

November 2015 subject reports

Business and Management

Overall grade boundaries

Higher level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 15	16 - 30	31 - 42	43 - 51	52 - 61	62 - 70	71 - 100

Standard level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 15	16 - 31	32 - 43	44 - 52	53 - 64	65 - 74	75 - 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 range and suitability of the work submitted

Most assessments complied with the format requirements stipulated in the Business and Management guide and respected the 2000 word limit for the report and the 500 word limit for the research proposal. The omission of a research proposal and action plan was rare. However, some candidates are still unaware that the words in the action plan should be included in the word count, even if the action plan is in the form of a table.

As in previous sessions, the majority of projects focused on Marketing and Human Resource Management issues and a significant minority were generalised and superficial as they lacked a specific research base and were too broad in scope. The unfocused and broad nature of many research questions meant that adequate coverage was not possible within the word limit. Some candidates attempted to cover huge topics, such as the entire marketing mix of a multinational organisation.

There was a limited range of business tools used in many internal assignments, with routine application of techniques such as SWOT, PEST and Force Field Analysis, even when these techniques did not address the research question. Unfortunately, many candidates did not fully understand these tools, nor use them correctly. SWOTs were often unsupported with suitable references and entries placed in incorrect segments and the weights in Force Field Analysis were frequently unsubstantiated.

What has become concerning in recent sessions is the growing trend for candidates to place SWOT, PEST and other tools and techniques in the appendices, with footnotes pointing to these. Some candidates did not try to analyse the findings at all in the main body of their reports. This is unacceptable, because it is an attempt to avoid the word count restrictions. Only the information in the main body counts towards the overall assessment. The appendices are designed to provide additional supporting materials and there is no obligation on examiners to read the appendices or reward content there.

The weaker investigations focused on the analysis of dubious questionnaires, where sample sizes were small or statistically insignificant. Few candidates explained the choice of sample and, as has been stated in many subject reports, most described convenience sampling as random sampling.

Candidates, however, continue to present their reports in a very professional manner and the better, well-researched reports most certainly would add value to business decision-making. The better assignments answered well-focused research questions using detailed primary and secondary research that was analysed applying an appropriate range of business tools and theories.

Candidate performance against each criterion

Criterion A: Research proposal and action plan

Selecting and refining the research questions is crucial to the final success of the project as the research question provides the focus for all research activity and encourages the candidate to structure the report effectively. Where reports had vague and expansive research questions, they tended to description, superficial analysis and generalised conclusions. Some research questions were so descriptive and backward-looking that they did not allow candidates to suggest both conclusions and recommendations. Others were too broad in scope for effective treatment within the word limit.

Candidates are required to provide a rationale for their investigation. This continues to be misunderstood by some candidates as a personal reason for selecting the topic ad/or organisation. Personal interests, family links and career aspirations were presented as the

rationale for investigations. However, the intention of this section is that candidates should recognise an organisational problem that needs addressing, or a future decision to be made. Issues, such as falling sales, profits or other concerns, such as low motivation, provide the focus for investigation and encourage recommendations for future action. Even where a business rationale, such as potential relocation, was included, it was not always the case that the reasons for considering relocation were outlined.

To achieve the highest mark level for this criterion, candidates have to explain their choice of both methodology and theory, and why these will help answer the research question. Although improving over previous sessions, 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. More candidates are using Gantt charts effectively.

Criterion B: Use of theoretical concepts, sources and data

The purpose of HL internal assessment is for candidates to apply the theory learned in the classroom to a real life situation. To achieve this, candidates need to contact an organisation, visit it and in the process collect primary data to report effectively. Where reports had vague and expansive research questions, they tended to description, superficial analysis and generalised conclusions. Some research questions were so descriptive and backward-looking that they did not allow candidates to suggest both conclusions and recommendations. Others were too broad in scope for effective treatment within the word limit.

Candidates are required to provide a rationale for their investigation. This continues to be misunderstood by some candidates as a personal reason for selecting the topic ad/or organisation. Personal interests, family links and career aspirations were presented as the rationale for investigations. However, the intention of this section is that candidates should recognise an organisational problem that needs addressing, or a future decision to be made. Issues, such as falling sales, profits or other concerns, such as low motivation, provide the focus for investigation and encourage recommendations for future action. Even where a business rationale, such as potential relocation, was included, it was not always the case that the reasons for considering relocation were outlined.

To achieve the highest mark level for this criterion, candidates have to explain their choice of both methodology and theory, and why these will help answer the research question. Although improving over previous sessions, 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. More candidates are using Gantt charts effectively.

Criterion B: Use of theoretical concepts, sources and data

The purpose of HL internal assessment is for candidates to apply the theory learned in the classroom to a real life situation. To achieve this, candidates need to contact an organisation, visit it and in the process collect primary data from that firm. A small number of candidates prepared their reports without contacting their firm directly. A very small number conducted pure desk research, which is unacceptable. A number of others, conducted a primary search on 'consumers' of the firm, but did not contact the organisation itself; for example, providing questionnaires to fellow candidates who were consumers of a firm's products and analysing these results.

