May 2015 subject reports

Business and Management

Overall grade boundaries

Higher level

Grade:	1	2	3	4	5	6	7
Mark range:	0 – 12	13 - 25	26 - 37	38 - 47	48 - 58	59 - 69	70 – 100

Standard level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 10	11 - 22	23 - 34	35 - 44	45 - 56	57 - 67	68 - 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 almost the same as May 2014.

The range and suitability of the work submitted

The majority of the higher level internal assessments (HL IAs) fulfilled the formal requirements of the IB. The omission of a research proposal and action plan was uncommon, and it is to be hoped that this will be the case in following sessions assessed under the new guide.

As in previous sessions and reports, there are, 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 **and** the action plan combined is 500 words, even if the action plan is in a table. The *teacher support material* (*TSM*) should be consulted before the beginning of the session.

Unlike in May 2014, fewer assessments focused on quantitative issues with the majority of projects again investigating the topics of marketing and human resource management. Approaches to these topics were often formulaic, and the results remained generalized and superficial as a result. The unfocused and broad nature of many of the research questions meant that coverage was not possible within the word limit. Some centres are still not advising candidates to avoid coverage of large unmanageable topics, such as the entire marketing mix of a multinational organization.

Unfortunately, the range of business tools used in internal assignments has continued to reduce, with many centres only including SWOT, PEST and force field analyses. Some centres are clearly advising all candidates routinely to include a SWOT and possibly a PEST analysis, even when they add little value to answering their research question. Even more concerning was that many candidates did not really understand the tools they used and/or applied them inaccurately and inappropriately.

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. Where reports had poor research questions, they tended to be descriptive, with superficial analysis and generalized conclusions. Some research questions did not allow candidates to reach both conclusions and recommendations.

As in previous sessions, 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. Too many candidates understood this to be a business, not a personal rationale. Personal interests, family links and convenience were presented as the rationale for the research. What candidates should focus on as a rationale for the investigation are issues, such as falling sales, profits or other problems, such as poor productivity and high staff turnover.

The assessment criterion expect candidates 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 to provide a list.

Anticipated difficulties of the research were generally addressed. Even though not required, candidates who performed well, not only identified potential research problems, but also suggested some sensible solutions through careful planning.

Some action plans were generic and not directly related to the research question. However, it was encouraging that many candidates were genuinely using the action plan as a primary planning document.

Criterion B: Use of theoretical concepts, sources and data

The focus of the HL IA is primary research, but it would help the reader to understand the context of the investigation. The better reports were ones where candidates provided background information, including details on the nature of the market in which their firms operated, the market share held, the important competitors and the relevant economic issues affecting demand patterns. It was all too common to reach the end of reports and still not understand the role that the firm played in the market place and the competition it was facing. Information on markets is readily available through simple internet searches.

Too many candidates relied on a single primary source upon which to base the written report and few considered whether the source represented an unbiased judgment of the issues under investigation. For example, too many relied on interviews with senior managers, without checking the answers against secondary data.

The purpose of the HL IA is 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 due to the lack of evidence of sources and data being used effectively and integrated with the theoretical framework.

Although a number of candidates were successful in linking their sources and data to their theoretical framework, many candidates failed to include quantitative tools and to bring costings into their work to contribute to effective recommendations.

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, theories and the research question. It is worrying that many only 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 IAs.

The range of business tools and theories being applied continue to be limited. SWOT

analyses 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 analyses were 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 analyses 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.

In many cases, recommendations did not follow directly from conclusions, and conclusions did not follow directly from the analysis.

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 footnotes 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 textbooks. Some centres have begun to use web tools to prepare bibliographies, such as "bibme" and "citation machine". If these have been used, the bibliographies should also cite their use.

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 for the teaching of future candidates

Teachers should ensure that candidates:

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- have access to the assessment criteria before starting their IA.
- 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).
- keep the research proposal separate from the written report, follow IB required format and include a column for modifications in their 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.
- 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.
- encourage candidates to assess themselves against the assessment criteria before they hand in their IAs.
- 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.

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 almost the same as May 2014.

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 2015 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.

Please note May 2016 is the first session of the new course. Although the task remains the same for the SL IA, the assessment criteria has changed.

