

Markscheme

November 2017

Business management

Standard level

Paper 1

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The markbands on pages 3–4 should be used where indicated in the markscheme.

Section A			Level descriptor
Q1 (b)	Q2 (b)	Q3 (b)	
Marks			
0			
1–2			<ul style="list-style-type: none"> • Little knowledge and understanding of relevant issues and business management tools (where applicable), techniques and theories. • Little use of business management terminology. • Little reference to the stimulus material.
3–4			<ul style="list-style-type: none"> • A description or partial analysis of some relevant issues with some use of business management tools (where applicable), techniques and theories. • Some use of appropriate terminology. • Some reference to the stimulus material that goes beyond the name of a person(s) and/or the name of the organization. • At the lower end of the markband, responses are mainly theoretical.
5–6			<ul style="list-style-type: none"> • An analysis of the relevant issues with good use of business management tools (where applicable), techniques and theories. • Use of appropriate terminology throughout the response. • Effective use of the stimulus material.

Section B	Level descriptor
Q4 (d)	
Marks	
0	The work does not reach a standard described by the descriptors below.
1–2	<ul style="list-style-type: none"> • Little understanding of the demands of the question. • Few business management tools (where applicable), techniques and theories are explained or applied, and business management terminology is lacking. • Little reference to the stimulus material.
3–4	<ul style="list-style-type: none"> • Some understanding of the demands of the question. • Some relevant business management tools (where applicable), techniques and theories are explained or applied, and some appropriate terminology is used. • Some reference to the stimulus material but often not going beyond the name of a person(s) and/or the name of the organization.
5–6	<ul style="list-style-type: none"> • Understanding of most of the demands of the question. • Relevant business management tools (where applicable), techniques and theories are explained and applied, and appropriate terminology is used most of the time. • Some reference to the stimulus material that goes beyond the name of a person(s) and/or the name of the organization. • Some evidence of a balanced response. • Some judgments are relevant but not substantiated.
7–8	<ul style="list-style-type: none"> • Good understanding of the demands of the question. • Relevant business management tools (where applicable), techniques and theories are explained and applied well, and appropriate terminology is used. • Good reference to the stimulus material. • Good evidence of a balanced response. • The judgments are relevant but not always well substantiated.
9–10	<ul style="list-style-type: none"> • Good understanding of the demands of the question, including implications, where relevant. • Relevant business management tools (where applicable), techniques and theories are explained clearly and applied purposefully, and appropriate terminology is used throughout the response. • Effective use of the stimulus material in a way that significantly strengthens the response. • Evidence of balance is consistent throughout the response. • The judgments are relevant and well substantiated.

Section A

1. (a) Describe **two** advantages to *MSS* of being a charity (line 14). [4]

Advantages to MSS include:

- land being donated – unlikely if not a charity
- grants – usually only available for charities
- books being donated
- the management being able to focus on their mission rather than profits, which may make the mission and vision more attractive to potential students/parents
- possible tax advantages

Accept any other reasonable description.

Award [1] for each advantage, up to a total of [2].

Award [1] for putting the advantage into context, up to a total of [2].

- (b) Explain how the school could overcome high labour turnover. [6]

Key aspects leading to high labour turnover are:

- poor accommodation
- having to teach only in English
- no career development
- no professional development
- standard pay scales.

Solutions likely to come from these including higher wages, more levels of hierarchy, access to new technology, staff involvement.

Explanation/analysis will come from discussing these and any other relevant issue. Candidates do not need to discuss these in relation to motivation theories, such as Maslow, Herzberg, Taylor, Adams or Pink but these could be rewarded.

Accept any other reasonable explanation.

Award a maximum of [3] for a theoretical answer or for only analysing one method/idea.

Award a maximum of [5] if the analysis of two or more methods/ideas is mainly descriptive but in context.

Only award [6] if the answer takes into account constraints on methods/ideas eg limited finance, being a charity etc.

2. (a) Describe **two** features of the school’s marketing mix (line 54). **[4]**

Context: The marketing mix can apply to: the IT centre, the product of an education for girls, boarding, a better school environment than most schools, and a humanitarian award.

Features include:

- promotion by means of effective communication with customers
- a coordinated marketing mix
- branding based on the humanitarian award and the mission of the school
- the school and its location, which is the product and is differentiated from similar organizations
- Product: school environment, ethos, extra curricula activities, boarding school, other aspects of service.

Remember: Place is about distribution, not location and is unlikely to apply to MSS.

Accept any other reasonable description. (eg at HL can accept the 7Ps)

*For each feature: Award **[1]** for identifying the feature and **[1]** for relevant application to MSS.*

- (b) Explain, with reference to MSS, the purpose of the mission and vision statements (line 37). **[6]**

A mission statement is a statement of the purpose of an organization, in this instance providing an education for girls. It should refer to the key market (parents of girls), the contribution it makes to that market and what makes the service unique, so that the client chooses the school. The school’s ethics may play a part in this.

A vision statement is a statement of an organization’s overall objectives designed to aid decision making. In this instance it will refer to future plans for growth and facilities.

