by as it opens more hyperstores.
46. Explain how the benefits of economies of scale can enable TM to create thousands of jobs.
47. Explain two advantages of organic growth compared to external growth for TM.
48. Explain two advantages of forming strategic alliances with Costco and Walmart.
49. Construct a fully labelled Ansoff's matrix to show the possible growth options available to TM.

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50. Explain the value of Ansoff's matrix as a decision-making tool at TM.
51. Examine the reasons for the CEO's decision to downsize the workforce at the Madrid hyperstore.
52. Examine the advantages of operating smaller retail stores as opposed to TM's current operational model of hyperstores.
53. Evaluate the use of strategic alliances as a method of achieving TM's growth objectives.
54. Define the term change.
55. Explain two causes of change at TM since its founding.
56. Explain two factors that are likely to cause resistance to change to the leadership of TM.
57. Examine driving and restraining forces behind the CEO's vision for TM to focus on green technologies and its social responsibility.
58. Using Lewin's force field analysis, discuss the differences between the conflicting views about the growth of TM.
59. Evaluate different strategies that CEO could introduce to reduce the impact of change and resistance to change at TM, following the implementation of her strategic plan.
60. Define the term multinational company.
61. Explain the impact on companies such as TM that operate in countries outside of its domestic base.
62. Examine the impact of multinational companies like TM on host countries such as China and France.
63. Explain which sector of the economy TM operates in.
64. Define the term service.
65. Briefly describe the nature of operations (production) in the context of the retail industry.
66. Briefly describe the nature of business activity in the tertiary sector.
67. TM is a business. Explain the meaning of being a business.
68. Define the term public limited company
69. Describe how TM combines human, physical and financial resources to create goods and services.
70. Explain the role of the finance department at TM.
71. Define the term workforce.
72. Define the term workforce planning.
73. Define the term redundancy.
74. Define the term recruitment.
75. Define the term retrenchment.
76. Identify two constraints and two opportunities provided by demographic changes in Europe for TM.
77. Describe how methods of recruitment for retail assistants and managers at TM might differ.

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78. Explain why redundancies in Europe would be “significant in the short term” but lead to lower labour costs in the long term.
79. Analyse the implications for TM and its employees if the firm changes its current work patterns and practices.
80. Define the term tall organizational structure.
81. Define the term offshoring.
82. Identify why TM needs to organize employees by function.
83. Identify why TM needs to organize employees by geography.
84. Explain one advantage and one disadvantage of a tall organizational structure for TM.
85. Explain how a tall organizational structure can affect employee motivation.
86. Analyse the implications of changing from a tall organizational structure to a flatter structure.
87. Analyse the reasons behind, and the effects of, TM moving some human resource functions overseas in locations such as Brazil, India and China.
88. Examine whether TM will benefit from offshoring its IT and human resource functions.
89. Evaluate the CEO's recommendation to offshore IT and human resources to low cost providers around the world.
90. Define the term leadership.
91. Define the term autocratic leadership.
92. Define the term paternalistic leadership.
93. Define the term democratic leadership.
94. Outline two key features of an autocratic leadership style.
95. Outline two key features of a paternalistic leadership style.
96. Outline two key features of a democratic leadership style.
97. Explain the difference between leadership and management.
98. Examine the difference between the leadership styles of two managers at TM.
99. Define the term wages.
100. Define the term commission.
101. Define the term job security.
102. Define the term salary.
103. Explain how empowering middle managers can affect their job satisfaction and motivation.
104. Explain how non-financial rewards can affect job satisfaction and productivity of TM's employees.
105. Using Pink's Drive Theory theory of motivation, examine the factors that affect the level of motivation at TM.
106. Evaluate the impact of using low salaries and high commission on job satisfaction, motivation and productivity of local sales staff.
107. Define the term corporate culture.

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108. Explain two influences on the organizational culture at TM.
109. Describe how TM's organizational culture might impact on the level of employee motivation.
110. Explain how the CEO's leadership style might influence a change in TM's corporate culture.
111. Analyse the consequences of cultural clashes if TM's IT and human resources is offshored.
112. Define the term collective bargaining.
113. Identify two sources of conflict at TM.
114. Define the term collective bargaining.
115. Outline the importance of collective bargaining for management and the employees of TM.
116. Examine the methods that TM could adopt in response to European workers who would be uncompromising when engaged in collective bargaining.
117. Evaluate alternative approaches to conflict resolution as senior management pushes for its TM 2020 plan to be implemented.
118. Define the term capital.
119. Define the term shares.
120. Examine the advantages and disadvantages of selling fixed assets, such as selling the hypermarkets in Sweden and Germany, to raise sources of finance at TM.
121. Examine the appropriateness of finding a major investor to fund the modernization of the current hypermarkets.
122. Discuss the most suitable source of finance for funding the desired spending on research and development.
123. Examine the value of investment appraisal to TM in its decision to offshore production functions.
124. Analyse the value to TM of calculating the net present value (NPV) of offshoring production in overseas markets.
125. Define the term working capital cycle.
126. Explain how the working capital cycle might work at TM
127. Explain why a shortened working capital cycle would be an important benefit to TM.
128. Define the term budget.
129. Describe two advantages of preparing a marketing budget for TM.
130. Explain the importance of budgeting for TM.
131. Define the term gross profit margin.
132. Define the term net profit margin.
133. Explain two possible reasons why TM's gross and net profit margins were lower than previously.
134. Examine possible strategies for TM to improve the value of its gross and net profit margins.
135. Define the term market size.
136. Define the term market share.
137. Define the term marketing.