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 websites must be given and the full web address of the pages used, not just the homepage.

Recommendations for the teaching of future candidates

- The use of a checklist can help ensure that candidates meet all the requirements of all criteria.
- 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 for the November 15 session. From May 2016, the supporting documents should be written a maximum of three years prior to submission of the IA to the IB.

Higher level paper one

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 9	10 - 19	20 - 29	30 - 37	38 - 44	45 - 52	53 - 80

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

In section A, many candidates chose to avoid the finance based question 3.

On specific topics, a significant number of candidates showed little understanding of fringe payments, Porters five forces and driving/restraining forces.

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

Despite the case study being a little complex in terms of the names of the business and people (Alejandra, *LadyA*, *LAM*) there appeared to be little confusion in the way that candidates handled the material. Candidates could use these names interchangeably. Candidates managed the additional material well, in particular the revised scenario leading to the three modified options.

Topic areas where candidates appeared particularly well prepared included ownership as a sole trader, impacts of changing an organization structure and outsourcing. Candidates demonstrated a clear knowledge of Maslow, market research and branding, however, application of these concepts was less successful.

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

Question 1

This was the most popular of the optional questions.

(a)(i) This was generally well answered, but there was some confusion between mission statements and vision statements. Clarity was often provided with the use of an example.

Rather than defining mission statement in terms of core values, it was sometimes incorrectly defined in terms of short/medium/long term objectives.

(a)(ii) There was some confusion over fringe benefits, with many candidates suggesting bonuses, paid holidays and benefits already mentioned in the case study (health insurance and training). There were also examples of benefits that would be inappropriate for an employee at a school cafeteria.

(b) Although the topic of "sole trader" was generally well understood, a disappointingly small number of candidates were able to put their ideas into the context of Mr Carroccio's business. Of key importance were his very limited sources of finance and the impact that limited liability could have on him and his family. Advantages were usually correct but, again, not contextualized, for example Mr Carroccio would have found it much easier to start as a sole trader as he was new to the country.

(c) Maslow was generally well understood and many candidates were able to relate developments in *LadyA*'s life with stages in Maslow's hierarchy. However most candidates took this descriptive approach to Maslow/*LadyA* rather than addressing the issue of "relevance". Good answers considered that a singing star may not fit well with the theory, seeking higher levels right at the beginning of their career. Some candidates chose to analyse the relevance in terms of how *LadyA* could motivate her employees and demonstrated relevance by whether or not motivation strategies would work. This approach often led to higher marks.

Question 2

This was the second most popular optional question.

(a)(i) Most candidates have a grasp of "quality", but few were able to define quality control beyond the general concept, or gave responses related to imprecise concepts such as quality assurance. Key features are testing at the end of a process rather than monitoring the process as a whole.

(a)(ii) The term "workforce planning" is a term not generally understood. Many candidates described day-to-day planning of tasks rather than the more strategic planning of how many workers will be needed, what skills are needed and how gaps in skills can be me met.

(b) Most candidates were able to identify two effects of the changing organizational structure, but few were able to contextualize their answers. Good answers referred to the impact of the appointments of a Managing Director and a Human Resources Manager, as well as the fact that there was to be more delegation that would change how people worked.

(c) Many candidates did not answer this question succinctly and wrote everything that they knew about market research, which was not necessary. Many other candidates thought that the question referred to the range of products that *LadyA* produced rather than the brand. Some answers were about sampling methods which did not answer the question. The best answers referred to the kind of information that a researcher would need to design and develop a brand, and the methods that could be used to obtain that information. The best answers attempted to analyse the suitability of the methods in context.

Question 3

This was the least popular optional question.

(a)   Cash flow was generally well understood by the candidates who attempted this question, although few were able to describe what makes a "cash-flow forecast" different from "cash flow". The best answers related closing balance to opening balance by means of forecast net cash inflows, and then describing how the closing balance of one forecast period becomes the opening balance to the next period.

(b) The uses of final accounts are generally well understood. Some candidates had difficulty in applying these concepts to stakeholders of *LadyA*. The best answers referred to actual stakeholders in the business such as the Malaysian manufacturer, shareholders such as *LadyA*, her parents and so on.