Although primary data is the focus of the HL internal assessment, those candidates who presented secondary data to place their organisation in the context of its external environment provided a much more credible background to their investigation. Information about the nature of the market, competitive pressures or changing PEST factors provided the reader with a greater understanding of the purpose of the investigation and benchmarks of success. In most cases, this information was readily available through simple internet searches.

The better reports were written by candidates who gathered data from a range of credible and reliable sources that offered support for their conclusions and recommendations. By critically assessing the quality of data and questioning potential bias, candidates provided the basis for effective analysis and evaluation. There were, however, a number of reports that essentially relied on a single primary source upon which to base the written report and few of these considered whether the source represented an unbiased judgment of the issues under investigation. For example, too many relied on interviews with senior managers or customer questionnaires, without checking the results against available secondary data. Extensive use of the company's website did not always provide an objective basis for later conclusions.

It is understandable that candidates want to solve problems they investigate, especially if this had an impact on the operations of a family firm. However, the ultimate purpose of the HL internal assessment is to show that candidates are able to gather data and use appropriate business theories, techniques and tools to make sense of this data, in the context of a real business. Overly practical reports addressing a business problem, did not necessarily provide the scope for those candidates to show evidence of academic understanding and consequently to achieve a high grade when judged against the assessment criteria. For example, highly practical projects tended to provide little evidence of effectively integrating data with a theoretical framework.

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

Criterion C: Analysis and evaluation

The better reports showed clear evidence of critical thinking based in the application of business tools and techniques to research findings to produce substantiated conclusions. The weaker reports simply described the information collected and, even when business tools and techniques were used, the 'analysis' again was little more than a description of the output of those tools and techniques, rather than a consideration of the significance of the output in relation to the research question. For example, although it was rare for candidates to use ratio analysis, some of those who did, simply described the individual ratio results without recognising the need to identify trends over time, to make comparisons with similar firms in the same industry or to combine the ratio results to find a story behind the firm's financial activities.

Only the best reports synthesised findings to address the research question. There was often a poor attempt to integrate ideas, which were presented independently of one another.

Over the duration of this programme the number and variety of business tools and techniques used in the internal assessment has reduced. It was uncommon in this session to see any financial tools being employed. Ratios were used occasionally, but normally as an afterthought, rather than being central to the analysis and evaluation process. Indeed, where ratios were used, it was often unclear why, as analysis was weak and the results were not well focused on research questions. Budgets and variances, cash flow analysis, break-even, stock valuation, elasticity and depreciation were virtually absent from assessments, which is a shame as they add substance and some objectivity to analysis. Even investment appraisal appeared to be employed less frequently.

In the place of more 'objective' business tools was the overuse of SWOT and PEST analyses. Clearly, in themselves these techniques are valuable and can provide structure and a focus for analysis and evaluation. Unfortunately, in many cases, the purpose of using SWOT and PEST was unclear as the results were not well integrated into the analysis. In addition, 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. SWOTs were carried out for strategies, rather than organisations; in these cases the SWOT was merely a list of advantages and disadvantages of the strategy, dressed as SWOT. Similarly, Force Field Analysis tended to be presented as a stand-alone section with no clearly signposted links to the research focus. Where weights were estimated by the candidates, there was frequently no evidence presented for the selection of these weights. Even though these tools were inaccurately prepared and presented, with entries not well supported by references to reliable sources, it was then common for candidates to say that the SWOT, PEST and Force Field Analysis provided evidence for their conclusions or recommendations, when they 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 organisations 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 even in the better reports, 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/discussion.

Criterion E: Value to management

Over the last few sessions, there appears to be a slight increase in candidates citing Wikipedia and textbooks as their major sources; this is not good academic practice. Some even put their class notes as a source in the bibliography. Indeed, some candidates had no use of footnoting, and sources were not acknowledged, opening up the issue of plagiarism.

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 some bibliographies and appendices were both limited and poorly presented.

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:

- 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.
- Do not include too many materials in the appendices and are aware that any tools and techniques purely placed in the appendices will not be assessed.
- Have a clear and focused research question that is achievable and forward-looking with a title that is neither too broad in scope nor 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.
- Follow IB guidelines for content pages, which should not include any reference to the research proposal and action plan.

- Present an adequate balance of both primary and applicable secondary data effectively used in answering the research question.
- Ensure that the main results and findings section includes only the main results and findings and tables, graphs and charts, where appropriate.
- 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 to help ensure the written report is of value to management.
- Are encouraged to assess their work with the 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 organisation 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

No significant changes were identified compared with November 2014, so this part of the report is the same as the November 2014 report.

