

**BUSINESS AND MANAGEMENT
STANDARD LEVEL
PAPER 1**

Monday 11 November 2002 (afternoon)

1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

- Do not open this examination paper until instructed to do so.
- Read the case study carefully and then answer all the questions.

1. (a) Outline **three** advantages of becoming a private limited company. [3 marks]
- (b) Examine the decision taken by Joseph Obeng to form a joint venture with Manjit Daswami, rather than to create a separate company. [5 marks]
2. (a) Describe what is meant by a “niche market” and assess how successful Joseph has been in creating a niche market. [4 marks]
- (b) *McGregor’s* and *Blue Sea* are attracting some of Joseph Obeng’s target market. Explain how a small business such as *Open Views* can offer a more client-centred service than a multinational company. [4 marks]
3. (a) (i) Evaluate each of the **two** options suggested for increasing occupancy of *Warm Breezes* during the winter months (*lines 120 to 137*) in terms of their likely success. [6 marks]
- (ii) Suggest **one** other way in which occupancy rates could be improved in the winter months. [2 marks]
- (b) Evaluate the likely impact on the image of the company of introducing a war game development (*lines 125 to 127*). [4 marks]
- (c) Manjit has concerns about the criticisms from the government (*lines 144 to 164*).

You work for the public relations department of *Open Views*:

- Produce a report to Manjit Daswami, addressing each of the six criticisms in turn and allaying the fears of the government.
- Make recommendations as to how *Open Views* can ensure they overcome the concerns in implementing either of the two options ethically and with respect for the environment. [10 marks]

4. (a) Using, **four** ratios for each of the years, 1999, 2000, 2001 evaluate the performance of *Open Views* in terms of profitability and liquidity. (*Appendix 3*). [12 marks]
- (b) Staff turnover at *Warm Breezes* is high. Discuss the likely impact of Peter Storm's autocratic management style on staff motivation and retention. [4 marks]
- (c) The employment of foreign students, as untrained casual staff, is leading to complaints about slow service and rude staff. Outline a training plan and rewards package that could be introduced to overcome these problems. [6 marks]
-