(c) Most candidates were able to describe the product life cycle in terms of various events in the career of *LadyA*, usually in date order. The best answers identified how the life cycle could be used to identify the need for extension strategies and then balanced this off against the theoretical rather than practical nature of the concept. Few answers had depth of analysis.

Question 4

(a) Most candidates demonstrated a good understanding of outsourcing, but many answered in theoretical terms. Better answers addressed the issue of lower costs, especially wages likely to be found in Malaysia as well as the benefits that batch production would bring to the Malaysian business and hence to *LadyA*.

(b) A number of candidates thought that this question was about the marketing mix and attempted to explain the impact of "expensive internet videos" in terms of the 4Ps. In fact the question was more about recognizing that the cost of these videos was a kind of "paid for" promotion. By using online technology, *LadyA* helped, by means of these videos, to attract new customers and encourage existing customers to buy *LadyA* products, CDs, *etc* all with the aim of generating revenues greater than the cost of producing and showing the videos.

(c) In answering this question many candidates explained family branding. This enabled them to demonstrate a good understanding of general branding issues, but little ability to apply these ideas to a "global market". The key to the application of the concept was the recognition that global markets would need branding to overcome cultural, language and fashion differences and that this could be difficult.

(d) This was a challenging question and a pleasing number of candidates answered it well. The better answers related the leadership styles identified in the case study with (a) Alejandra's natural skills of being a performer and knowing what she wants and (b) with the changing circumstances. The best answers then attempted to justify whether it was skills or circumstances that provided the dominant reason. Weaker answers went little further than describing the styles identified in the case study and at times linking these style in with some leadership theories.

Question 5

(a) Most candidates gained full marks for this question. The few that did not listed general factors such as "social", "economic" rather than being specific with such things as "growth, changing markets" and so on.

(b) A surprising number of candidates did not attempt this question. Where it was attempted the most common mistake was to overlook the fact that the data applied to a five year period not one. Those who gave the wrong answer, but showed their working were often able to gain some marks. Where candidates had a wrong answer they were allowed to carry forward this answer to 5(e).

(c) Many candidates focused on "new entrants" and were able to contextualize their answers through the idea of younger singers starting to perform in competition. A significant number of candidates showed limited or no understanding of Porter's five forces, and others who were able to identify an appropriate force were unable to apply the idea.

(d) Candidates were generally stronger on driving forces than on restraining forces. A few candidates confused "forces" with "decisions". Many answers were descriptive rather than analytical and lacked effective application to *LadyA/LAM*.

(e) There were some very strong answers to this question which took into account risks and probabilities as well as other data from the case study and the additional material. The strongest answers challenged whether the "usual" business criteria of maximizing returns would apply to a successful star facing significant life changes. These answers then compared and contrasted the options. Weaker answers tended to repeat the information provided rather than developing and analysing it. Very often answers that gained high marks were both concise and incisive.

Recommendations and guidance for the teaching of future candidates

- Candidates should be familiar with all of the syllabus terms in the case study and be able to apply these concepts.
- Context is very important in this paper. Candidates should be given practice in applying ideas, rewarded for good application and discouraged from only giving purely theoretical answers.
- Candidates should be familiar with the command terms and the related expectations for each.
- Candidates should practice time management under examination conditions.
- Read the questions carefully and answer the question set.

Teachers and candidates are reminded that the command term "analyse" in the new course for first examinations in 2016 will have the same expectations as "explain".

Standard level paper one

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 5	6 - 11	12 - 19	20 - 24	25 - 29	30 – 34	35 – 50

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

In May 2015, there was not one particular area or areas of the programme that candidates found difficult, unlike previous sessions where many candidates typically struggled on questions about finance and/or marketing. However, a problem already highlighted in May 2014 was even more apparent in May 2015: a very high number of candidates often failed to answer the questions as they were worded, but rather seemed to answer questions that seemed similar and that were most probably prepared in class; this was most noticeable for 4(c) where most candidates answered about the Ansoff matrix, although this was not the question asked. This practice limited the number of marks that could be awarded.

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

As can be expected, the level of knowledge, understanding and skill that was demonstrated varied both by centre and by candidates within a centre.

All candidates were able to complete the paper. No issue of lack of time was apparent for SL candidates.

