

# Markscheme

**May 2022**

**Business management**

**Higher level**

**Paper 1**

13 pages

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

Section A			Level descriptor
Q1 (b)	Q2 (b)	Q3 (b)	
Marks			
0			The work does not reach a standard described by the descriptors below.
1–2			<ul style="list-style-type: none"> <li>• Little knowledge and understanding of relevant issues and business management tools (where applicable), techniques and theories.</li> <li>• Little use of business management terminology.</li> <li>• Little reference to the stimulus material.</li> </ul>
3–4			<ul style="list-style-type: none"> <li>• A description or partial analysis of some relevant issues with some use of business management tools (where applicable), techniques and theories.</li> <li>• Some use of appropriate terminology.</li> <li>• Some reference to the stimulus material that goes beyond the name of a person(s) and/or the name of the organization.</li> <li>• At the lower end of the markband, responses are mainly theoretical.</li> </ul>
5–6			<ul style="list-style-type: none"> <li>• An analysis of the relevant issues with good use of business management tools (where applicable), techniques and theories.</li> <li>• Use of appropriate terminology throughout the response.</li> <li>• Effective use of the stimulus material.</li> </ul>

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

## Section A

1. (a) Describe **two** long-term benefits for *PU* of its marketing strategies (lines 60–64). **[4]**

Background given in the case study: *PU*'s marketing strategies are “aggressive” (line 60) and *PU*, unlike its competitors, keeps investing a lot in its marketing (“Adriana saw marketing expenditure as a worthwhile investment”, (lines 62-63)), especially in terms of promotion (communicating actively on *PU*'s “achievements both in research and teaching” (line 63) and on its “competitive fees” (line 64)).

Long-term benefits include:

The main anticipated long-term benefit (*ie* the strategic aim that justifies these marketing strategies) is to get more students (as they are the ‘customers’ of *PU*), both local students (as “many local students have decided to postpone their studies for a year”, (lines 52-53)) and international students (as they “pay higher fees to the university than the fees that the university receives from local student” (lines 54-55)). For *PU*, more students mean more revenue (more income), which improves the cash-flow situation (very important, as *PU* has “cash-flow problems”, as repeated several times, lines 57, 69 and 85).

Other long-term benefits of *PU*'s marketing strategies include:

- other external stakeholders will be aware of *PU*'s success – stakeholders from the private sector (eg Di Jones who is “director of a multinational computer company that is funding some of *PU*'s IT research”, (line 108)), or in the public sector (local and regional politicians, so that they remember *PU* and keep supporting it);
- attracting new staff to *PU*, as its intensive promotion indirectly showcases it as a potential employer of choice.

**N.B.** The question is not about the marketing mix (4Ps, or even 7Ps). If the answer is just an outline of *PU*'s marketing mix (describing *PU*'s Product (high quality courses), Price (competitive fees) etc); award up to **[2]**, as it shows some understanding of marketing, but not of the topic of strategy, nor of the notion of long-term benefits. Likewise, answers about ATL and BTL forms of promotion and answers that use the Ansoff matrix (eg product development: *PU* offering new courses) may also be partially credited, as they display knowledge of marketing.

*Accept any other relevant long-term benefit.*

*If a candidate provides context that provides a benefit, but the benefit is not explicitly stated, the “second” mark can be awarded i.e. [0] + [1].*

**Mark as a [2] + [2].**

*Award [1] for each appropriate benefit identified and [1] for some description and application. Award a maximum of [2] for each benefit. Maximum [4] for two benefits.*

- (b) Explain the possible impacts on *PU* of the ethical issues it faces (lines 101–117). **[6]**

Ethical issues and impacts include:

- Appointment of new trustee with links to slave trade: Can *PU* resolve? Will the problem go away? What impact is it having? If the trustee is sacked what are the implications? Loss of talented and valuable person. Reputational loss.
- Guest speaker: That's a matter for the students to decide. Should Adriana get involved? How much bad publicity will it generate? Does *PU* want confrontation with students? What about free speech? What are the laws covering this/university regulations? Impacts depends on what students decide. *PU* could lose some reputation if speaker comes, could seem authoritarian, against free speech if speaker does not attend invitation to speak at Politics Society.
- Over-priced medicines to LDCs: If funding is stopped then this action could impact on university research.

