BUSINESS AND MANAGEMENT

Overall grade boundaries

Higher level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 11	12 - 22	23 - 34	35 - 45	46 - 57	58 - 68	69 - 100

Standard level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 13	14 - 26	27 - 39	40 - 49	50 - 60	61 - 71	72 - 100

Higher level internal assessment

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 9	10 - 12	13 - 15	16 - 18	19 - 25

The report for this component is the same as November 2013.

The range and suitability of the work submitted

The majority of the higher level internal assessments (HL IAs) fulfilled the format requirements of the IB. It is increasingly rare for candidates to omit the action plan in the research proposal and it is clear that centres are paying more attention to examiner reports. There are, however, still some issues that need addressing. Word counts, for example, are not universally known. For instance, the executive summary has a limit of 200 words, which was frequently exceeded. Many candidates, and indeed whole centres, appeared to be unaware that the word count for the research proposal of 500 words must include the words in the action plan as well, even if the action plan is in a table. The *teacher support material* (*TSM*) should be consulted before the beginning of the session.

There were more internal assessments focusing on quantitative issues than in previous sessions, but the majority of projects still investigated the "softer" topics of marketing and human resource management. Projects on marketing remained generalized and superficial and too often addressed the entire marketing of an organization, which was not achievable within the word limit, especially when it was a service organization and/or a multinational organization.

The number of business tools used in internal assignments has reduced over the years and some centres are clearly advising all candidates to include a SWOT and possibly a PEST analysis. These tools are perfectly acceptable and often relevant, but at times, reports appeared too formulaic and the link between the PEST and SWOT and the research question was far from clear. In addition, a large number of candidates did not really understand the tools and applied them inaccurately and inappropriately, including strategic analysis.

It is clear that the HL IA is intended to be an investigation requiring the candidate to conduct primary research and to work with a business or non-profit organization. It was disappointing that this session saw some candidates producing a project based only on secondary data.

Despite the issues identified, most reports were professionally presented and well researched and were a credit to the candidates writing them and to their teachers who supervised the process.

Candidate performance against each criterion

Criterion A: Research proposal and action plan

The research question is crucial to the final success of the project as it provides the focus for all research. It was often clear from reading the title of a report that the work that followed was likely to be descriptive and generalized. Centres should spend more time on ensuring that their candidates' research questions demand clarity on what is to be investigated and set some measurable success criteria. Fortunately, fewer research questions were backward looking, but many were still too broad in scope for effective treatment within the word limit.
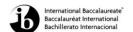
One way to ensure that the research question is focused is to include a clear rationale for the investigation. This was a weakness this session. Candidates continued to provide personal reasons for their research, such as interest or personal links, rather than providing a business and commercial rationale, such as falling sales, profits or other problems such as poor productivity and high staff turnover.

Candidates are expected to explain their choice of both methodology and theory, and why these will help answer the research question, but it was relatively common for candidates only to explain one or neither and simply provide a list. Teachers and candidates need to pay close attention to the criterion requirements.

Anticipated difficulties of the research were generally addressed. Projects that did well not only identified potential research problems, but also suggested some sensible solutions through careful planning.

Criterion B: Use of theoretical concepts, sources and data

Few candidates provided the context for their investigations. It would help the reader if secondary data was included to explain the nature of the market in which the organizations operate, the market share held and the relevant economic issues affecting demand patterns. It was common to reach the end of a report and to not fully understand the role that the organization played in the market place and the competition it was facing. Information on

markets is readily available and it is surprising that many candidates did not present some background.

Projects are intended to show that the candidate is able to apply theory and tools learned in the classroom to a range of business situations. Although it is beneficial for the owners and managers of businesses to be provided with a purely practical report addressing a business problem, this type of report does not achieve a high mark according to the assessment criteria. Projects were often practical with little evidence of sources and data being used effectively and integrated with the theoretical framework.

Criterion C: Analysis and evaluation

Analysis and evaluation are higher-order thinking skills and require more than the simple presentation of tools and theories. There needs to be a connection between the data collected, the research tools and theories and the research question. It is worrying that many candidates described the data collected and the theories and tools used, but did not apply these tools and theories to underpin their analysis and evaluation. Synthesis was a skill found only in the highest achieving assignments.

The range of business tools and theories being applied continued to be limited. SWOT analysis was used almost routinely and often where an advantages and disadvantages analysis would have been more appropriate. It appeared that candidates regarded these tools as simple; requiring one or two entries in each quadrant, often without any evidence or citation. SWOT and PEST analyses are connected and require high-order thinking skills to provide a basis for detailed analysis and evaluation linked to the research question. Many SWOT analyses were inaccurately prepared with entries in the wrong categories particularly in the case of the "opportunities" section, which included internal, controllable factors. Similarly, force field analysis was often presented as a stand-alone section with no clearly signposted link to the research focus. Weights were estimated by the candidates in many cases, without any basis for the selection of these weights. In the conclusion, it was then common for candidates to say that the SWOT, PEST and force field analysis provided evidence for a conclusion or recommendation, when they did not, because all three were purely the opinion of the author with no backing from secondary or primary sources.

The lack of integration of tools, theories and data, made it difficult for candidates to achieve the higher achievement levels, because they could not provide consistent evidence of critical and reflective thinking.

Criterion D: Conclusions and recommendations

As in previous sessions, it was unusual for candidates to cost their recommendations and consider whether these were viable for the organizations under investigation. Poorly focused and descriptive research titles led candidates to introduce new ideas and information in the conclusions section, which should have been examined in the main body of the report. Many candidates did develop their conclusions and recommendations, but few identified future action to address limitations in the research, with many unnecessarily evaluating their research, but not suggesting ways the weaknesses could have been addressed in the future.