As always, 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)(i), most candidates answered well, however some candidates only copied the example from the case study line 11 ("to help all adult immigrants learn English"). Candidates should be reminded that just copying sentences from the case study text does not result in any extra mark: it does not show any knowledge or understanding of the meaning of the term, it only shows the ability to retrieve relevant text from the case study.

(a)(ii), many candidates answered well; the most common answers were "free lunch" or "free food from the cafeteria", as well as "free English classes for her" or "free tuition for her daughter". Two problems were however quite frequent: firstly, many candidates wrote "health insurance" (whereas the question explicitly stated "*other than health insurance*"); secondly, some candidates wrote unrealistic answers that did not fit the context (such as "company car" or "free accommodation").

(b), answers were good overall, though with two common flaws: firstly, many candidates wrote about financial security (although again the question explicitly included the words "*other than financial security*" – which again shows that many responses would have received higher marks if they answered the question set); secondly, some candidates wrote about "too much work" or "work alone" which is not relevant to the status of sole trader (a sole trader can have employees).

(c), most answers were satisfactory (although some clearly had no recollection of Maslow's pyramid of needs); many candidates drew the model and were able to apply some of the ideas to the case study (for example about self-achievement). Few candidates however sufficiently focused on the notion of "relevance" (although the term is in the question) – ultimately, the model may not be that relevant, but few candidates commented on that.

Question 2

(a), most answers were correct, though many were too basic or just tautological: just writing that "quality control is about controlling quality" or "workforce planning is about planning the workforce" cannot result in any mark, as it does not show any knowledge and understanding. Some candidates just repeated lines from the case study (for example "quality control could be a problem with the Malaysian manufacturer") which on its own do not show that the candidate understands the meaning of the term.

(b), as noted before, many candidates did not closely follow the question and explained that many employees complained less (although again this was explicitly excluded and could not result in any mark). Many candidates however answered reasonably well, despite a tendency to copy many sentences from the case study, as already noted in this report.

(c), answers were good overall; the topic of market research methods is one that candidates usually understand well; many answers were very long, sometimes unnecessarily so, with long descriptions of questionnaires or focus groups. The main weakness was the fact that some answers were just generic and theoretical, without reference to the *LadyA* brand and the case study.

Question 3

(a), the results were very polarized: some responses achieved very high marks (because they demonstrated clear understanding of the relationship and were able to describe it); others responses however just wrote about cash-flow forecasts in general, or made just one basic point (for example "the closing balance is the amount of money at the end of the month").

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(b), again, the results were very polarized: many answered very well (often mentioning the government and the calculation of tax that *LadyA* had to pay – quite a sophisticated impressive answer); however some others seemingly did not know what final accounts actually were, and just wrote about the importance of *LadyA* being popular and financially successful. As the aim of this question was to assess candidates' knowledge and understanding of final accounts (profit and loss accounts, balance sheets), superficial answers only about financial success could not be credited.

(c), this question was similar to 1(c) and 2(c) and so was the range of performance: many candidates showed that they knew the model (and many drew it – though a small number wrote about the BCG matrix instead) and were able to apply it (for example about the introduction/launch of Lady Alejandra with the film *La Bella Rosa*); candidates clearly knew the case study very well (the story of Lady Alejandra and her success) – but few candidates however wrote about the "usefulness" of the model to *LadyA*.

Question 4

(a), most candidates showed that they had understood the strategic option well, however as noted earlier in this report many candidates had a tendency to only copy material from the case study; again, this is not enough as the candidate then does not show why a particular point is a strength or a weakness. Candidates must add their own text, in their own words, as already noted in other questions. Instead of just copying from the case study: there needs to be some "value added" in the candidate's answer, not just elements quoted from the text, no matter how well referenced.

(b), although some candidates struggled with some of the calculations, the answers were good overall, especially regarding the break-even chart. It was unfortunate however to see many break-even charts that were not to scale, or not properly labelled.

(c), more than half of the candidates answered another question, a question about the Ansoff matrix; of course that approach was possible (and candidates should indeed be encouraged to use business management theories, tools and techniques, when appropriate) – the question however was different: recommend one of two strategic options to *LadyA*. It is true that that there has been past examination questions explicitly requiring the application of the Ansoff matrix – however this does not mean that there will be a question about the Ansoff matrix each time. Again, candidates must answer the questions asked, and not answer the questions they have practiced.