*Accept any other relevant impact.*

*Use the markbands on page 3.*

*Award a maximum of [3] for a theoretical answer or for limiting answer to only one impact.*

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

*Award a maximum of [6].*

2. (a) Outline **two** steps that Adriana should take if she decides to dismiss the head of the Faculty of History, Jim (lines 89–100). **[4]**

Two steps include:

- Tell Jim and other faculty members.
- Follow *PU*'s HR procedure for dismissal.
- May need to meet with Jim and his trade union representatives. Prepare a case substantiating the reasons in case Jim takes *PU* to court for unfair dismissal, exactly as Patricia is doing after her own dismissal (line 90) (as 'dismissal' is about a fault, as opposed to 'redundancy').
- Ask HR to advertise for a new post, internally or externally, as Jim needs to be replaced
- Review of current staffing in the History department. Assess whether Jim needs to be replaced.

*Accept any other relevant step, as long as they apply to what Adriana would need to do if she decides to dismiss Jim. Non-procedural steps can also be rewarded such as the department review.*

**Mark as a [2] + [2].**

*Award [1] for each appropriate step and [1] for application of each step. Maximum award, for two steps: [4].*

- (b) Explain strategies, in addition to redundancies, that *PU* could use to solve its cash-flow problems (lines 56–59). **[6]**

Strategies include:

- 20 % of staff are on part time contracts. More staff could have their hours reduced.
- *PU* has maintained its marketing budget and this could be reduced.
- Some facilities are underused so could be let to provide additional income.
- Reduce overseas visits for lecturers.
- Stop courses that are not economically viable eg history, modern languages.
- Increase fees but these are competitive and there is a shortage of students.
- Make more/other staff redundant.
- Other methods which are generic include: delay payments to suppliers, reduce spending.
- Short-term sources of finance. These must be appropriate to *PU*.

*Accept any other relevant strategy, or methods mentioned as part of an overall strategy.*

*Use the markbands on page 3.*

*Award a maximum of [3] for a theoretical answer or for limiting answer to only one strategy.*

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

*Award a maximum of [6].*

3. (a) Outline **two** STEEPLE factors that influence *PU*'s decisions. **[4]**

STEEPLE framework: Social, Technological, Economic, Ethical, Political, Legal, Ecological ('Environmental')

STEEPLE factors include:

- Activists spreading bad publicity (social)
- Changes in artificial intelligence and other technologies (technological)
- The accident at the chemical factory (ecological, environmental)
- The economic recession (economic)
- Reduction in other universities (economic)
- Government grants and "large amount of funding from the government to research medicines" (lines 42-43) (political)

*If the STEEPLE factor is not explicitly stated, the "second" mark can be awarded i.e. [0] + [1] if it is clear from the context what factor is being referred to.*

*Answers must present two separate STEEPLE factors.*

*E.g. two economic factors would only be awarded a maximum of [2].*

*Accept any other relevant factor.*

**Mark as a [2] + [2].**

*Award [1] for an appropriate factor and [1] for application. Maximum award for two factors: [4].*

**Note:** *To be awarded the second mark, each factor must be explicitly linked to the STEEPLE framework. Some flexibility is allowed in the categorization, for example the economic recession could be outlined from a social perspective, or the governments grants could be seen as the result of a legal decision. The same factor; however, cannot be counted twice.*



- (b) Explain ways in which *PU* could achieve greater sustainability in the 2022/23 academic year (lines 118–131).

[6]

Ways to achieve greater sustainability include:

- Rebuilding facilities to higher sustainability standards and this could include building design, heating/lighting systems, furniture and equipment, use of space.
- Maintain and improve on the current lower levels of waste, pollution, energy and consumption (these four would only be **one way**). This could be through ensuring recycling facilities, encouraging minimization of waste, finding more efficient uses of energy
- Expand the use of solar and other sustainable energy sources. Available space?
- Review, maintain and further develop CSR policies. Continued reduction in energy consumption.
- Review online teaching provision. An increase in online teaching would help to reduce energy consumption at *PU*.

*Candidates may refer to different forms of sustainability including the triple bottom line; this should be awarded.*

*Use the markbands on page 3.*

*Award a maximum of [3] for a theoretical answer, or for limiting the answer to only one way, or for only copying extracts from the case study.*

*Award a maximum of [6].*

## Section B

4. (a) Define the term *contingency planning*. [2]

Contingency planning is preparing for an outcome other than that expected in usual circumstances. It often used to manage risks for exceptional circumstances that could have a catastrophic outcome.

Beware of circular definitions, which cannot be rewarded.

There needs to be some suggestion of forward thinking (prior to things/events that might happen).

Some may focus on contingency planning as a way of ‘preventing’ things/events happening. This should only be awarded [1].

*Candidates do not have to word exactly as above. Award [1] for a partial definition which contains some of the elements, award [2] for a clear definition that shows understanding. No application is required. Maximum award: [2].*

- (b) Explain **two** elements of *PU*'s organizational culture after the accident at the nearby chemical plant. [4]

Organizational culture refers to the underlying beliefs, assumptions, values and ways of interacting that contribute towards the working environment of a business.