Criterion E: Value to management

The majority of assignments were acceptable in their use of footnotes and candidates produced sources for most of the data presented in diagrams or tables or in the text, but bibliographies and appendices were both limited and poorly presented. Indeed, some candidates had no use of footnoting and sources were not acknowledged, opening up the issue of plagiarism. Limited bibliographies continued to be a problem as they indicated that research was not adequate and many included little more than text books.

Most reports followed the IB written report format. Presentation (format, layout, font size and line spacing) was normally very professional with clear, labelled diagrams and well laid out logical sections.

Recommendations and guidance for the teaching of future candidates

Teachers should ensure that candidates:

- Have access to the assessment criteria before starting their project.

- Know the word counts for all sections of their reports, check that their projects are within the word limit and are clear regarding the penalties for exceeding this limit.

- Have a clear and focused research question, so as to make the project realistically achievable and forward-looking with a title that is not too broad in scope or over-ambitious.

- Include a business rationale rather than a personal rationale for the investigation.

- Include a research proposal containing all the required components and show that they understand all IB requirements before beginning the written report (with particular emphasis on the inclusions of a detailed action plan).

- Present an adequate balance of both primary and applicable secondary data effectively used in answering the research question.

- Analyse and integrate their ideas in a logical and coherent manner.

- Use a variety of presentation techniques and statistical tools when they are analysing their data, with well-labelled, titled and properly sourced diagrams.

- Show adequate critical and reflective thinking throughout the report and not just in a few segments of the report.

- Provide limitations of their research including giving future action to resolve any weaknesses identified.

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- Provide full references and acknowledge all sources they have used to support their data.

- Include financial analysis, such as the costing of recommended courses of action.

- Have the IA criteria at the beginning of the course which is clearly explained to them. The candidates should also be encouraged to assess themselves with these criteria before they hand in their final drafts.

- Include executive summaries that are "summaries" of the report as a whole (in the past tense) and not just a repeat of the introduction.

- Include in their appendices, comments from the supporting organization on the completed assignment, as evidence that it was at least submitted to them.

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Standard level internal assessment

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 9	10 - 12	13 - 16	17 - 19	20 - 25

The report for this component is the same as November 2013.

The range and suitability of the work submitted

The standard level internal assessment (SL IA) written commentary was first assessed in May 2009; by May 2014, the majority of centres clearly understood the guidelines and expectations, although some new centres did not properly follow the instructions to meet the requirements, typically about the inclusion of supporting documents in the appendix. This, however, heavily penalizes candidates, as no documents presented results in 0 for criterion A.

The 1500 word limit is a tight one and it is important that candidates choose a well-focused issue. The range and breadth of the supporting documents must allow candidates to apply tools, techniques and theory from the course within this tight word limit. Exceeding the word limit (even just by a couple of words) results in 0 for criterion F.

The commentary must be based round a single business organization. It may be appropriate to look at industry-wide issues and how they relate to the organization, but the primary focus must be a single business organization. The commentary is an overall commentary of all the supporting documents and should not be done as a commentary on each separate document.

Among some candidates, there was some confusion as to the difference between a "research project" (as for the HL) and a "commentary". The commentary does not require a forward-looking research question, but is simply a commentary on the way in which the supporting documents help to analyse a particular business issue or problem. As such, no setting out of methodology is required and there is no required structure either. Lengthily presenting the rationale for the choice of subject, the objectives, the methodology, as for the HL IA, is not appropriate. Candidates should rather clearly identify, at the end of their introduction, the 3 to 5 documents on which they are basing their commentary, and these documents must be provided in the appendix.

Candidate performance against each criterion

The standard of the work submitted was generally encouraging and most centres had clearly understood and applied the assessment criteria very well.

Centres that provided clear internal marksheets and showed where and why the marks had been awarded for each criterion helped the work of the moderator significantly, as they could see the reasoning behind each mark allocation.

Criterion A: Supporting documents

In many ways this is one of the most important criteria, not because of the number of marks offered, but because the choice of supporting documents can be a contributory factor towards several other criteria.

This link is particularly true with criterion C (Use, analysis and synthesis of data), but also to a lesser extent with criterion B, D and E. The right choice of supporting documents will not only give candidates the highest marks for this criterion, but will also set them up effectively for the rest of the commentary.

In some cases the supporting documents were too long. It is sufficient for the candidate to provide the relevant section of the annual report of a company as a supporting document, highlighting the relevant passages used in the commentary. This may be the financial statements if they are looking at financial issues, or perhaps the relevant sections relating to their corporate social responsibility if this is the topic under investigation.

The highlighting is a crucial step in the process. Not only will it help the candidate to plan and organize the data they require for the commentary, but it will also help the moderator to judge the performance on criterion C – the extent to which the candidate has synthesized the data from the documents. If the supporting documents are not in the language of submission, the highlighted sections must be translated.

The supporting documents must be documents that are externally sourced or are generated from primary sources. It is not appropriate for a SWOT analysis or PESTLE analysis prepared by the candidate to be used as a supporting document. A summary of results from primary research may be used as a supporting document but not documents that have been directly written by the candidate. If the candidate is able to source strategic documents coming from the organization itself (*eg* a company-prepared SWOT analysis) then this may be appropriate, but not one prepared by the candidate themselves.

It is helpful for the moderation of this criterion if the supporting documents are clearly labelled as such. Candidates may want to offer additional material in other appendices, but this material should be clearly differentiated from the supporting documents. The supporting documents should be given as a separate section to any other appendices and should be clearly labelled, for example "Supporting document 1", "Supporting document 2" and so on.

To access the top level of this criterion, candidates need to ensure that the supporting documents are:

- Relevant – this is where the choice of documents is crucial. The documents must be directly related to the issue chosen and not just general company documents.

- Sufficient in depth – to ensure this, the choice of documents will be important. Newspaper and journal articles will often be good sources of supporting documents,

but the level of analysis in newspaper articles may differ significantly from one to the other. Candidates should ensure that the source chosen is a suitable one in terms of the level of depth of analysis in the articles. Documents such as company price lists or product lists will not allow candidates to access the top levels of this criterion.