The range and suitability of the work submitted

Some new schools did not properly follow the instructions to meet the requirements, typically about the inclusion of supporting documents. This, however, heavily penalizes candidates, as no supporting documents presented affects the marks awarded for criteria A and C.

The 1500 word limit is a tight one so 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. Protractedly presenting the rationale for the choice of subject, the objectives, the methodology, as for the HL internal assessment, 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 schools had clearly understood and applied the assessment criteria very well.

Schools that showed where and why the marks had been awarded for each criterion helped the work of the examiner significantly, because 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 (e.g. a company-prepared SWOT analysis) then this may be appropriate, but not one prepared by the candidate.

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 must 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 internal assessment.
- 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 internal assessment).

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. Teachers 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 for the teaching of future candidates

- The use of a checklist (possibly based on the SL internal assessment checklist in the *TSM*) can help ensure that candidates meet all the requirements of all criteria. Schools may want to adapt the SL internal assessment 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 document or material that is used that is not in the language of submission should be translated.
- Candidates should ensure that documents are less than two years old.

Higher level paper one

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 13	14 - 27	28 - 35	36 - 41	42 - 48	49 - 54	55 - 80

Standard level paper one

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 9	10 - 19	20 - 27	28 - 30	31 - 34	35 - 37	38 - 50

General comments

For both SL and HL, there was little evidence of candidates not understanding either the case material or the questions set although there remains the difficulty of over-preparation leading to candidates giving a pre-prepared answer to a different question than the one set. Some candidates left insufficient time for HL only question 5(e).

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

For both SL and HL, many candidates still have difficulty applying their answers to the context and others in undertaking analysis beyond repeating case material. There were rather too many 'textbook' answers and assertions rather than analysis in higher mark questions.

For HL only, candidates generally coped poorly with the question relating to valuing assets. Few candidates answered this well with a significant number of candidates showing little understanding. Another area that was handled poorly was the linking of the product life cycle with the context and the features of profit and investment.

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

In both SL and HL, most candidates did well on the lower mark: explain, identify and describe questions. More candidates did significantly well on the strategic question 5(e) than in previous sessions.

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

Question 1 SL and HL

- (a) Most candidates were aware of what constitutes quality. Better answers focused on the impact that poor quality would have on customers and LadyA's reputation. Some answers related to quality issues arising from outsourcing which focused more on issues to do with outsourcing than poor quality control.

- (b) This question was answered well by many candidates. The best answers referred to the value of targeting together with identification of LadyA's target market. Weaker answers tended to answer in general terms.
- (c) A significant number of candidates did not realise that the English language training was not provided by the school but by a charity. Weaker candidates wrote only in general terms. Some answers were able to identify benefits to the school but less so to Mrs Carroccio. For example 'better motivation' does not apply to Mrs Carroccio unless it is tied in with her being personally more fulfilled.
- (d) Most candidates were able to list the technological changes that are identified in the case material. Attempts were often made to link these to Alexandra/LadyA but often these links were not sufficiently developed. Development could have been made through consequences and subsequent changes to LadyA's business behaviour. Some answers only looked at the problems that new technology brought without identifying the benefits. The best answers attempted to analyse both the positive and negative impacts.

Question 2 SL and HL

- (a) Most candidates knew the difference between primary and secondary research. Use of the internet was commonly stated as a secondary research method but was not allowed unless it was developed with a reference to the type of websites used and the information they contained – just saying 'internet' was considered too vague as a method.
- (b) Many answers were entirely general and could not be highly rewarded. The best answers related directly to Mr Carroccio's position of needing an income to provide for his family, to make use of his personal skills and to his position as a newly arrived immigrant who might face difficulties finding and keeping employment.
- (c) Most candidates related well to the benefits of branding and many answers used the context well in terms of a star's image being developed through branding and the marketing benefits of family branding. Fewer answers referred to the risks that family branding introduced and that LadyA's image could be harmed if there were problems with her other products. Some answers referred to the possibility of her extending her brand with option 1. Few answers referred to the re-branding that would happen with option 3.

Question 3 SL and HL

- (a) Answers were generally non-contextual. Better answers related the decision to Mr Carroccio's position as an immigrant – incorporation may not have been appropriate with his lack of finance nor typical for a shoe repair business these were advantages of being a sole trader.
- (b) (i) and (ii) There were a number of alternative answers allowed for this calculation due to ambiguities in the published formula. Candidates need reminding that they should check whether their answer actually makes business sense! For example, a long payback period is not really consistent with a high rate of return.

- (c) Candidates were allowed to carry forward their answers from (b). Few candidates made good use of both the results of their calculations and the other relevant material in the case. Some weaker answers tended to simply repeating the results of the calculations without developing the consequences of a long payback period in terms of Mr Carroccio's financial situation or the needs of his family. Other weaker answers addressed the difficulties he might face as a newly arrived immigrant with little financial resources without considering the results of the investment appraisal.