Recommendations and guidance for the teaching of future candidates

See higher level paper one, page 13.

Higher level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 10	11 - 20	21 - 28	29 - 36	37 - 45	46 – 53	54 -75

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

The most notable areas were:

- difficulties of measuring intangible assets
- construction of a fully labelled cash-flow forecast
- definition of "variance analysis"
- drawing of the break-even chart in an accurate way and to scale
- understanding of the concept "free float".

The level of knowledge, understanding and skill demonstrated:

The level of knowledge, understanding and skill that was demonstrated varied considerably between candidates.

Some candidates, albeit a low number, did not answer the numerical questions well and achieved very few marks overall. The fact that some teachers comments on the G2 forms that section A was heavily numerical, perhaps indicates that some teachers and consequently candidates, are not aware of the structure of the examination and the importance of being able to manipulate figures as well as make quantitative decision (as well as qualitative ones).

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 still quite noticeable in some responses. Despite reporting on this issue frequently, many responses are still mainly theoretical not going beyond just mentioning the name of the organization. Just mentioning the name of the organization cannot be qualified as application.

Although some improvement in the interpretation of command terms was noticeable, some responses remained unbalanced for the evaluative questions. There are still many candidates that exceeded the expectation of the command term and provided a judgment, or more specifically conclusions when it was not required. No additional marks were given for the extra work/effort. Disappointingly, some of these same candidates did not provide a substantiated judgment, or even basic conclusion in their responses to the evaluative questions (where it is needed).

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

Unsubstantiated conclusions / judgment. This is still an issue that requires improvement. It is not sufficient to only repeat all of the arguments already presented and comment that the arguments far outweigh the arguments against without specific explanation as to why. Candidates should prioritize their arguments with justification / substantiation. Substantiated conclusions / recommendations must be based on a secure analysis.

Given the above, the top markband was not accessed by many candidates.

Definition questions, many candidates again failed to give full definitions to gain full marks.

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

It was noticeable that more candidates were analytical in their approach and produced very good responses. The candidates that produced very sound theoretical answers with specific application to the stimulus were able to successfully reach the top markband.

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

Question 1

(a) This question was largely well answered by most candidates. Some went beyond the command term and covered both advantages and disadvantages. No additional credit was given for this. Some confused above and below the line methods.

(b) Many candidates found this question challenging. It was disappointing that a significant number of candidates did not understand the concept. Many just explained what "variance" is, and ignored the reference to "analysis". Some repeated the sentence from the stimulus that the management is to carry out a variance analysis to determine whether the proposed change has been successful. No credit was given for just copying the last sentence in the stimulus.

(c) Many candidates wrote something on the new sales representatives, their methods of payments, motivation, even though the question specifically asked for human resource implications for the management. Those candidates who explained the possible reaction / action by *CT*'s management were awarded full marks.

(d) (i) Most candidates were able to calculate the break-even point correctly while clearly presenting their working.

(ii) It was disappointing to see that a notable number of candidates did not follow the requirement of the question which specifically indicated that an accurate scale is expected.

It was written in previous reports that candidates should pay more attention to the presentation of the chart and provide evidence that the figures that are used are actually correct. There was little improvement this session.

Those who drew the chart to scale, with correct labelling of the axes as well as correct identification of the break-even point and total revenue, total cost at specified points were awarded full marks. Many candidates did not draw to scale. It was expected that the candidate provides some evidence of the **exact figures** and to scale on the costs/revenue axis. Some produced very untidy break-even charts and were hence awarded only very few marks.

Candidates are advised to use graph paper to draw their charts.

(e) Some candidates were awarded the full marks as they produced an accurate and well-presented cash-flow forecast, which also included all of the relevant headings and sub-headings. Many included fixed assets as an inflow. Some did not provide headings of totals and net cash flow. Few candidates provided an unacceptable cash flow format where profit, current assets and current liabilities were the headings.

Despite the bold word "annual" in the question, some, but not many, candidates produced a monthly cash-flow forecast.