- Recent – the instructions refer to documents written a maximum of two years before the submission of the IA.

- Providing a range of ideas and views – to ensure that they meet this requirement, candidates need to choose a number of different sources. While it may be possible to choose five different journal or newspaper articles as supporting documents, these will need to be very carefully chosen if they are to offer a range of ideas and views. For most candidates, it is better to avoid this situation and have the documents from a broader range of sources in order to ensure they meet this criterion. If it is not immediately clear from the supporting document itself, the document should be clearly labelled with the date in order to show that it meets the requirements of the task.

Criterion B: Choice and application of business tools, techniques and theory

The two key elements to this criterion are the selection of appropriate business tools, techniques and theory and then their application. Given the word limit, it is important that the issue chosen is well-focused to allow for the choice of appropriate tools. This was generally well done, though the application of the business tools was not always as effectively done.

A SWOT analysis is not a requirement for the commentary. In some cases, a SWOT analysis may be appropriate, but this is a strategic tool and so may be difficult to apply effectively within the word limit. Given the word limit, the use of a SWOT analysis should be carefully considered before its inclusion. It may be an effective planning tool for the candidate while preparing the commentary, but it may not always be appropriate to include it. If a SWOT analysis is included, all elements should be appropriately sourced and evidenced. It is not possible to do a SWOT analysis of an individual strategy/situation/proposal and these should not be attempted.

Ensuring that "a broad and appropriate" selection is made of theory/tools/techniques does not necessarily require theory/tools/techniques from different topics within the syllabus. Indeed, given the constraints faced by the candidate, this may prove very difficult to achieve. To meet this requirement, it is more appropriate to simply choose a range of theory/tools/techniques from within the topic area under investigation. In many cases candidates were perhaps trying to offer too broad a range of theory resulting in the depth of application being more limited.

Criterion C: Use, analysis and synthesis of data

To achieve the top levels of this criterion, candidates must show where material has been sourced from. In other words, they need to show clearly where, from within the supporting documents, the evidence for their analysis appears. The best commentaries directly referenced the material they used and showed the sources as footnotes. This made it very clear how the material had been synthesized and it was very helpful to moderators.

It is helpful for this criterion to refer directly to the supporting documents in the body of the commentary and to use the material from them to illustrate their analysis. This is, after all, a "commentary" and so candidates should ensure that they use the supporting documents effectively and integrate the information from them appropriately with their chosen business theory, tools and techniques.

Criterion D: Conclusions

The requirements of this criterion are fairly clear from the levels of the criterion and were generally very well met, though the conclusions should be clearly set out as a separate section. While it may be perfectly appropriate to draw conclusions about the arguments raised in the body of the commentary, there should also be an overall conclusion offering a direct answer to the question or topic chosen. Recommendations for action are not required (this is different from the HL IA).
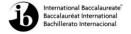
Criterion E: Evaluation and critical thinking

The performance on this criterion was varied, as may be expected. The key phrase in the top level of this criterion is the need for judgments to be "substantiated". This process of substantiation will partly depend on the choice of supporting documents. The greater the range and depth of views offered in the supporting documents, and the higher the level of analysis within them, the easier candidates will find it to substantiate their judgments.

Criterion F: Presentation

Some commentaries exceeded the word limit of 1500; in such cases, candidates could only be awarded 0, no matter how well presented the written commentary was overall. Even 1505 words is above the word limit and leads to a mark of 0 for this criterion. Internal markers need to be very strict on this. The word limit is a constraint on what candidates can offer, making it all the more important that they use the word limit effectively. Descriptive and introductory material should be trimmed as far as is possible in favour of the more analytical material and this will leave more time to apply business tools, techniques and theory. The best commentaries were clearly structured, well laid-out and neatly presented. The bibliography should first source and date the supporting documents, and then any other sources used. These must be clearly footnoted. The dates and times of access to web sites must be given and the full web address of the pages used, not just the homepage.

Recommendations and guidance for the teaching of future candidates

- The use of a checklist (possibly based on the SL IA checklist in the *TSM*) can help ensure that candidates meet all the requirements of all criteria. Centres may want to adapt the SL IA checklist to their own requirements and perhaps add to it to suit their own local context and deadlines. This checklist and other relevant material can be downloaded from the Online Curriculum Centre (OCC).

- Giving candidates access to the assessment criteria before starting the commentary will allow them to see in detail the requirements of the task.

- Candidates will need support and help in the identification, choice, preparation and use of the supporting documents. The impact that this choice has across the assessment criteria makes this a vital element of the commentary process.

- Candidates should be encouraged to use theory, tools and techniques explicitly in the commentary and to apply them appropriately to the business issue/problem chosen.

- Candidates should be provided with precise guidance and support for referencing, also ensuring that the supporting documents are referenced throughout the commentary.

- Candidates should use only 3 to 5 supporting documents as stipulated in the subject guide.

- Any documents or material used that is not in the language of submission should be translated.

- Candidates should ensure that documents are less than two years old.

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Higher level paper one

Component grade boundaries
Higher level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 8	9 - 16	17 - 26	27 - 34	35 - 43	44 - 51	52 - 80

Standard level paper one

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 6	7 - 12	13 - 19	20 - 24	25 - 28	29 - 33	34 - 50

The areas of the programme and examination which appeared difficult for the candidates

At HL, candidates struggled with precision with SWOT. Objectives seem unclear to many candidates. There were poor performances in the questions that required calculations. Some candidates lacked precision in their definitions. Many candidates demonstrated confusion with Porter's generic strategies.

