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—Visionary IB Education—  
Success in the IB Diploma

**BUSINESS MANAGEMENT**

**STANDARD AND HIGHER LEVEL**

**TOPIC ONE: BUSINESS ORGANISATION AND ENVIRONMENT**

Topic One end of unit assessment

Section A: 50 minutes

Section B: 30 minutes

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**INSTRUCTIONS TO STUDENTS**

- Do not open this assessment until instructed to do so.
- Section A: answer **all** questions.
- Section B: answer **one** question.
- A calculator is **not** required for this assessment.
- A clean copy of the IB Business Management formulae sheet is **not** required for this examination paper.
- The maximum mark for this assessment is **[45 marks]**.

## SECTION A

Answer **all** questions from this section.

### GENERAL MOTORS (GM)



CEO Mary Barra and her executive leadership team outlined the company's customer-focused strategic plan that aims to position GM to become the most valued automotive company at a conference for investors and financial analysts today. "We have spent a significant amount of time setting our goals for the future of GM and developing a specific action plan," Barra said. "Our aim is to earn customers for life and create significant shareholder value in the process."

GM's strategic plan includes several major objectives that the company anticipates will help it achieve 10-percent profit margins by early next

decade. These objectives include:

- To lead in product and technology: In 2016, about 27 percent of GM's global sales volume is expected to come from products new or refreshed within 18 months. That figure is expected to rise to 38 percent in 2017 and 2018, and reach 47 percent in 2020. During the same time frame, GM plans to execute the world's largest automotive deployment of 4G high-speed mobile broadband, introduce vehicle-to-vehicle connectivity in the 2017 Cadillac CTS and launch a highly automated driving technology currently called Super Cruise, which allows for extended periods of hands-free driving on highways. GM has also developed an innovative mixed material body structure that uses GM-patented technology and a combination of steel and aluminum to deliver designs that are lightweight and use 20 percent fewer parts.
- Grow Cadillac: GM is establishing its flagship brand as a separate business unit headquartered in New York City to pursue growth opportunities in the luxury market with more focus and clarity. Cadillac expects to introduce four new vehicles in North America in 2017, and nine new models in the next five years in China.
- Continue growing in China: GM's joint ventures in China are planning to invest \$14 billion from 2016 through 2020 to open five new vehicle-manufacturing plants and support sales of just under 5 million vehicles annually. In the same time frame, GM expects to launch 60 new or refreshed vehicles, including nine new sport utility vehicles (SUVs).
- Deliver core operating efficiencies: GM's strategy to improve relationships with suppliers and acquire other key component suppliers, derive more global volume from fewer vehicle platforms and lower costs for labour and materials is expected to deliver significantly better variable costs on upcoming high-volume product launches. By 2020, GM expects that 99 percent of global production will be on core vehicle platforms.

GM intends to return excess cash flow to shareholders primarily through strong and growing dividends based on sustained improvements in the public limited company's underlying financial performance.

# IB Business Management UNIT ONE assessment

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## QUESTIONS:

- a. Define the following terms:
- i. *Public limited company* [2 marks]
  - ii. *Joint venture.* [2 marks]
- b. Differentiate between internal **and** external growth. [6 marks]
- c. Analyse how GM's current objectives may affect internal **and** external stakeholders. [6 marks]
- d. Discuss the relationship between GM's aims, objectives, strategies and tactics. [9 marks]

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## SECTION B

Answer **one** of the following questions.

### CONCEPT QUESTIONS

1. With reference to one or two organisations that you have studied, discuss how **ethics** and **change** may influence organisational objectives. **[20 marks]**
2. With reference to one or two organisations that you have studied, discuss the **ethical** responsibility of organisations to their stakeholders when considering corporate **strategy**. **[20 marks]**
3. With reference to one or two organisations that you have studied, discuss the role of **globalisation** in the **strategies** associated with the growth and evolution of organisations. **[20 marks]**