Question 4 SL only

- (a) Candidates were asked to identify the four stages of the product life cycle model. The vast majority of candidates answered very well, yet with some occasional confusion with the terms "maturation/saturation".
- (b) Candidates were asked to explain why one strategic option in the case study is a form of corporate social responsibility for LadyA. Candidates' answers were often disappointing: many candidates just copied sentences from the case study, without adding much text themselves. Candidates should be reminded that examiners are after "added value" in the answers: just lifting from the case study can never be enough.
- (c) Candidates were asked to apply the Ansoff matrix strategies to two strategic options mentioned in the case study. Candidates were clearly ready for this question and the majority answered very well, although some got confused with the exact terms, for example writing about "market orientation" instead of "market penetration" or about "differentiation" instead of "diversification". In models such as the Ansoff matrix, the exact terms are important: answers with inaccurate terms cannot be credited.
- (d) Candidates were asked to evaluate the effectiveness of Alejandra's leadership styles. Most candidates had seemingly "pre-prepared" answers to a slightly different question such as "compare and contrast Alejandra's successive leadership styles"; only a minority of candidates wrote about effectiveness and provided any form of evaluation. Candidates should be reminded that they must concentrate on the question asked and the way it is formulated, not on similar questions that they may expect.

Question 4 HL only

- (a) This was generally answered well. The best answers developed the idea of lower costs in Malaysia along with the expertise of the outsourced material and the fact that producing perfumes and cosmetics was not part of LadyA's core skills. Weaker answers made little use of the context or else referred to batch production without linking this to outsourcing.
- (b) Some answers were non-contextual. Better answers related objective changes to actual events in Alejandra's life.
- (c) This question was poorly answered by most candidates. The better answers referred to the fact that LadyA's biggest asset was her image/brand name, that this was an intangible asset, and that these types of asset are very difficult to give a realistic value.

Other assets such as musical recording could well change in value in an unpredictable way. Poorer answers referred to shared assets with her husband or to complex income patterns neither of which heled answer the question.

- (d) The best answers looked at the benefits of the options and then contrasted these with the limitations. These answers then drew a balanced conclusion, usually in the form of a recommendation. Weaker answers tended to focus only on one side of the argument – usually the benefits. Arguments against the proposal included the possible impact on existing fans, the risks identified and involved and whether the US success was transferable elsewhere. Arguments for include the propensity for the South American markets to like older singers, the appeal of a successful Spanish speaking singer. Good answers went into these features, and sometimes others, in some depth.

Question 5 HL only

- (a) This question was answered well by most candidates.
- (b) Nearly all candidates calculated the correct answer.
- (c) This question was answered less well. Many answers simply repeated the information in the table and/or the ratios without any interpretation of the results. The best answers recognised that there was clearly a liquidity problem that had got seriously worse. In addition there was a problem with the management of stocks, demonstrated by the worsening of the current ratio in relation to the acid test ratio.
- (d) Most candidates were able to describe the product life cycle. Some candidates limited their answer to the current situation of LadyA which is 'saturation' or 'decline'. This limited their ability to establish the link between profits and investments. The best answers tracked LadyA's 'journey' through the life cycle with a commentary on the likely impact on profits and investment.
- (e) Although there were some very good answers to this question, there are a significant number of candidates who need to manage time more effectively. Sufficient time needs to be made available to achieve the higher marks for this question. Many candidates identified they key features of the two options but did not develop them sufficiently for a reasoned judgement to be made. The best answers examined the key evidence for both options and then made a balanced judgement which was not only convincing but also developed from the preceding analysis. Too often judgements were made on assertions rather than analysis. Recommendations and guidance for the teaching of future candidates

Recommendations and guidance for the teaching of future candidates

- Candidates need to be given guidance and practice in using all of the case materials.
- Candidates need to know the difference between assertions and evidence/analysis and to use evidence analysis in making judgements.
- Candidates need to be more confident in some accounting concepts, and to develop the skill of asking the question 'does this answer make sense?' when performing

calculations.

Higher level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 11	12 - 22	23 - 33	34 - 40	41 - 47	48 - 54	55 - 75

General comments

The level of knowledge, understanding and skill that was demonstrated varied considerably between candidates. The range between the top and the bottom groups of candidates is still very significant and perhaps inevitable in this subject- no major changes from last session. It is still clear that some very academically able as well as some very weak candidates opted for this subject.

Some candidates, albeit lower number, could not cope with the numerical question and ended up with very few marks overall.

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

The most notable areas were:

- The construction of fully labelled, with all of the appropriate headings, of a cash flow forecast.
- The difficulties of adapting figures on a cash flow document.
- The definition of economies of scale.
- Understanding of the meaning of income elasticity of demand.
- The meaning and the usefulness of profit centres.
- The importance of branding.

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.