At SL, there was not one particular area or areas that candidates found difficult, unlike previous sessions where many candidates typically struggled on questions about finance (Topic 3 in *The Guide*) and/or marketing (Topic 4 in *The Guide*). In May 2014 however, there was one distinct feature noticeable in many candidates' responses: many candidates often failed to answer the question exactly as it was worded, but rather seemed to answer a similar question (that they had most probably practiced in class). This increasing number of "ready-made answers" (that do not entirely correspond to the question asked) largely explains why some answers were overall rather disappointing, as further explained and illustrated in this report.

In Section A, most SL and HL paper 1 candidates answered question 1 and question 2, it is difficult to say however if candidates rejected question 3 as too challenging, or if 1 and 2 just seemed more accessible to candidates. The three questions were set at the same level.

The areas of the programme and examination in which candidates appeared well prepared

All candidates were able to complete the paper. No issue of lack of time was apparent for SL candidates. At HL, candidates seemed well engaged with the case material. Candidates

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understood the consequences of the strategic alliance and seemed to understand all of the options.

As in past sessions, a very small number of candidates answered three questions from Section A. This is bad practice and a waste of valuable time. Those candidates were awarded the marks for the best two answers.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1

(a) Most candidates answered the definitions well, although the answers were sometimes so brief that full marks could not be awarded. Sometimes, candidates also copied a sentence or a passage from the case study, it is not clear why candidates did that – no extra mark was awarded for just copying a sentence that did not help to show that the candidate understood the term. Weaker answers lacked precision.

(b) Most candidates were prepared for a "define" question; most candidates defined the term "performance-related pay" well (although this was not the question) but few wrote about an advantage and a disadvantage. In many cases, the answer took the form of a definition stressing why it is a good system (or not); few candidates followed the instructions in an explanatory way, writing "this is an advantage.... because....; this is a disadvantage.... because...." Many answers lacked any kind of context. Good answers referred to issues outside of Martin's control that might affect his performance such as the weather, seasonality *etc.*

(c) At SL, the answers were rather disappointing overall; few candidates wrote about the business concept of "strategic alliance" (which is what the question was meant to assess). Many candidates had a lot to say about safari tourism in Kenya, about the proposed arrangements (as detailed in the case study) and about Kamau's leadership style – but the question was focusing on strategic alliance, and only a small number of candidates answered correctly. Candidates clearly knew the case study very well (the story of Martin and *The Imperial*), however this appeared to be to the detriment of knowledge and understanding of business theory.

At HL, many answers simply repeated the material that was in the case study with little development. Most answers made the mistake of asserting that the 20% commission would reduce profits, whereas it has an impact on cash flow – indeed profits could actually increase if the number of customers rose significantly.

Question 2

(a) The same comments can be made as above: many candidates answered well, however some answers were much too brief to be awarded 2 marks (for example "dismissal means to be fired"); others only repeated lines from the case study (for example "in every appraisal meeting, [Susan] resisted any discussion about how she managed staff") which on its own does not show that the candidate understands the meaning of the term. A small number of candidates defined appraisal in relation to investment appraisal and other business appraisals. However the line referencing made it clear that appraisal related to reviewing the performance of employees. Most candidates were able to define this term but many answers overlooked the role of the appraiser.

(b) Most candidates answered quite well, however two mistakes proved quite frequent. Firstly, some candidates did not read the entire question: ".... the importance… for GP", as the owner; they wrote about the importance for Martin, as manager, to have an overall view of the financial health of the hotel. Secondly, some candidates ignored the (explicit) reference to profit and loss accounts and of balance sheets; they wrote about final accounts in general; the aim of the question, however, was to assess candidates' knowledge and understanding of profit and loss accounts *and* of balance sheets, *i.e.* distinguishing between them.
Disappointingly most HL answers were entirely theoretical and, so, were unable to gain full marks. Better answers referred to falling profits and liquidity problems at GP.

(c) The answers were rather disappointing overall, typically about internal factors (such as the strike as a threat, or the refurbishment of the rooms as an opportunity). In a SWOT analysis framework, the opportunities and the threats must be external. Even some very good candidates (who answered other questions well) achieved quite low marks: a maximum of 4 marks if only the opportunity or the threat is correct.

Question 3

(a) Surprisingly, very few candidates addressed the three types of resources in their answer: some wrote about human resources and financial resources, others wrote about financial resources and physical resources – but very few answered this question well, which is surprising as the question was supposed to be very accessible. Most candidates were able to contextualize the three resources. Few candidates were able to link them together.

(b) Many answers showed confusion between "marketing audit", "market research" and "business plan", although the term "marketing audit" was present in the case study (*line 59*: "[Martin] conducted a marketing audit") so candidates could have researched the meaning of that term (which is in *The Guide*, in sub-section 4.2).

(c) The case study included several examples (Jomo Kimathi, Martin Kimathi, Craig Chapman) and the question was almost directly lifted from one of the learning outcomes of *The Guide* (sub-section 2.1, "Discuss the significance of changes in labour mobility, both domestic and international"). A very small number of candidates

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answered extremely well, however many answers remained rather generic and superficial, just narrating the lives of the people who had worked in different countries, repeating or paraphrasing the case study.

Question 4 SL only

(a) (i) Most candidates were awarded at least one mark, however many answers remained too brief (such as "there is a conflict between Susan and the cleaners") and could not achieve two marks. The command term "outline" is defined (in *The Guide* page 76) as "give a brief explanation and/or summary of the issues, principles, or arguments stated in the question"; candidates should learn to develop their answers.

(ii) Many answers were acceptable, few candidates achieved two marks; many answers were too vague and generic, for example "marketing" or "maintenance".

(b) Most answers were quite good – when candidates knew the Ansoff matrix model, they had no difficulty to apply it to the strategic options of *The Imperial.* It was however surprising to see many answers where candidates had no idea at all what the Ansoff matrix is. At SL, the number of business models on the syllabus is very limited (*e.g.* BCG matrix and Ansoff matrix); all candidates should understand these models.

