

# IB Business Management Worksheet 02

## 1.3 Business objectives - Corporate, functional and individual objectives

Topic	Hierarchy of objectives, workforce motivation and departmental alignment
Level	SL/HL foundation
Time	55 minutes
Total marks	50

### Instructions for students

- Answer all questions. Show application to the business case when required.
- Use IB command terms carefully: define, explain, analyse, discuss, evaluate.
- For extended responses, make a justified judgement supported by the case and business concepts.
- Case data are fictional and created for assessment practice.

### Key syllabus coverage

- Corporate objectives are set for the whole business.
- Functional objectives are set for departments such as marketing, finance, operations and HR.
- Individual objectives should support departmental and corporate objectives.
- The way objectives are communicated can affect motivation.

## Section A - Multiple choice

Choose the best answer. Each question is worth 1 mark.

### 1. A corporate objective is best described as:

- A. A target for the whole business
- B. A rule for one employee only
- C. A production method
- D. A customer complaint procedure

### 2. Which is most likely to be a functional objective for the operations department?

- A. Increase market share by 5%
- B. Reduce unit production costs by 8%
- C. Hire a new finance director
- D. Increase dividends this year

### 3. Why can objectives motivate employees?

- A. They remove all pressure from workers
- B. They give workers targets and a sense of direction
- C. They guarantee higher wages
- D. They make competitors less important

### 4. Which situation is most likely to demotivate employees?

- A. Employees help agree a realistic target
- B. A target is imposed without enough resources
- C. Progress is reviewed fairly
- D. Objectives are linked to the overall strategy

### 5. Labour productivity measures:

- A. The number of managers in a business
- B. Output per time period of an employee
- C. The dividend paid per share
- D. The total market sales

**6. Which chain shows effective alignment?**

- A. Individual targets contradict departmental targets
- B. Corporate objective is unrelated to functions
- C. Corporate objective -> functional objective -> individual objective
- D. Individual objective -> random tactic -> mission

**Section B - Short answer**

**7. Define the term functional objective. [2]**

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**8. Explain one reason why functional objectives should be linked to corporate objectives. [4]**

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**9. Explain two ways objectives could improve employee motivation. [6]**

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**10. Construct one individual objective for an employee in the marketing department of a business aiming for growth. [2]**

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**Section C - Data response / case study**

**Case study: QuickClean Services**

QuickClean Services provides cleaning contracts to offices. Its corporate objective is to increase annual profit by 20% within two years. Senior managers have asked each department to propose functional objectives.

Some employees say the targets are too demanding because they already work overtime. Managers have not yet explained how extra resources will be provided.

Department	Proposed functional objective
Marketing	Increase the number of office contract enquiries by 30% within 12 months.
Operations	Reduce cleaning material wastage by 15% within 9 months.
HR	Reduce staff turnover from 18% to 12% within 18 months.
Finance	Reduce late customer payments from 22% to 10% of invoices within one year.

**11. Define the term corporate objective. [2]**

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**12. Explain how the operations objective could help QuickClean achieve its corporate objective. [4]**

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**13. Analyse one possible problem caused by setting demanding objectives without employee involvement. [6]**

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**14. Evaluate the usefulness to QuickClean of setting functional objectives for each department. [8]**

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**Section D - Extended response**

**15. Discuss whether employee involvement is essential when a business sets objectives. [10]**

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# Answer key and marking guidance

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Mark positively. Award credit for valid alternative answers that are accurate, relevant and applied to the case. Do not require the exact wording used in this key.

### Section A - Multiple choice answers

Q	Answer	Rationale
1	A	Corporate objectives apply to the business as a whole.
2	B	Operations objectives often focus on cost, quality, capacity or efficiency.
3	B	Objectives can clarify what employees are working towards.
4	B	Unrealistic imposed targets can reduce commitment.
5	B	Labour productivity is output per worker per time period.
6	C	Objectives should cascade from the overall business to departments and individuals.

### Section B - Short answer guidance

**Q7.** Award up to 2 marks: a target for one function or department of a business (1), such as marketing, finance, operations or HR (1).

**Q8.** Functional objectives support coordination (1) because each department knows how its work contributes to the whole business objective (1). This can reduce wasted resources or conflicting decisions (1) and improve the chance of achieving the corporate objective (1).

**Q9.** Award 3 marks for each way. Points may include direction, ownership when objectives are agreed, targets to aim for, fair review of performance, connection to rewards/training, and clearer understanding of how work contributes to strategy.

**Q10.** Award 2 marks for a relevant measurable target, for example: "Increase qualified social media enquiries from 400 to 520 per month by December." Award 1 mark if relevant but missing measurement or time.

### Section C - Data response / case study guidance

**Q11.** Award up to 2 marks: a measurable target (1) set for the business as a whole (1).

**Q12.** Reducing material wastage by 15% should reduce operating costs (1). If revenue is maintained, lower costs increase profit (1), supporting the corporate target of 20% profit growth (1). Application to cleaning materials or contracts earns the final mark (1).

**Q13.** If workers feel targets are imposed, they may lack ownership and commitment. Overtime concerns mean staff may see targets as unrealistic, reducing motivation or increasing turnover. This could damage service quality, customer satisfaction and profit. Award for applied cause-effect analysis.

**Q14.** Useful because objectives coordinate departments, clarify priorities, make progress measurable and link day-to-day actions to the profit objective. Limitations include possible conflict, pressure on staff, and the need for adequate resources and communication. Strong judgement: functional objectives are useful if they are agreed, realistic and reviewed; otherwise they may demotivate staff and undermine quality.

### Section D - Extended response guidance

Indicative content: involvement can create ownership, motivation and commitment; employees may provide practical information about realistic resources and timescales; consultation can improve communication and reduce resistance to change; senior managers may need to set urgent or confidential objectives without full involvement; too much consultation may slow decisions or produce targets that are not ambitious enough. Strong answers should define relevant terms, apply arguments to the case, analyse effects on stakeholders and objectives, and reach a supported judgement. Judgement: Employee involvement is highly valuable for realism and motivation, but it is not always essential; the best approach depends on urgency, expertise and the need for commitment during implementation.

#### Generic 10-mark extended response rubric

Marks	Descriptor
1-2	Limited knowledge; response is mostly descriptive or contains serious inaccuracies.
3-4	Some relevant knowledge and explanation; limited application to the business or question.

Marks	Descriptor
5-6	Clear explanation and some analysis; applied to the business, but balance or depth may be uneven.
7-8	Good analysis of both sides or several perspectives; well applied with reasoned links to objectives and stakeholders.
9-10	Balanced, fully applied evaluation with a clear, justified judgement and recognition of limitations or trade-offs.