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

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

A lack of specific application to the stimuli beyond the name of the organisation was still quite noticeable in some questions. Even more so compare to past sessions despite commenting on such an issue in every past session. Many candidates were eager to demonstrate good theoretical knowledge but still do not go beyond just mentioning the name of the organisation at best.

Again, note that just to mention the name of the organisation cannot be qualified as application.

- The interpretation of command terms. Some candidates still produced unbalanced responses for level 3 questions
- It appears that more candidates exceeded the expectation of the command word and provided unsubstantiated judgment and some conclusions for level 3 and even level 2 questions. No credit was given for the extra work/ effort. Some of these candidates did not provide a substantiated judgment or even basic conclusion in their responses to level 4 question. Probably due time constraint
- Inability to go beyond the printed materials in the stimuli. Still, a noticeable number of candidates simply re-generated the printed information without further expansion regarding the exact effect on the specific organisation in the stimuli. However, some improvement was noticeable - many candidates attempted to go beyond the printed material and appropriately elaborated on various issues.
- Unsubstantiated conclusions/ judgment. This is still an issue that should be paid attention to. Most candidates just repeat the points mentioned throughout their responses. It is not sufficient just to repeat all of the arguments presented before or just comment that the arguments for outweigh the arguments against- without specific explanation as to why? As said many times before, candidates should prioritize their arguments with justification/ substantiation.

Given the above, the top mark band was not accessed by the majority of the candidates.

- A substantiated conclusions/ recommendation must be based on a secure analysis.
- Definitions - many candidates again failed to give full definitions to gain full marks

Question 1

- (a) While nearly all candidates produced a good description of theoretical advantage and disadvantage of using primary research. Many candidates either just mentioned the name Dan without relevant application or did not apply at all. Unfortunately, many candidates ended up with 2/4 marks due to a lack of application.
- (b) (i) This questions was largely well answered by most. Those candidates who were not able to calculate the break- even point, should not have opted for this question.
- (b) (ii) No major problems were evident in here. This question was largely well answered by most candidates. Few poor responses that indicated no understanding and no ability to manipulate some basic information.
- (c) Some very good answers were presented. However, a significant number of candidates confused YED with PED .Some referred to Dan's income. Many candidates unfortunately were awarded 0 marks.
- (d) (i) It was encouraging to see that most candidates produced working as asked. Many candidates provided clear and accurate responses with the full titles/ \$ /units throughout the working. Some inaccurate responses.
- (d) (ii) Nearly all candidates were aware of the fact that the price should be reduced. OFR was accepted. Again, many clear accurate responses. Some evidence of poor responses that showed no understanding but those candidates were in the minority.
- (e) Most candidates were able to produce one good, relevant and very applicable reasons for the new Eco Cycle in terms of brand awareness/ positioning/ recognition and so on. Many repeat the same argument twice by rephrasing some of their sentences rather than providing a different reason for the importance of branding. Consequently, the top mark band was not reached by many candidates.
- (f) Some excellent responses were evident. Those responses were balanced and highly applicable /relevant to Dan's decision. It was expected that the candidates refer to the information in the stimulus especially given the fact that they had to calculate BEP/ profit before and after in previous question. Moreover, some financial data was embedded in the stimulus. The candidates who combined a sound theoretical knowledge with good use of the stimuli, especially financial data, were awarded marks from the top mark band. However, many candidates produced highly theoretical responses with little or no application to the organisation, the type of the product, and so on. Marks were lost due to a lack of application by many candidates.

As in previous session, some candidates went beyond the command word and recommended Dan what do and so on - a waste of precious examination time with no reward.

Question 2

The essence of this question revolved around the production of a cash flow forecast and subsequent manipulation of certain data giving rise to changes in outcomes. In previous years, cash flow forecasts have been notoriously complex – giving the potential for multiple errors, and time consuming – resulting in candidates spending a disproportionate amount of time for the amount of marks on offer, and the subsequent opportunity cost therefore for other questions. In this case, the data was relatively simple and the forecast limited to 6 months. Nevertheless only a relatively small percentage of candidates attempted this question.

- (a) This was a fairly straightforward question and the vast majority of candidates were able to put forward a valid reason. Nevertheless, many candidates continue to show a lack of understanding for the command term 'describe' and missed out on full marks by resorting to simple statements of fact with little or no description. At the other extreme, a sizeable number of candidates wrote well in excess of what was required for a 2 mark answer.
- (b) Generally well answered, despite some candidates stating the partners have limited liability. Whilst this can be the case with partners who are investing funds and play no role in the day to day business, this is NOT a *general* feature. Many candidates also seem to believe that all partners *must* be equal and consequently share profits equally. Again this may be the case but in many instances is not.