(c) Most candidates were awarded a few marks, although many answers were rather vague; it was not always clear whether candidates really understood the meaning of "empowerment", although again the term was explicitly in the case study (*line 90*) and in *The Guide* (sub-section 2.5). Many candidates only defined "empowerment" (as they expected such a question), but made no reference, in their answers, to job satisfaction, motivation and productivity (although the question explicitly asked for this).

(d) Most answers were disappointing – as most candidates answered a different question: they compared and contrasted Susan's and Martin's leadership style; it seems that they were ready for that question and did not pay attention to the exam question as it was formulated. Only a very small number of candidates referred to "the implications for *The Imperial*", although the words are explicitly in the question. This is a very good example of the mismatch, frequently noted by examiners, between (i) what the question really asked, and (ii) what the candidates actually wrote.

Question 4 HL only

(a) Most candidates had useful ideas about benchmarking. Weaker answers often only referred to one feature, repeated the same feature, or did not develop their answer.

(b) Most answers were theoretical answers about profit centres. Better answers referred to special features of the hotel, the restaurant and the special events service.

(c) Candidates who understood Porter's generic strategies often gained full marks. However, many candidates confused the term with Porter's five forces.
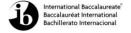
(d) Most candidates were able to come up with ideas for resolving the dispute, but were then unable to develop the discussion into whether or not their suggestion would work. Many solutions suggested were longer-term solutions such as sending Susan for management training.

Question 5 HL only

(a) Most candidates were able to define the term outsourcing. A few candidates thought it was employing people from outside the business, which is not a useful concept as no employee belongs to the business.

(b) (i) Many candidates appeared to be confused with the calculations. Only few candidates obtained the correct answer.

(ii) A significant number of candidates are unable to calculate expected outcomes from a decision tree.

(iii) Most candidates offered a comment (own figure rule applied to wrong answers from the part [ii]) but few candidates referred to uncertainties with the data.

(c) This question was well answered by a significant number of candidates. Weak answers tended to either erroneously link decision styles with management styles, or took a simplistic view that scientific decision making is only about "numbers" whereas intuitive decision making is only about "feelings". The best answers saw the two methods as valid and complementary.

(d) Candidates found this question challenging. Stronger responses resulted from recognition that this question was about changing objectives, and not about choosing options. Weaker responses went through the options (from the case study) and the factors influencing them without any reference to objectives, either explicitly or implicitly.

Recommendations and guidance for the teaching of future candidates

- Beware of over preparation, particularly for HL question 5(d).

- Be selective about using the additional information for HL question 5(d).

- Be prepared for all possible definition questions (short-answer questions).

- Read and analyse the questions carefully. Candidate's responses should be based on the question asked and not a similar question practiced in class.

Higher level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 9	10 - 18	19 - 26	27 - 35	36 - 44	45 - 53	54 - 75

The areas of the programme and examination which appeared difficult for the candidates

The most notable areas were:

- The adaptation of the balance sheet in light of depreciation.

- Calculating the quantity of customers needed to meet a given target profit.

- The definition of "price skimming".

- The features of "random sampling".

- The accurate and to scale drawing of a break-even chart.

- The understanding and application of the concept "Handy's shamrock organization".

The areas of the programme and examination in which candidates appeared well prepared

It was noticeable that more candidates than in previous exam sessions were analytical in their approach and produced very good responses.

Few candidates were evaluative and produced excellent quality answers.

As in previous sessions, the candidates that produced very sound theoretical answers with specific application to the stimulus were able to reach the top markband.

The level of knowledge, understanding and skill demonstrated

It was very noticeable that some candidates were not prepared for the numerical questions. This resulted in very few marks awarded overall.

The main weaknesses apparent were mainly due to difficulties in:

- A lack of specific application to the stimulus beyond the name of the organization was quite noticeable in some questions, especially those with lower-order thinking

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command terms. Many candidates only referred to the organization by name rather than incorporating and addressing the issues in question. Please note that just to mention the name of the organization cannot be qualified as application.

- The interpretation of command terms. Although an improvement was noticeable this session, far too often examiners commented on "unbalanced responses" in the questions requiring higher-order thinking.

- At the same time a noticeable number of candidates exceeded the expectation of the command term and provided judgment, or more specifically conclusions where it was not needed. No additional credit was given for the extra work/effort.

- Inability to go beyond the printed material in the stimulus. Still, a noticeable number of candidates simply regenerated the printed information without further expansion regarding the exact effect on the specific organization in the stimulus. However, some improvement was noticeable, many candidates attempted to go beyond the printed material and appropriately elaborated on various issues.

- Unsubstantiated conclusions / judgment. It is still apparent that many candidates were clearly prepared to provide a conclusion for the final questions in section B. Still, a disappointing number produced conclusions that were unsubstantiated. Many just repeated the points they mentioned before. Hence the top markband was not accessed by many candidates.

  A substantiated conclusion / recommendation must be based on the secure analysis already given in the candidate's response.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1:

(a) (i) Some good relevant definitions. Surprisingly many were unable to achieve full marks due to confusion with creditors, a reference to borrowing money from the organization and/or the time span. Again, while most candidates could have provided good theoretical responses, many did not write their response in the relevant context.

(ii) Full marks were not awarded to those who only copied examples which were given in the stimulus and/or did not refer to time span. Many confused fixed assets with fixed costs. Their answers referred to the definition of fixed costs and were not credited.

(b) Many candidates were awarded full marks for their relevant advantage and relevant disadvantage of working at full capacity. However, some candidates did not apply their response to *AH Ltd* beyond mentioning the name, hence were awarded 1 mark for each theoretical issue raised.

(c) (i) Most produced clear well-presented responses which showed clear understanding how to construct a balance sheet. The IB prescribed format was used with appropriate headings.

Some produced a balance sheet that was unbalanced, confused debtors with creditors and mixed up some of the headings. Moreover, some candidates did not use the required IB prescribed format.