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

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

The main issue in terms of price reduction was to do with the price elasticity of demand. While most candidates referred to this issue, many did not fully explain the full effects on total revenue. Many wrote that total revenue might fall or stay the same. Moreover, many diverted to an increase in costs due to the introduction of the toy parties. Many failed to refer to the cash-flow forecast that actually showed an increase in revenue. Candidate own figure rule was allowed.

Some produced a one-sided response, while others provided conclusions and recommendations which were not required for this question.

Question 2

(a) A relatively straightforward question which comes up on numerous occasions in this or related formats. Here the question is asking for "advantages" not, features. Of course some features, are by definition advantages, such as limited liability. However, it is not obvious why being family owned is an advantage unless further expansion is given. Unfortunately, it often was not. As this was only a 2 mark question (one per advantage identified) a degree of leniency was given.

(b) Many candidates seemed to mix up the terms "capacity utilization" and "capacity maximization" leading to a loss in marks achieved.

(c) While the advantages and disadvantages were generally well understood, very few candidates were able to apply them to the organization in the question. This lack of application giving generic answers continues to be a major source of lost marks for many candidates and should represent a possible teaching opportunity for the future.

(d) This was a straight-forward critical path diagram question (with no dummies). Nevertheless there was poor understanding demonstrated by many candidates. Many began their diagrams with two starting nodes, and many ended up with more activities than were listed. Some introduced dummy activities to try and resolve these issues. Although this topic will no longer be assessed from May 2016, it is nevertheless a widely used tool in businesses and Gantt charts have been added to the new syllabus (1.7), hence the need to visualize activity sequences are still needed.

(e) (i) Despite the fact that no working was required many candidates did so. Nevertheless, it was disappointing that a large number of candidates clearly did not understand either the significance of free float, or know how to calculate it.

(ii) Again many candidates did not understand the difference between the free float and the total float and consequently few received full marks for this question.

(iii) Very few candidates understood that free float determined the delay in the "next" activity and not the total project duration as a whole. Candidate own figure rule was applied from the diagrams constructed in part (d) however, many candidates contradicted their own diagrams.

(f) This part of the question was generally well answered. The stimulus provided ample data for application and most candidates had no problem identifying these. Nevertheless, many responses were very descriptive with limited analysis and also many fell short of recognizing the significance of items such as exchange rates, the relationship between price and income elasticity and the shortage of qualified labour, and the subsequent effects that might have on the quality of service offered.

Question 3

(a) This question was largely well answered by many candidates. Those who did not achieve 2 marks for each factor were the ones who did not apply their responses to *Fujifilm*.

(b) It was evident that most candidates understood what a patent is. However, the question asked for one benefit for *Fujifilm* requiring specific application. Some ignored the latter and was hence awarded just 1 mark.

(c) This question was very accessible for most candidates. Most demonstrated a good understanding of possible benefits and possible costs of using research and development (R&D). However, the lack of specific application and not just stating the name *Fujifilm*, was a common occurrence. Consequently, many candidates were only awarded 2 marks despite demonstrating good theoretical knowledge.

(d) This question was a very good discriminator. Those candidates who understood the nature of diversification strategy, argued for and against with application, were the ones who were able to reach the top markband.

Weaker responses: simply mentioned that diversification was risky without explaining why with specific application to *Fujifilm*; showed some understanding of the model without specific application; provided one-sided relevant responses and were hence awarded 4 marks only; referred to market development or product development strategy despite the fact that the type of strategy was given in the question; diverted into an examination as to what *Fujifilm* should have done.

Candidates are strongly advised to read all of parts of a question before answering to avoid unnecessary repetition of the same points as appeared in part (e).

(e) The best responses, albeit few, were the ones which referred to the creation of *Astalift* and not just as a new product, but more importantly as a new brand which included the issue of a separate brand name. Those very good to excellent responses were able to go beyond the stimulus and provided theoretical, yet highly applicable arguments for and against in relation to *Fujifilm*.

Nearly all candidates were able to provide some arguments for and some arguments against *Astalift*. However, many only referred to the creation of a new product. Some provided one-sided responses while others simply lifted information from the stimulus without further expansion.

Some provided almost identical responses given to part (d).