*E.g.* teamwork; community; trust; innovation; caring; trustworthy management.

Two elements of *PU*'s organizational culture include:

- The main changes have been a ‘hardening’ of the culture to overcome the accident.
- Funds have declined, competition between faculties has increased and this changes the nature of working relationships, possibly greater efficiency but maybe distrust?
- Demanding targets: More stress? Better, clearer focus? Is this appropriate to a university?
- Less time on student welfare: indicative of a less caring organization?

Other possible issue arises from the case study: change of focus to online teaching – less social contact; a culture that did nothing about intolerant behaviour.

Some may wish to make use of actual types of culture (role; task *etc*). This is fine but the context is critical.

Some of the mission statement may not have been achieved in particular, inclusivity with some online teaching making courses less available to some, excellence with some courses compromised.

**Mark as [2] + [2].**

*Award [1] for each appropriate element identified and an additional [1] for explanation applied to the stimulus. Maximum award: [4].*

- (c) (i) Using the straight line method, calculate the annual depreciation for each laptop (*show all your working*). [2]

Cost of laptop \$500

Residual value \$50

Fall in value \$450 over 3 years = \$150 per year per laptop (or annual depreciation per laptop)

**OR**

$$\frac{\$500 - \$50}{3} = \frac{\$450}{3} = \$150 \text{ per year per laptop}$$

**OR**

Candidates can present the annual depreciation as a percentage: 30% (150 / 500).

**Accept** answers where candidates calculate the total depreciation \$150 x 3 = \$450 and present this as their final answer as long as the \$150 is included as part of the working.

Possible answers and marks:

\$150 with working [2]

30% with working [2]

30% without working [1]

150 (no units) with working [1]

\$75000 without mention of \$150 [1] (an attempt)

\$75000 with working and mention of \$150 [2]

*Award [2] for correct answer, with workings and correct units.*

*Award [1] for a reasonable attempt or absence of workings and/or correct units.*

- (ii) Comment on the usefulness to *PU* of the results of your calculation in part (i). [2]

Depreciation is a component of profit/loss and balance sheet. Ensures *PU*'s profits factor in replacement laptop costs. *PU* will need to replace laptops after 3 years.

Straight line is useful when there is not a great variation in the actual value of the asset over time (such as the laptops in this case).

Straight line is generally better for lower valued items.

*Award [1] for a general comment about the numbers rather than the usefulness.*

*Award [2] for a brief explanation that shows some understanding of the usefulness to *PU*.*

- (d) Using information from the case study and additional information above, discuss the importance to *PU* of the extended marketing mix in the provision of services at the university.

[10]

### People

The university is entirely dependent on people:

- **Customers:** (students) are making judgements about the services and facilities that the university provides. They do this through surveys and through the guides for university choice. These are highly influential in lecturer appraisals and the choices that prospective students make.
- **Lecturers:** provide the core service of the university. The teaching quality depends on their skills and, more recently on their training for online courses. The research undertaken which is dependent on supervisors and research students.
- **Support staff:** students may not get adequate services.
- **Management:** Adriana plays a key role in decision making and managing.
- **Trustees:** the strategic decision makers.

Probably the most important people are the lecturers and students without which the university would not exist.

### Processes

This has changed drastically since the accident. From face-to-face teaching using dedicated resources such as buildings to online teaching and the use of temporary, non-specific resources elsewhere. The process has been highly rated in surveys.

The process also involves other services such as recruiting new students, and providing training for lecturers in online teaching. Support services are not as good as they could be.

The online teaching is a major change in how they operate.

### **Physical evidence**

The campus was always beautiful and part of what attracted students to *PU*. It is now severely damaged. It will be important to restore the campus. Buildings facilitated *PU*'s teaching and research work. These will need to be restored. Issues such as sustainability could also be included, facilities such as solar panels, energy efficient classrooms could be built.

It could be argued that restoring the infrastructure of *PU* (the buildings and campus), in other words physical evidence, is the most important in the short term, but that, overall, people are critical, without these the processes will not be effectively delivered.

*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 there is no effective use of case (e.g. only repeating case material without development).*

*Award a maximum of [4] for an answer that only explores the 4P's of the marketing mix (price; promotion; place and product).*

*Award a maximum of [5] if only one element of the extended marketing mix is considered.*

*Award a maximum of [6] if only two elements of the extended marketing mix are considered.*

*Award a maximum of [6] if the extended marketing mix is considered but there is limited use of data or if there is good analysis of data with limited consideration of issues.*

*Award a maximum of [8] if all three elements of the extended marketing mix are considered and there is good use of data but there are no significant judgements.*