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138. Outline two ways in which the market size of the supermarket retail industry might be measured.
139. In the context of TM, describe the difference between market orientation and product orientation.
140. Describe the elements of a marketing plan that would make TM less “sleepy”.
141. Define the term market position.
142. Comment on two appropriate methods that TM's marketing department could use to collect primary research data.
143. Comment on two appropriate methods that TM's marketing department could use to collect secondary research data.
144. Distinguish between a unique selling point and a competitive advantage.
145. Explain how a unique selling point can help TM to differentiate itself and its products from competitors.
146. Using the information from the case study, construct a position map for the supermarket retailers in the market.
147. Examine the appropriateness of TM's marketing objectives in achieving its organizational goals.
148. Analyse the role of market research in TM.
149. Discuss how TM can differentiate itself and its products from competitors such as Costco and Walmart.
150. Define the term brand loyalty.
151. Define the term brand awareness.
152. Explain how TM might be able to use “Green Discounts” as a brand name to gain competitive advantages.
153. Explain two advantages of brand loyalty to TM.
154. In the context of TM, distinguish between a manufacturer's brand and product branding.
155. Discuss the problems of financing research and development at TM.
156. Discuss the importance and role of branding in global markets for TM's hypermarkets.
157. Define the term market opportunity.
158. Examine how a unique selling point might help TM to gain a competitive advantage.
159. Analyse the role of market research in the formation of a strategic alliance.
160. Analyse the roles that primary and secondary market research could play for TM.
161. Analyse the usefulness of market segmentation and consumer profiles for TM.
162. Examine how the use of BCG matrix analysis can help TM to understand its competitive position before it decides which strategic option to pursue.
163. Examine how seasonal, cyclical and random variations can affect sales trends.
164. Discuss how TM can differentiate itself from other hotels in Mombasa.
165. In the context of the product life cycle, define the term decline phase.
166. Define the term product life cycle.

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167. Define the term brand.
168. Define the term product.
169. In the context of TM, explain two benefits of having a new brand.
170. Examine the advantages and disadvantages of rebranding TM.
171. Analyse the role of branding for TM.
172. The Board of Directors is considering a new brand name for TM. Discuss the role and importance of branding for TM.
173. Define the term demand.
174. Describe how TM might use price discrimination to increase sales revenues.
175. Analyse the appropriateness of cost-based pricing strategies for TM.
176. Analyse the appropriateness of competition-based pricing strategies for TM.
177. Analyse the appropriateness of market-based pricing strategies for TM.
178. In the context of the case study, distinguish between above the line promotion and below the line promotion.
179. In the context of TM, outline the meaning of 'supply-chain management'.
180. Examine how TM can improve the efficiency of its logistics if adopting just-in-time stock management systems.
181. Explain two ways in which TM might benefit from using e-commerce.
182. In the context of TM, explain how business-to-customers (B2C) would work in the retail industry.
183. Define the term cell production.
184. Define the term flow production.
185. Define the term batch production.
186. Explain the need for TM to use more than one method of production.
187. Define the term costs.
188. Explain two different types of costs that TM is likely to have.
189. Define the term research and development.
190. Define the term innovation.
191. Explain the importance of research and development for TM.
192. Analyse the factors that might affect innovation at TM.
193. Define the term just-in-time.
194. Define the term just-in-case.
195. Discuss how a move to just-in-time production could help supermarket retailers to remain competitive.
196. Explain one advantage and one drawback of adopting just-in-time production at TM.
197. Define the term profit centres.
198. Define the term cost centres.

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199. Define the term revenue.
200. Define the term fixed costs.
201. Define the term variable costs.
202. Identify two examples of fixed costs for TM.
203. Identify two examples of variable costs.
204. Comment on two possible sources of revenue for TM other than store sales and e-commerce sales.
205. Explain two examples of fixed costs TM is likely to have.
206. Explain the nature of cost centres at TM.
207. Explain the nature of profit centres at TM.
208. Analyse the value of cost centres to TM.
209. Analyse the value of TM operating profit centres.
210. Analyse the value to TM of organizing itself into three separate profit centres.
211. Define the term profits.
212. Define the meaning of break-even quantity.
213. Define the meaning of break-even quantity.
214. Define the term target profit.
215. Define the term margin of safety.
216. Explain the value of break-even as a decision-making tool at TM.
217. Explain two limitations of break-even analysis as a decision-making tool at TM.
218. Analyse the effects of changes in price on TM's break-even quantity, profit and margin of safety.
219. Examine the uses and limitations of break-even analysis for TM.
220. Define the term quality.
221. Define the term benchmarking.
222. Explain how TM might benefit from implementing total quality management at its hyperstores.
223. Explain the importance of quality assurance at retail giants such as TM.
224. Explain the importance of quality control for TM.
225. Explain the role of benchmarking for TM.
226. Explain the role of international quality standards in assuring quality for customers of TM.
227. Discuss whether TM would benefit from adopting a total quality management (TQM) approach.
228. Evaluate the different approaches to quality improvement at TM.
229. Explain the importance of location to TM.
230. With reference to the TM, explain the difference between just-in-case and just-in-time stock control.

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231. Explain one advantage and one drawback of adopting a just-in-time stock control system at TM.
232. Examine the importance of managing stocks at TM.

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