A common problem was that many candidates (as in a)) were not content with identifying features but felt they had to then continue and explain why the selected features were advantageous. This was not necessary and again goes to the heart of understanding the command term identify as well as the difference between features and benefits – usually covered in marketing

- (c) (i) Preparation of the CCF – Overall the data was straightforward, although a significant proportion of candidates failed to understand the frequency of lease payments being every other month choosing to include it as a monthly cost. In fact some candidates even concluded it was monthly income. The table clearly states 'payable by BB' and hence is definitely a cash outflow. The other main error in CCF compilation was the lack of headings, particularly Net Cash flow.
- (ii) Again there was a misunderstanding for the majority of candidates who chose simply to describe the CCF. There needed to be some ultimate statement that the CCF showed that ultimately the business was untenable – a projection looking forward just 2 more months would have indicated a negative net cash flow AND a negative closing balance
- (iii) As net profits is simply equal to all total revenue minus total costs (variable + overheads) then simply totaling the monthly net cash flow would reveal the answer. Many candidates seemed to miss this obvious calculation.
- (d) (i) Again a relatively simple calculation. Many candidates perhaps wasted precious time by redrawing the whole cash flow – although the majority of these candidates obtained the

correct answer probably due to the clear visual representation. Other candidates either failed to recognize the cumulative effects for EACH of the 3 month and/or did NOT adjust the closing balance in February.

(d) (ii) The question clearly stated that the second adjustment happened subsequent to the first and that the final impact was a combination of the two. Again some candidates reproduced the whole CCF

A good deal of OFR was applied to the responses to this question since many candidates were able to apply the correct methodology to an incorrect CCF produced in ci)

This was a straightforward question although admittedly the response was NOT. Firstly, the expected response was not expecting a high degree of application since there was very little in the stimulus. However, the question gives a clue in the use of 'such as BB'. So what sort of business was BB? It was a highly seasonal business (e.g. tourism, hotels, agricultural produce). This means that cash flow generated in one part of the year must be sufficient to cover the cash outflows for the rest of the year. Hence the role of budgets and variances is very important. While many candidates were able to define a budget and to a lesser extent a variances there was little treatment beyond that (e.g. a hotel in a seaside town will rely heavily on its budgets to assess the need for how many extra staff it needs to hire during peak season and how many it can afford to lay-off during the off season, and still maintain quality service). Other examples such as this should have been used but unfortunately were not, resulting in very few high marks for this question.

Question 3

- (a) No major issues to report in here. This question was largely well answered.
- (b) While it was evident that most candidates understand the meaning of share ownership. Many were not awarded 2 marks due the incomplete answers in terms of benefits either to the employees or to the organisation. Just mentioning that the employees will be motivated did not merit 2 marks.
- (c) Few relevant detailed and applicable responses were evident. Those candidates who showed clear understanding of what a mission statement is, explained the importance and possible costs while specifically relating to Transfer's mission statement were awarded the full marks. However, many candidates assumed that the mission statement is in essence the objectives of transfer and criticized it for not being SMART. Other candidates just produced theoretical responses with no or very limited relevant reference to Transfer.
- (d) Very few candidates produced relevant answers that shoes clear understanding of the function/ roles of profit centres.

The lack of understanding of such role/ importance negatively affected the candidates' ability to examine the decision to remove those profit centres. Many candidates just assume that the production/ services provided in the various regions were removed / eliminated.

Many, without showing understanding of the concept, just lifted information from the stimulus. Others, again, without showing understanding of the concept, referred to the loss of share ownership as the main negative issue.

Those candidates were not able to reach the top mark band and often were awarded very few marks.

- (e) Many candidates showed clear theoretical understanding of possible positive as well as negative effects of Heather's autocratic leadership style on the employees. Many candidates used the stimulus to support their arguments.

Question 4

- (a) While most candidates clearly understood the main difference between merger and a take-over, a notable number of candidates did not refer to the notion of take-over by acquiring more than 51% of the company's shares. Some just wrote buy a company. Other suggested that 100% of the shares must be bought.
- (b) It was very disappointing to see that still far too many candidates could not provide a straightforward and accurate definition. Far too many candidates just gave examples of purchasing economies of scale without the definition or commented on the reduced costs rather than a fall in ATC. Moreover, candidates also referred to growth of an organization which can be measured in various ways rather than to the increase in scale of production/operation.
- (c) Those candidates who provided a concise explanation of two differences with specific application to the airline industry were awarded the full marks. However, many candidates were not able to reach the [5-6] marks due to:
- Just using examples of the two types of growth rather than explaining first what each method of growth entails.
 - A lack of provision of a second difference. Many candidates used the opposite example as a different argument.
 - Some candidates referred incorrectly to internal and external sources of finance as the difference between the two types of growth.
- (d) Some candidates were able to provide a balanced and applicable response with specific application to the Irish government and to the stimulus. Those, albeit relatively few, candidates were able to reach the top mark band.

