



### EXAM-STYLE QUESTIONS - ANSWERS

**Note: They are based only on the pre-seen material provided by the IBO**

#### Business Management Toolkit

- **Explain two circular business models that BON could use [4 marks]**

**Product service system model:** BON could lease or rent equipment, stages, and technology for its festivals instead of purchasing them. This model encourages reuse and reduces waste, aligning with environmental sustainability by ensuring that resources are maximized efficiently.

**Resource Recovery Model:** BON could implement a system for recycling and composting waste generated at festivals. By converting waste into resources—such as compost for local farms or recycling materials for use in constructing festival installations—BON can support a circular economy and reduce its environmental footprint.

*Accept any other relevant argument or model.*

*Mark 2+2*

*Award [1] for identifying the model and an additional [1] for application to BON*

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- **Explain one strength and one weakness of BON** [4 marks]

**Strength:** BON's established brand and reputation for organizing diverse and inclusive music festivals attract audiences globally, providing a solid foundation for market expansion and sustainability initiatives.

**Weakness:** Reliance on temporary workers and freelancers may lead to operational challenges, such as inconsistencies in service quality and increased training costs to maintain high standards.

*Accept any other relevant strength or weakness.*

*Mark 2+2*

*Award [1] for identifying one strength/weakness and an additional [1] for application to BON*

- **Explain two reasons why BON might choose to operate in an environmentally sustainable way.** [4 marks]

**Enhancing Brand Loyalty:** BON's commitment to environmental sustainability resonates with the values of its audience, fostering deeper emotional connections. This builds strong brand loyalty, as consumers are more likely to support brands that reflect their personal values and contribute positively to the planet.

**Boosting Brand Awareness:** Adopting sustainable practices helps BON stand out in a crowded market, attracting media attention and appealing to a wider audience. Sustainability initiatives can highlight BON's eco-conscious efforts, enhancing its reputation as an industry leader in sustainability and drawing in attendees who prioritize environmental responsibility.

**Regulatory/legal Compliance:** Complying with environmental regulations helps avoid legal penalties and aligns with BON's CSR goals.

*Mark 2+2*

*Award [1] for identifying each reason and an additional [1] for application to BON*

## Unit 1

- **Define the term of a *public limited company (PLC)* [2 marks]**

A public limited company (publicly held company) is a business entity whose shares can be freely sold and traded to the public on a stock exchange, enabling it to raise capital from public investors. Unlike privately held companies, a publicly held company is subject to strict regulatory requirements, one of which includes the obligation to disclose financial information and company performance details to the public.

*Students are not expected to word their responses exactly as above.  
Award [1] for some understanding.  
Award [2] for a clear definition.*

- **Outline what it means to be a sustainable business [2 marks]**

Being a sustainable business means operating in a way that minimizes environmental harm while promoting social well-being and economic viability, ensuring long-term success and positive impacts for society and the planet.

*Students are not expected to word their responses exactly as above.  
Award [1] for some understanding.  
Award [2] for a clear definition.*

- **Identify two stakeholders' groups of BON. [2 marks]**

- Employees: Including full-time, part-time, and temporary staff who work directly for BON.
- Managers/Directors: The group of individuals responsible for strategic decision-making and day-to-day operations.
- Shareholders: Individuals or entities that own shares in BON, especially relevant since it is a public limited company (PLC).
- Customers/Attendees: Individuals who attend the music festivals organized by BON.
- Suppliers: Companies and individuals who supply goods and services necessary for organizing the music festivals, such as sound and lighting equipment suppliers, food vendors, and security services.
- Local Communities: The communities where the music festivals are held, affected by the events' economic, social, and environmental impacts.
- Government and Regulatory Bodies: Local, regional, and national government entities and regulatory agencies overseeing compliance with laws and regulations.

- Environmental Groups/pressure groups: Organizations and advocacy groups focused on environmental protection and sustainability, interested in BON's impact and initiatives.

*Accept any other relevant stakeholders' group.  
Award [1] for each stakeholder identified.*

- **Explain one reason why Before One PLC (BON) might have chosen to convert from a private limited company to a public limited company in 2016. [2 marks]**

BON might have chosen to convert to a PLC to raise additional capital through public share offerings, supporting its expansion and sustainability initiatives.

*Students are not expected to word their responses exactly as above.  
Award [1] for some understanding.  
Award [2] for a clear definition.*

- Discuss one advantage and one disadvantage of BON being a private limited company. [4 marks]

Advantage: Enhanced ability to raise funds for expanding festival locations and investing in sustainable practices. Limited liability for shareholders.

Disadvantage: Risk of diluting control and facing pressure from shareholders focused on short-term profits over long-term sustainability goals. More financial data to be published.

*Accept any other relevant advantage or disadvantage.*

*Mark 2+2*

*Award [1] for identifying one advantage / disadvantage and an additional [1] for application to BON*

- Discuss one advantage and one disadvantage of becoming a public limited company for BON in the context of its music festival business expansion. [4 marks]

Advantage: Enhanced ability to raise more funds than when being a privately held company for expanding festival locations and investing in sustainable practices. Limited liability for shareholders.

Disadvantage: Risk of diluting control and facing pressure from shareholders focused on short-term profits and dividends over long-term sustainability goals. Risk of hostile takeover.