Mission statements and vision statements fulfill different purposes. A mission statement describes an organization’s purpose and answers the questions “What business are we in?” and “What is our business for?”. A vision statement provides strategic direction and describes what the owner or founder wants the company to achieve in the future.

Accept any other reasonable explanation.

*Award a maximum of **[3]** for a theoretical answer.*

*Award a maximum of **[4]** if either only one of mission statement or vision statement are addressed in context.*

*Award a maximum of **[5]** if the analysis is mainly descriptive but in context.*

*If there is confusion between mission statement and vision statement but there is some understanding shown of the concepts award a maximum of **[4]** if in context and **[2]** if no context. If the statements are not explained but purposes developed also award max **[4]**.*

3. (a) Describe **one** capital expenditure **and one** revenue expenditure for MSS (lines 16–17) **[4]**

Capital expenditure could include: buildings, computers, books, equipment.
Revenue expenditure could include: wages, materials, electricity, marketing, etc.

Pens, paper and other consumables are revenue expenditure even if bought in bulk.

Accept any other reasonable expenditures.

For each capital expenditure: Award [1] for identifying the expenditure and [1] for relevant application to MSS.

For each revenue expenditure: Award [1] for identifying the expenditure and [1] for relevant application to MSS.

- (b) Explain a suitable promotional mix that MSS might use to attract new students. **[6]**

Relevant context:

- MSS is a charity so has a limited promotion budget
- the school is in a remote area, which has an impact on the choice
- ethical considerations
- USP considerations
- suitable methods
- is the promotion for the local area or in the cities? The outcome might be different for each.

Above the line methods:

- advertising, but where?

Below the line:

- sales promotion. How? Two for the price of one might apply to siblings.
- public relations. For a small school? Where?
- exhibitions, etc. But the school is remote.
- word of mouth. Probably the most likely in a remote location.
- can also include social media in below the line.

Remember: This question is about a “mix” of promotional activities and therefore needs more than one promotional activity.

Accept any other reasonable explanation.

Analysis should come from explaining how the methods can achieve the objective.

Award a maximum of [3] for a theoretical answer.

Award a maximum of [4] if the explanation is limited to only one promotional activity in context.

Award a maximum of [5] if the answer is purely descriptive but in context.

A judgement/recommendation is not needed for [6].

Section B

4. (a) Define the term *economies of scale* (line 36). **[2]**

The reduction in average costs that result from an increase in the scale of production.

Candidates are **not** expected to word their definition **exactly** as above.

Award **[2]** for a complete definition.

Award **[1]** for some understanding of economies of scale, eg no reference to average costs.

- (b) Explain **one** advantage and **one** disadvantage for Jacob of using convenience sampling. **[4]**

Context:

- Jacob is a busy man
- The school has limited resources
- The school is in a remote location

Advantages: Cheap method, and he's concerned with cash flow, easy – can he spare teachers' time spent on this?

Disadvantages: Biased, might ask wrong people, difficult to focus, sample may not represent people in Dodoma.

Award **[1]** for an advantage and award a second mark if the advantage is put into context.

Award **[1]** for a disadvantage and award a second mark if the disadvantage is put into context.

- (c) (i) Calculate the value of **X** and the value of **Y** in **Table 1**. **[2]**

$$\begin{aligned} X &= 21 + 5 - 5 - 4 = 17 \\ &= 17 - 11 = 6 \end{aligned}$$

$$Y = 11 - 5 - 3 - 5 = -2$$

Award **[1]** for each correct answer.

Accept 6000 and -2000

Accept the presence or absence of unit

Note: negative results may also be presented in brackets, so accept (2) and (2000) in the sense -2 and -2000

- (ii) With reference to **Table 1**, explain one way in which MSS could improve cash flow. **[2]**

Two possibilities:

- Get incomes earlier – possible with fees but not with the sale of crops, which is seasonal.
- Delay expenditures – get credit from some suppliers

Do not credit “seek more donations” or “more promotion/marketing”.

*Award **[1]** for a method to improve cash flow and **[1]** for applying this method to MSS.*

- (d) Discuss the difference in leadership style between Jacob and Mrs K. **[10]**

Jacob: Seems to delegate. Good at listening and learning, and gains loyalty from his staff. Fulfils role as a negotiator and is the main force for change. These fit in well with management roles with interpersonal, informational and decisional features. Shows traits of democratic and Theory Y.

Mrs K: Seems to be autocratic, with a Theory X approach. Focuses on day-to-day decisions rather than strategy, so is more of a manager than a leader. Limited in terms of management roles.

The question asks for a discussion of the difference between the two leadership styles. It is not enough to only describe, explain or evaluate Jacob’s leadership style then Mrs K’s leadership style one after the other.

Accept reasonable alternative answers.

Marks should be allocated according to the mark bands on page 4.

*Award a maximum of **[4]** for a purely theoretical answer or with no effective use of case material.*

*Award a maximum of **[6]** if both people are considered but there is limited discussion of the differences between the two styles.*

For full marks both people should be considered, data used effectively, and a clear discussion drawn based on theories.