As in previous sessions, many finished with the word "conclusions" without any evidence of real substantiated evaluation with only 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 arguments and hence substantiated / well-supported conclusions; provided some suggestions as to what *Fujifilm* could do to ensure the sustainability of their current / short-term success of its branding strategy.

Question 4

(a) A seemingly straight forward definition question, but one which many candidates found very difficult. One main issue was the difference between internal growth and internal finance which many candidates felt were one and the same thing, stating categorically and quite incorrectly that internal growth could only be funded by retained profits (or internal resources). As a further teaching point it should be noted that internal growth can be financed from "any" source. It is what is financed that is important.

(b) There were some very interesting and imaginative responses to this question, unfortunately many of them incorrect. Many had no problems in stating the obvious answer of the internet, but struggled with the second feature. Many suggested things such as economies of scale, no

need for marketing and so on, which in many cases were product specific and as such not a general feature.

(c) The vast majority of candidates answered this question well. Nevertheless, a small minority of candidates provided the answer as a ratio, or percentage, or even as a number of dollars. Some lost a mark for not stating the unit of days – either in the answer or in the formula.

(d) There were a significant number of candidates that failed to apply their answer to the stimulus. In addition a smaller yet significant number explained liquidity related consequences even though the answer specifically precluded this. A number of candidates did recognize the term "overtrading" but seemed unable to explain it. There did seem to be some confusion, with some candidates analysing the sales growth scenario under either or both options. Consequently, some candidates wrote considerably more than was required for no real gain in marks.

(e) This was a poorly attempted question by many candidates. Firstly, many candidates focused on costs, without mentioning price. Although many candidates recognized the additional transport costs, there was often therefore the assumption of increased prices without taking into account the considerable savings of the new factory.

With regard to "place", many candidates confused this with "location" preferring to talk about the human resource costs, rather than the effect on the distribution of the product to customers. In this regard very few candidates recognized the "e-commerce" aspect as having a potential impact on distribution and other general costs. Many gave conclusions when it was not required for an "analyse" question.

(f) There were some good answers provided which balanced in effect three separate strategies and provided a judgment. Nevertheless, many failed to provide the necessary balance. Whilst the benefits of sale and leaseback were generally recognized, the drawbacks were not. Stock control management was perhaps the best understood of the three strategies. While the stimulus did not give the proximity of *BDM*'s suppliers, this is a valid question that could have been raised but was generally omitted. The last strategy of reducing the debtor period was often only cursorily attempted and few candidates gave a balanced response.

Question 5

As a general comment, based on candidate responses, none were disadvantaged if they did not understand what was a "chip". All questions could have been answered regardless of the product, in this case potato chips.

(a) This question was well answered by many candidates. Those responses that did not achieve the full 2 marks (per conflict) were those that either did not identify the specific stakeholder and/or did not describe the nature of the conflict.

(b) While most candidates fully understood what an intangible asset is, many did not go beyond the issue of the CEO impacting upon the value of *C2G*'s assets. Hence, full marks were seldom awarded. Other intangible assets as well as other reasons for the difficulties were all too often ignored.

(c) The vast majority of candidates fully understood the nature of the different types of decision-making. Many also applied their responses to the stimulus well.

Still, the main reasons why some were not able to reach the top markband was due to the fact that full understanding of each type were not fully covered, or were extremely theoretical rather than applied. For example, although intuitive decision-making is generally very risky, it actually worked extremely well for *C2G*.

(d) It was pleasing to see that many candidates were able to provide a balanced response with relevant arguments for and against the decision to launch the potato chips into a new international market.

Additional remarks

The candidates who were able to reach the top markband were those who:
- expanded on the different issues in the stimulus – they did not only copy and write down the issues
  - gave a balanced response
- incorporated theoretical understanding beyond the issues in the stimulus and applied well
- prioritized their arguments
- drew conclusions and provided substantiated evaluation.

Still, the main weaknesses as before were:
- one-sided responses
- candidates that did not go beyond only copying information from the stimulus without much further elaboration/expansion
- forced conclusions without much or any substantiation.

Recommendations and guidance for the teaching of future candidates

Candidates should:
- attempt to incorporate more theoretical knowledge with relevant application
- pay attention to presentation of models, such as a break-even chart as well as to the presentation of their working
- use graph paper and draw to scale when asked in the question, with evidence of how the figures presented were arrive at.