(ii) It was disappointing to see that a notable number of candidates did not follow the question requirement for full working. Hence, marks were lost when only the final answer was stated.

Confusion was also evident between the depreciation allowance/amount of depreciation and the book value. Where applicable, candidate own figure rule was used.

(iii) A very small number of candidates were awarded full marks for this question. Most showed awareness that the depreciation should be subtracted from the equipment, but often the wrong figure was used. Most produced an unbalanced balance sheet, or simply added depreciation in capital and reserve which was incorrect.

(d) Most candidates were able to provide one advantage of the method but hardly anybody actually applied.

(e) The question asked for two appropriate sources of finance not for more. Some candidates provided three to four sources.

Many candidates did not apply appropriately and simply suggested loans from banks, or support from NGOs notwithstanding the information in the stimulus.

Moreover, many suggested an overdraft which is a short-term source and far too many candidates suggested to use retained profit, with some generic arguments for and against, while ignoring the fact that the organization is having a working capital crisis.
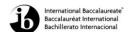
Question 2:

(a) (i) Many candidates showed understanding of the concepts and produced good definitions. However many just repeated the term USP.

(ii) The vast majority of candidates identified two relevant external stakeholders. Some inappropriately referred to internal ones.

(b) (i) Surprisingly, many candidates could not calculate the number of trekkers when given a target profit figure. Some did not show working, or classify the figures used in terms of fixed cost and variable cost *etc* and consequently lost some marks.

(ii) As in previous sessions, those who drew the chart to scale, with correct labelling of the axis as well as correct identification of the break-even point, fixed cost, total revenue and total cost at the correct points were awarded full marks. Many candidates did not draw to scale. Some produced very untidy charts and were awarded only very few marks.

(c) (i) Many candidates produced accurate answers with full working shown. These candidates where awarded full marks. Those who were did not, failed to produce working, arrived at wrong answers, or ignored the question regarding calculating the new margin of safety (MOS). Some ignored the negative sign of the MOS.

(ii) Where candidates clearly suggested some good theoretical options like increase the price, only very few actually applied the answer to *HT* and demonstrated understanding that the customers are actually price inelastic as implied in the stimulus. Generic responses were awarded 1 mark only. The weaker responses that explained why the break-even point was lower were awarded no marks.

(d) Many relevant, applicable responses were evident. Those who did not achieve the top markband were the candidates who:

- Produced unbalanced responses, or just lifted some relevant issues from the stimulus without further explanation / expansion.

- Produced theoretical responses on the merit of being socially responsible, ignoring the question on changing social attitudes.

- Simply assumed that *HT* had changed its attitude toward corporate social responsibility.

Question 3:

(a) A relatively small number of candidates were able to provide an accurate and full definition that referred to the changing price, starting high and reducing later given the type of product/service, the nature of the market and the product life cycle. Many responses wrongly referred to prestige pricing.

(b) Some candidates demonstrated good understanding of the nature of random sampling. Most candidates were able to identify one feature. Some just repeated the question by saying, the sample is chosen randomly. Hence on many occasions no marks or just 1 mark was awarded.

(c) This question appeared to have been very accessible for most candidates. They demonstrated good understanding of the nature of the 3Ps (people, process and physical evidence) applicable for the service industry. The reason why some candidates were not awarded the 2 marks allocated for each P was due to lack of application.

(d) This question was a very good discriminator. Those candidates who understood the structure, explained the three leaves well and applied, were able to reach the top markband.

The weaker responses:

- Showed no understanding of the model/structure at all. They frequently mentioned the name and referred to cost cutting, but did not go beyond this, 1 mark was awarded on such occasions.

- Showed some understanding of the structure, but did not apply specifically to *Turners*.

- Applied one or two of the three leaves, hence some marks were lost.

- Provided one-sided relevant responses and hence were awarded 4 marks only.

- Some over-concentrated on the issue of outsourcing, or just referred generally to costs cutting. As general good practice, candidates are strongly advised to read all of the questions before answering to avoid unnecessary repetition of the same points that will appear in subsequent part(s) (part (e) in this case).

(e) This question was largely well answered. Many candidates provided a balanced respond with expansion on the stimulus.

However, some provided a one-sided response and others merely lifted information from the stimulus.

The lower quality responses simply repeated the information from the stimulus with no further depth / expansion.

As in previous sessions, many finished with the word "conclusions" but there was no evidence of real substantiated evaluation, just a short summary of the points mentioned. The top markband was reached by relatively few candidates.

Ideally, to reach the top markband candidates should have:

- Made explicit use of some subject concepts / terminology.

- Commented on the significance of their argument to allow for substantiated/ well-supported conclusions.

- Provided some suggestions as to what the organization could do to improve on the current limitations of the training and appraisal system. Suggestions need to be fully explained and substantiated.

Question 4:

(a) Most candidates were able to provide a relevant definition. Some still referred to government owned organization. It was expected that the response goes beyond just selling shares to the public.

(b) Polar responses were evident here. Some candidates described the inorganic nature of the growth, however, a disappointing high number of candidates just repeated the notion of mergers between two companies. Those candidates who only wrote inorganic/external without further expansion / description were only awarded 1 mark.

(c) A small number of candidates were not awarded full marks due to one or more of the following reasons:

- Some identified the forces, but the changes were not clearly explained in terms of lower or higher bargaining power.

- Identical explanation for two different forces.

- Wrong terminology used.

- Confusion with a different model of Porter, no marks were awarded.

Those who used the relevant forces with relevant applicable explanation as to how the chosen forces were affected were awarded the full three marks for each force.
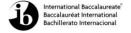
(d) This question appeared to be the most challenging for many candidates.

There were some clear and relevant responses which fully explained different types of economies as well as diseconomies of scale, with particular attention to falling costs per unit. However the main weaknesses were:

- Many candidates do not fully understand the concept.

- Some candidates simply wrote about the correct terminology without appropriate explanation and application to the organization and the industry.