*Accept any other relevant advantage or disadvantage.*

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Mark 2+2

Award [1] for identifying one advantage / disadvantage and an additional [1] for application to BON

## UNIT 2: HR Management

- **Discuss one advantage and one disadvantage for BON of having temporary employees. [4 marks]**

Advantage: Flexibility in staffing, allowing BON to adjust workforce size based on festival needs.

Disadvantage: Potential for decreased employee loyalty and continuity, impacting the quality of event management

Mark 2+2

Award [1] for identifying one advantage / disadvantage and an additional [1] for application to BON

- **Describe two functions of BON's directors [4 marks]**

Planning: This involves setting objectives for BON and deciding on the actions to achieve these goals. For BON's directors, planning would encompass strategizing for sustainable festival operations, financial forecasting, and developing marketing strategies to enhance brand awareness and customer engagement.

Organizing: Requires BON's directors to structure the company's resources effectively to implement the plans. This could include allocating budgets for environmental sustainability initiatives, organizing teams to focus on different aspects of festival planning (e.g., lineup selection, vendor coordination, waste management), and ensuring the necessary resources are in place.

Controlling: This management function involves setting performance standards, measuring actual performance, and taking corrective action. For BON, controlling could relate to monitoring the success of sustainability efforts (such as waste reduction targets), attendee satisfaction, and financial performance against forecasts.

Coordinating: Coordination ensures that all aspects of the company's operations are aligned and moving towards the set objectives. For BON's directors, this means ensuring

that all departments (from marketing to operations) work together to deliver successful and sustainable music festivals.

*Mark 2+2*

*Award [1] for identifying each function and an additional [1] for application to BON*

- **Discuss how the use of freelancers may affect BON's HR planning [6 marks]**

**Adaptability to demand:** The primary advantage of using freelancers is the ability to scale the workforce up or down based on the fluctuating needs of music festival planning and execution. This flexibility is crucial for BON, given the seasonal nature of festivals and the variable scale of events. HR planning can allocate resources more efficiently, hiring freelancers for specific tasks or periods of high demand, without the long-term commitments associated with permanent staff.

**Specialized skills on demand:** Freelancers can offer specialized skills that are only needed temporarily or for specific projects. This allows BON to enhance the quality of its festivals by hiring experts in stage design, sound engineering, or sustainability consultancy.

**Training and quality Control:** While freelancers provide operational flexibility, they also pose challenges in maintaining consistent quality standards. HR planning must include strategies for training freelancers to ensure they meet BON's quality expectations.

**Integration with permanent Staff:** Ensuring a cohesive team dynamic between freelancers and permanent employees is another consideration. HR planning needs to address how freelancers will be integrated into existing teams and how communication and coordination will be managed to avoid silos and ensure that all staff work towards common objectives.

*Accept any other relevant point.*

*Mark as 3 + 3.*

*Award [1] for stating a way and, depending on the depth and clarity of the explanation, an additional [2–3].*

*Award [1] for stating a potential drawback and, depending on the depth and clarity of the explanation, an additional [2–3].*

*Up to a maximum of [6].*



## UNIT 4: Marketing

- **Identify the target audience for BON's music festivals, considering demographic factors and psychographic characteristics. [4 marks]**

BON's target audience includes young adults (ages 18-35) with interests in diverse music genres and a commitment to environmental sustainability, valuing experiences over material possessions.

*Accept any other relevant answer.*

*Mark 2+2*

*Award [1] for identifying a demographic / psychographic factor and an additional [1] for application to BON*

- **Discuss the importance of branding for BON's festivals [6 marks]**

**Brand Awareness:** Branding is crucial for BON to make its festivals known to potential attendees. By consistently presenting its unique themes and values, especially its commitment to sustainability, BON can stay at the forefront of its target audience's minds, attracting attendees, artists, and sponsors effectively.

**Brand Loyalty:** Strong branding fosters a deep connection with attendees, encouraging them to return to BON's festivals annually. This loyalty is built on shared values and high-quality experiences, making loyal customers less likely to explore competitors and more likely to recommend BON to others.

**Differentiation:** In a competitive festival market, BON's branding highlights what makes its events stand out, such as its environmental initiatives and diverse lineup. This clear distinction helps attract a specific audience looking for festivals that align with their values, ensuring BON's festivals are the preferred choice over others.

**High costs:** However, in order for BON to enhance its branding, additional expenses may be required such as promotional activities, public relations and CSR. These may result in less profits and therefore less dividends for shareholders.

*Accept any other relevant point.*

*Mark as 3 + 3.*

*Award [1] for stating a point and, depending on the depth and clarity of*

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*the explanation, an additional [2–3].*

*Award [1] for stating a potential drawback and, depending on the depth and clarity of the explanation, an additional [2–3].*

*Up to a maximum of [6].*

## **UNIT 5: Operations management**

- **Define sustainability** [2 marks]

Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs.

*Students are not expected to word their responses exactly as above.*

*Award [1] for some understanding.*

*Award [2] for a clear definition.*

- **Outline two location factors for BON choosing the public-owned parks [2 marks]**

Location factors could be either quantitative or qualitative.

- Fixed and variable costs
- Expected profitability
- Infrastructure
- Safety
- Political stability
- Government grants
- Legislation
- Taxes
- Environmental regulations

*Accept any other relevant factor.*

*Award [1] for each factor identified*