Teachers and candidates are reminded that the command term "analyse" in the new course for first examinations in 2016 will have the same expectations as "explain".

Standard level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 6	7 - 12	13 - 17	18 - 23	24 - 30	31 - 36	37 - 60

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

This session, the marks achieved on this paper were lower than in past years. The issue of candidates not responding directly to questions has been a reported concern for some years. Rather, they appear to have memorized certain responses in anticipation of particular questions about certain topics and then gave those memorized responses. This issue was evident in question 5(b)(ii) "Explain one advantage and one disadvantage for *Coca-Cola* in India of using the Ansoff matrix as a decision-making tool". Many candidates talked about the differing risks for each of the different quadrants, and many gave partial answers with no application to the stimulus. The marks awarded were hence limited due to lack of application. A similar problem can be reported for question 5(c), which asked candidates to "analyse the role played by multinational companies in the global business environment". This is a very straight-forward question, yet many candidates did not answer the question directly. It is a concern as to the limits to how effectively the candidates applied the question to the stimulus.

In terms of content, a surprising number of candidates appeared to have little idea of how to construct a balance sheet. Many candidates, struggled to calculate the gearing ratio (even though the formula is provided). Question, 3(c), "Analyse the role of *SP*'s vision statement" was not answered well. The vision statement of *SP* was not very good, but most candidates assumed it was and, therefore, most responses lacked critical insight and balance. Throughout the exam, many candidates struggled to elaborate on and develop their ideas.

On questions 2(d) and 3(b), candidates were asked for "two reasons". Often, candidates did not write out their answers in a way that made it evident what the two reasons were. Or, they had two reasons that were so conceptually similar that it was difficult to distinguish between them.

Very few candidates answered question 4(d) on HR strategy effectively.

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

Many candidates did well on:
1(a) PEST
1(b) (iii) gross profit margin
1(c) disadvantages of two sources of finance
2(b) (ii) calculation of net profit margin (actual, but not pro-forma)
2(c) cash flow
2(d) providing good detailed answers
3(a) below-the-line promotion
3(b) providing two good reasons
4(a) opportunity and constraint from demographic change
4(b) commenting on a communication problem
5(a) defining product portfolio
5(b) (i) drawing the Ansoff matrix correctly.

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

The main issue this year was that candidates were not answering the question directly or the candidates appeared to be repeating memorized responses. Direct responses in which there was some fresh thought application to the question and the stimulus will produce higher marks rather than volumes of material tangentially related to some word or concept in the question.

Below are weaknesses on individual questions (the strengths are noted in the previous section):
1(b), candidates who knew how to do a balance sheet tended to do well on other parts, (i), (ii), (iii) and (iv).
2(a), few candidates achieved full marks. Here was a case of a weak ability to elaborate or describe.
2(c), though many candidates scored partial or full marks, a worrying number used the term "net profit" instead of "net cash flow".
3(c), poorly answered, few achieved full marks. Responses tended to be generic and only stated what a vision statement is.
4(c), there were many disappointing responses in which candidates simply restated the phrase in quotation marks from the question.
4(d) and (e), many weak answers that demonstrated a lack of understanding of strategies for future human resources and international labour mobility (topic 2.1 of the syllabus).
5(b) (ii), many responses did not achieve more than 2 (out of 4 possible) marks because of lack of application.
5(c), many responses did not answer the question directly.

Recommendations and guidance for the teaching of future candidates

- It would appear that candidates were not sufficiently prepared for several topics from the syllabus, possibly because questions on these topics had not been asked for some years. Candidates are advised to cover all areas of the syllabus.
- Candidates should work on answering questions as they are asked. On evaluative questions, the regurgitation of memorized responses rarely works to a candidate's advantage. Thoughtful, direct responses do.
- Though the main issue is candidates' knowledge of and thinking skills related to business, some attention needs to be paid to test-taking skills: knowledge of command terms and what is expected of each, time management during an examination environment, and clarity of presentation.
- Candidates need to understand better what application to the stimulus means: just mentioning the name of the business from the stimulus does not constitute meaningful application.

Teachers and candidates are reminded that the command term "analyse" in the new course for first examinations in 2016 will have the same expectations as "explain".