The main reasons why many candidates were awarded 3-4 marks were:

- Lack of balance either in form of only negative or positive reasons mentioned. Or just one argument for and one argument against.
- Theoretical answers with no application to the stimulus - typically just mentioning 'the government' or the 'Irish government'.
- More specifically, many candidates suggested that by buying shares, the Irish government can regulate the market/ prevent monopoly/ decide on price/ create a monopoly controlled by an Irish company and so on. Any government has the power to pursue/ implement the above without holding or buying any

shares.

- (e) The theoretical part of this question as well as the application to different stakeholders were largely well answered by most candidates. Many candidates showed sound theoretical knowledge of the merit of being large vs. being small. Most candidates identified some relevant external and internal stakeholders.

As in previous sessions, many ended up with the word 'conclusions' but no evidence of real substantiated evaluation was evident just a short summary of the points mentioned. This issue is commented upon in every subject report. The top mark band was reached by relatively few candidates.

Ideally, to reach the top mark band candidates should have:

- made explicit use of some subject concepts/ terminology
- commented on the significance of their argument and hence a substantiated/ well supported conclusions.

Those who were not able to reach the top mark band were the candidates who produced the above. Moreover, some candidates provided an analysis of mergers and take overs as methods of growth rather than the effect of being large. Some candidates did not use airlines in order to apply.

Question 5

Overall, this question was adequately answered, containing within it some very easy parts b also some more difficult

- 5 (a) There were varied answers to this question, most of which had validity. However, the key to full marks was making sure there was application to some part of the stimulus (e.g. shorter product life-cycles, 3 years to develop new games). As in many other questions, marks were lost due to lack of application.
- (b) Possibly the most straight-forward question on the whole paper, and for most an easy 2 marks. Nevertheless a small minority of candidates, still quoted the PLC in the wrong order or with some significant omissions
- (c) On the whole a well answered question. However, a number of candidates confused family branding with branding generally and hence supplied responses which were not specific to family branding. Again the main loss of marks here was due to lack of application to the stimulus. SP is highlighted in all the parts to question 5 and therefore application is a requirement.
- (d) One of the biggest pitfalls of this question was that candidates rightly recognized that Penetration Pricing was probably NOT appropriate and then decided to write about why Price Skimming was better. Unfortunately this was not correct. The question is asking specifically about 'Penetration Pricing' and there are clear reasons why you might want to and why you might not. Candidates who wrote extensively about Price Skimming, whilst clearly demonstrating their knowledge of this method, were NOT answering the

question set. Candidates need to stick to what is being asked and not jump at an opportunity to write about something else with which they may feel more comfortable writing about

- (e) In contrast to some of the earlier, and easier, parts to this question, the final part e) gave candidates a lot of problems. Granted there were few items in the stimulus with which to apply, but the question itself gives some leeway here by stating “such as SP”. So what features are specific to companies such as SP. Basically they are having to spend a lot of money upfront before generating revenue some considerable time in the future (for SP – 3 years) hence such companies need to be creative regarding generating alternative sources of income AND/OR finding ways to minimize cost outlays during the development phase. Longer term finance needs to consider sources which understand the nature of the business and the risks involved (e.g. specialist investors). This is needed if the amount of retained profits generated during peak revenue generation is insufficient to cover the “troughs”. The stimulus clearly states in its last sentence “SP must urgently attract new investors”. Yet a surprisingly large number of candidates made no mention of such investors and what advantages SP has that might be attractive (e.g. market leader, Starfighter 2 possibly only months away). Also why investors might not find attractive (e.g. free mobile app and penetration pricing strategy). Some of the better responses touched upon these issues but were lacking in depth and most failed to provide any judgement.

Recommendations and guidance for the teaching of future candidates

Candidates should attempt to incorporate more of theoretical knowledge with relevant application

Standard level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 9	10 - 18	19 - 22	23 - 29	30 - 36	37 - 43	44 - 60

General comments

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

In general, candidate appeared to have some knowledge of most parts of the syllabus. Answers, varied, which is to be expected. Few major areas stand out as areas of weakness. Where candidates could have performed better included:

- Cash flow. As is usual with this type of question, candidates' marks tended to cluster at the top or the bottom. In other words, candidates know how to produce a cash flow forecast and in general produce one properly or with one or two mistakes, or the candidates have only a vague idea and earn few marks. One area where candidates consistently lost marks was when they substituted the expression "net profit" or "profit" for "net cash flow".
- Many candidates knew of at least one theory of motivation and could apply it. Far fewer could give balance to the response.
- Workforce planning. SL paper 2 has not asked a workforce planning question in many years. Perhaps, as a result, teachers were not emphasizing it in their instruction. Regardless, many candidates did not really understand the concept. As a result, many had weak responses.
- Promotional mix. A surprising number of candidates had only a limited understanding. Many others did not really have an idea how to define it/write about it effectively, even when they demonstrated some understanding.
- Ratios/financial data and industry answers. This type of question has never been asked before on SL paper 2: financial ratios and data and industry average comparisons. Candidates in general understood the ratios and data. However, very few candidates applied the material to the non-quantitative portions of the syllabus.
- Distribution (wholesaling versus B2C e-retailing). On the whole, answers on this question were not fully effective. More than a few candidates had a poor understanding of the role of wholesalers.