- One-sided responses were provided where no reference was made to diseconomies of scale.

(e) Many candidates provided balanced responses with some attempt to draw conclusions and provide evaluation.

Still, the main weaknesses as before were:

- One-sided responses.

- Candidates did not go beyond repeating information from the stimulus without much further elaboration / expansion.

- Forced conclusions, written without much or any substantiation.

Consequently, the top markband was often not reached.

Question 5:

(a) (i) Many candidates provided a somewhat relevant definition. Full marks was not awarded where the candidates only used the example from the stimulus, or did not articulate their response clear enough. It was disappointing to see that still many candidates were confused and did not provide the correct definition.

(ii) Many candidates could not articulate or understand the meaning of contribution. Some simply repeated the sentence from the stimulus about the restaurant's contribution for which no marks were awarded. A relatively small number of candidates were awarded full marks.

(b) Most candidates were able to provide a good to very good response with relevant application. Those who were not awarded full marks for each term were the candidates who either did not apply/put their response in context, or did not refer to the time span and produced similar explanations for tactics and strategies.

(c) This question proved to be very challenging for many candidates. The question was two questions in one. The markscheme was adapted to allow some flexibility.

Still, many candidates ignored the most important driving forces such as the increase in competition and the economic downturn. A significant number of candidates attempted to analyse the success of the strategic plan rather than the forces that necessitated the creation of a strategic plan. Some, albeit minimal, reference to the dynamic environment was also expected.

Candidates reached the top markband when they identified and explained the most relevant restraining and driving forces in context, as well as referred to the dynamic nature of the environment.

(d) Asked candidates to evaluate the likely success of a proposed strategic plan. On a positive note, many candidates attempted to provide a balanced response which incorporated some arguments for and some arguments against the possible success of the five year plan. Many candidates indeed picked relevant issues from the stimulus and expanded.

To reach the higher markbands, candidates were expected to go beyond the printed material and expand using theoretical knowledge. Some did and were awarded good marks. Moreover, for this type of higher-order thinking question, it was expected that the candidate will provide some substantiated conclusions / recommendations.

The same issues as mentioned before emerged:

- Some candidates just copied or referred to costs in a vague manner of implementing various strategies and tactics.

- Some did not provide conclusions, though most did provide conclusions that were unsubstantiated.

Again, to reach the top markband candidates should have:

- Made explicit use of some subject concepts / terminology.

- Commented on the significance of their argument and hence allow for substantiated/well-supported conclusions.

- Provided some suggestions as to what *MTC* could possibly do to alleviate the arguments against.

Recommendations and guidance for the teaching of future candidates

- Candidates should pay attention to presentation of models, such as break-even as well as to the presentation of working when specifically requested in the question.

- Graph paper should be used and diagrams / charts should be drawn to scale.

- In calculations, candidates should state the appropriate units, *i.e.* if the figures are in 000, millions *etc* otherwise, presenting raw figures can results in loss of marks. (9.62 is not the same as $9.62.)

Standard level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 9	10 - 18	19 - 25	26 - 31	32 - 37	38 - 43	44 - 60

The areas of the programme and examination which appeared difficult for the candidates

The major issue this session related less to specific areas of the syllabus and more to the issue of answering questions directly. Syllabus knowledge was not faultless, which is to be expected, and varied from candidate to candidate. No specific area stands out as one of major difficulty.

The much bigger issue this session had a certain conceptual similarity with the major problem of the prior session. Last session (November 2013), many candidates did not, on the 7 mark questions, answer the questions asked. The two questions where this occurred most commonly in November 2013 were with questions 3(e) and 4(d). With 3(e), candidates typically listed advantages and disadvantages of being a multinational company (MNC) but did not explain why the number of MNCs had increased (as the question asked). With 4(d), many candidates launched into listing the advantages and disadvantages of franchising but did not address the issue of franchising as a growth strategy (as the question asked). In more than a few cases last session, rather well-written papers lost crucial marks on these two questions. What appeared to be the case was that candidates had, before the exam, memorized a "script" for MNCs and another for franchises. When candidates saw those words, they appeared to produce memorized responses. In other words, candidates were not thinking about the questions asked.

This year, two questions, 3(e) and 5(e), requiring higher-order thinking skills proved challenging. In these two particular cases, candidates could not have/would not have had memorized scripts available to them to answer the questions, which were heavily dependent on the specifics of the stimulus. The questions were very straightforward: candidates would base their response on the stimulus, extended their thinking through inferences, and connect their inferences to knowledge from various areas of the syllabus. Unfortunately, many candidates seemed unable to perform these operations. The problem was not one of knowledge – the rest of the exam demonstrated rather strong content knowledge on the part of candidates – but rather problems with thinking skills. Development of higher-order thinking skills should be an area of focus for teachers, not just content knowledge.

The areas of the programme and examination in which candidates appeared well prepared

As can be expected, the level of knowledge, understanding and skill varied by candidates. Overall, candidates appeared to have sufficient time to respond to questions. Many candidates demonstrated a wide range of knowledge.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1

(a) In general, candidates were able to answer this question, or at least achieve 1 mark.

(b) Diseconomy of scale proved more difficult than the preceding question. Many candidates either did not know the term outright or had difficulty describing one.

(c) (i) – (v) as is often the case with calculations, candidates seemed either to find these straightforward and earn many marks (6 or 7 or 8), or did not know what to do and either did not attempt them or made errors. Some candidates did not know how to round and lost marks because of rounding errors.

(d) Most candidates earned at least one or two marks on this question. Most candidates had some sense of what liquidity is.

(e) Answers to this question proved interesting. Many candidates earned 3 marks by talking about barriers to communication that were in the stimulus. Very few candidates earned more than 3 marks by commenting on the positives of the communication situation at *LE*.

Question 2

(a) (i) Most candidates had at least some idea of what a pressure group is and earned 1 mark and many could define it sufficiently well to earn 2 marks.

(ii) Many candidates earned 1 or 2 marks on this question. The challenge is for candidates to go beyond the tautology of say something like "Batch production is when products are produced in batches," and most candidates were capable of doing that.

(b) (i) – (iii) Similar to 1 (c) above, candidates seemed either to find these straightforward and earn many marks, or did not know what to do and either did not attempt them or made errors.

(c) Most candidates who attempted this question earned at least partial marks, though very few candidates earned 5 marks, typically because their break-even chart was not

to scale or was not drawn with a straight edge. Many candidates also lost marks for how they labelled the vertical axis.

(d) Many candidates attempting this question earned 3 marks by talking about the image-enhancement of ethical objectives versus the cost. More nuanced answers drawing on additional material from the stimulus were uncommon.

Question 3

(a) Probably the two most common errors on this question were (1) when candidates said mass production costs less, or (2) that mass production leads to lower quality. Mass production generally leads to lower per unit cost, though the capital outlay for mass production is high. Thus, to earn 1 mark related to lower cost candidates had to indicate per unit. Related to the second issue, mass produced items are often of much higher quality than handmade items, so low quality alone was insufficient.

(b) Many candidates struggled with this question or at least had trouble describing one difficulty, though quite a few succeeded at identifying a difficulty.

(c) Most candidates could name one purpose of penetration pricing for 2 marks but far fewer could name two purposes.

(d) On the whole, the answers for this question were quite strong. Large numbers of candidates earned 4 marks. Even when candidates could not fully understand the question, most knew what motivation means and could describe the different situations at *KP* and the American company to earn at least 2 marks.

(e) This question was rather straightforward and, yet, answers were weaker than anticipated. Part of the difficulty speaks to lack of familiarity with how to answer a 7 mark question, which teachers should practice with students. Another difficulty appears to stem from insufficient practice at drawing inferences from the stimulus. In both instances, these are academic higher-order thinking skills. Candidates could not have/would not have memorized a response appropriate to this question. Thus, the results suggest a need to focus some attention on the thinking skills for this type of question.

Question 4

(a) Most candidates earned at least 1 mark and many candidates earned 2 marks.

(b) In general, candidates earned 2 marks on this question, often with very concise answers, or they earned 0 marks because they had no understanding.

(c) Many candidates earned 4 marks on this question, which, based upon candidate performance, was probably the easiest question on the whole paper.

(d) Most candidates were able to respond to this question sufficiently well to earn 3 or more marks.

(e) Candidates had some latitude in how to answer this question. Either they could discuss all three options or focus on the one option that they recommended. If they chose the latter route, they needed a more detailed and nuanced treatment of the recommended option than if they talked about all three. Central to earning marks in the higher range was to address the issue of the business structure and legal organization, which many candidates addressed either briefly or not at all.

Question 5

(a) In general many candidates answered the question well.

(b) The question was a reasonable way to distinguish between candidates in that it was based upon knowledge and relatively uncomplicated application. When candidates answered the question directly, that is, talked about Agon's business, they tended to do well. Some wrote about Gent's business (the evening school) and lost a mark for application to the stimulus. Some, as is to be expected, had little or no understanding of regional trading bloc.

(c) Many candidates earned 4 marks on this question, which was quite straightforward – two different purposes were in the stimulus. The question asked about Gent's business. When candidates did not address Gent's business, they could earn only up to 2 marks. In some cases this occurred.

(d) Many candidates could answer this question rather well except that answers tended to be one-sided – they lacked balance (very similar to the situation in question 1(e).

(e) Far fewer candidates earned 5 or more marks on this question, mostly because they did not write a whole, essay-like response with an introduction, body, and conclusion. In terms of structure, an "essay" was not absolutely a necessity, though conceptually it was. Commonly candidates talked about each individual source of finance, sometimes with balance, sometimes not. To have a supported judgment, an evaluation, however required a launching point (introduction), a body, and a conclusion. Like with question 3(e), the answer to this question could not have been anticipated by teachers and thus memorized by candidates before the exam. This question required higher-order thinking in an exam setting.

Recommendations and guidance for the teaching of future candidates

Teach examination techniques to ensure that candidates:

• Allocate time and effort according to the mark allocation.

- Answer questions precisely as they are asked, not merely to recall a memorized response to a generic question. This session, this problem showed itself by candidates' limited ability to answer straightforward questions, 3(e) and 5(e), for which they could not have had a memorized response but which required higher-order thinking.

- Are analytical and refer to the stimulus material.

- Carefully consider recommendations, as all recommendations have costs as well as benefits.

- Do not have "bullet point" responses unless asked to identify.

- Evaluate when appropriate, rather than just describe.

- Have a straight edge and use graph paper for break-even analysis.

- Practice as many stimulus materials/case studies as possible to reinforce application of theories / subject concepts to a particular event or issue.

- Practice questions that require discussion and evaluation.

- Read the questions carefully and know that different command terms require different kinds of responses. Do not go beyond the requirement of the command terms.

- Use the subject terminology/concepts and theories when appropriate.

- Write in full sentences and clear prose to reward clear and detailed analysis and evaluation.

Further guidance on analytical and evaluative questions:

Candidates must go further than just copying the information in the stimulus material. When asked to analyse or examine (the final part to section A questions and the penultimate part to section B questions), many candidates do not go beyond the issues that are printed in the stimulus material. The candidates can and should use their theoretical knowledge and understanding of the particular subject matter(s) presented in the stimulus material to put forward some arguments for and against the relevant issue(s)/option. The candidates should make the connection in a relevant and applicable manner. Doing so can be judged as application/reference to the stimulus material beyond just mentioning the name of the organization. Similarly, candidates should use their theoretical knowledge to elaborate and fully explain each particular issue presented rather than just lift the relevant issues from the stimulus material. In doing this, candidates will be able to reach the top markband.