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

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

As noted above, broadly speaking, many candidates demonstrated some level of knowledge across a broad range of the syllabus. Areas of particular strength included:

- Quantitative questions. When candidates knew how to do calculations related to break-even or draw a break-event chart, which was often, they earned high marks.
- Many candidates knew variable costs, sources of finance, types of below-the-line promotion, and features of a private limited company.
- Many candidates had an understanding to include "balance" in responses, even if not always fully effective in execution. Nevertheless, from this exam, it would appear as

though teachers are preparing candidates to provide balance.

Question 1

1 (a) Many candidates could identify two variable costs.

(b) Most candidates had at least some idea of what contribution is (1 mark), but many candidates' responses lacked the precisions for 2 marks.

(c) (i) Many candidates could properly calculate the break-even level of output.

(c) (ii) Typically, candidates who could calculate the break-even level of output could also calculate the margin of safety.

(c) (iii) Fewer candidates could calculate the profit.

(d) Candidates seems to be performing better on the break-even chart than in years past. Failure to label properly the y-axis and to draw their charts to scale continue to be an area where candidates lose marks.

(e) Responses here varied. In general, candidates indicated an understanding of what cost-based pricing is. Quality of analysis and application, however, was mixed.

Question 2

2 (a) Most candidates earned at least 1 mark, thus knew one appropriate source of finance, and many earned 2.

(b) Most candidates earned at least 1 mark, thus knew at least one feature of a partnership, and many earned 2.

(c) (i) As in the past, candidate performance tended to be very strong or very weak. A common error was that candidates had the lease expense of \$5 000 monthly rather than every other month. Some candidates also referred to net cash flow as "net profit."

(c) (ii) Most candidates earned 1 or 2 marks (probably a majority earned 2) in their comment on the cash flow.

(c) (iii) Performance here was mixed. When candidates used "net profit" or "profit" in the cash flow, this question was then puzzling for them.

(d) Most candidates had theoretical knowledge of this question but did not really apply to the stimulus. Also, many candidates had limited responses, indicating that they do not really understand the expectations of a 5-mark question in Section A.

Question 3

3a Many candidates satisfactorily knew two differences between a non-profit and a profit-based organization.

3b) Many candidates could at least identify two elements of the marketing mix other than product, price, place, and promotion. However, candidates' ability to elaborate on these elements was less well developed, at least based upon their responses.

3c) Many candidates scored 3; a smaller number scored above 3. Typically, candidates chose Maslow and applied, but without balance.

3d) SL paper 2 has not asked a question on workforce planning in some years. Some candidates had no understanding of the concept. Other candidates at least understood the concept, but relatively few could effectively elaborate on the subject.

Question 4

4 (a) Very few candidates had a full understanding of promotional mix.

(b) Many candidates could identify two forms of below-the-line promotion, but far fewer adequately explained them.

(c) Candidates did quite well when formulating a mission statement. Most earned at least 1 mark and many 2.

(d) Most candidates earned marks in the 2 – 3 range. Few addressed the limitations of vision and mission statements.

(e) This question – extremely straight forward – was answered reasonably well by many candidates, in the range of 3 or 4 marks. A disappointingly low number of candidates did not earn 5 or more marks. Teaching candidates how to answer these types of questions could easily result in one or two additional marks for candidates.

Question 5

5 (a) Most candidates earned at least 1 mark and many earned 2; the new features of a private limited company.

(b) Candidate responses varied, covering the full range. More than a few candidates appeared to have some understanding of the difference between batch and flow, though they struggled to write about the concepts with precision.

(c) This question was the first of its type on SL paper 2. Many candidates earned 3 marks, but few extended their application beyond the table, which resulted in a cap on their marks at 3.

(d) Many candidates had an imprecise understanding of wholesaling. Other candidates lost marks by not coming to conclusions, whether from evidence or by having a formal conclusions. Teaching candidates how to answer these types of questions could easily result in one or two additional marks for candidates.

Recommendations and guidance for the teaching of future candidates

Some recommendations occur almost every session and still apply: candidates must know the meaning and expectations for the command words, must know how to have balance in their responses, should answer questions directly as asked (and not just regurgitate memorized responses on certain topics), and know how to do quantitative questions precisely, including how to label charts and tables.

In addition, teachers need to be aware that the syllabus and assessment are changing with the new course (first examinations for which begin in May 2016). Teachers and candidates must review the new syllabus, new expectations, and new elements of assessment.

Candidates should be reminded that they are expected to know all elements of the course syllabus. If a topic has not been asked in some years, candidates should not assume that they do not need to know a topic.