EXAM PAPERS PRACTICE

Helping you Achieve Highest Grades in IB

IB Business Management HL

Mark Scheme

Fully in-lined with the First Assessment
Examinations in 2024 & Beyond

Paper: 1 (All Topics)
Units:

- **1 - Introduction to Business Management**
- **2 - Human Resource Management**
- **3 - Finance and Accounts**
- **4 - Marketing**
- **5 - Operations Management**

Marks: 60

Total Marks: / 60

Suitable for HL Students sitting the 2025 exams onwards
However, SL students may also find these resources useful

Markschemes

21M.1.HL.TZ0.4

a.

USP (unique selling point/proposition), the feature or features that make a product or service **different** (**or is differentiated**) from **other similar products** of competitors.
It is the product/service that has the USP, not the business.

Candidates are not required to use the context of MM but should not be penalized if they do.

*Award **[1]** for some understanding.*

*Award **[2]** for clear understanding. Candidates do not have to word exactly as above.*

b.i. $\text{Debtor days ratio} = \dfrac{\text{debtors}}{\text{sales revenue}} \times 365 \qquad = \dfrac{16}{146} \times 365$

= 40 days (or just 40) *Award **[2]** for correct answer (allow rounding).*

*Award **[1]** for an attempt or if correct answer has $m or million.*

*As 2020 is a leap year you can allow 16/146 x 366 = 40.11 days. If candidates **correctly** use some or all data from 2019, they can be awarded one mark (e.g. 18/175 x 365 = 37.54 days).*

Do not reward formula only.

b.ii.

Reduce some of the expenditure (planned pay increases, payments to directors, marketing)
Replace overdraft with longer term loan
Decrease credit terms to customers
Change credit terms with suppliers
Improve stock control e.g. reduce stock levels
Increase sales
Sell unused assets, but unlikely

Methods that change the balance between current assets and current liabilities in the right direction should be rewarded. Methods suggested must **improve liquidity** for *MM.*

Some methods, such as debt factoring and using cash to reduce overdraft, may improve cash flow but do not improve liquidity so should not be rewarded.

*Award **[1]** for identifying a method and **[1]** for explaining in context.*

Accept any other reasonable reason.

c. Influences could include: training
aspects of personal selling
high levels of customer service
helping customers
working closely with customers
after-sales service.

Accept any other relevant reason.

*Candidates need to show the impact on the **marketing strategy** of MM. e.g. enhanced training may lead to better customer service which would aid marketing leading to the possibility of charging higher prices. e.g. improved after-sales service can lead to a stronger reputation leading to higher sales/increased market share etc.*
Candidates do not need to specifically define the people element of the extended marketing mix but should show understanding.

*Award **[1]** for some understanding of the people element of the extended marketing mix. **[1]** for a relevant influence and **[2]** for application/context. Maximum award overall: **[4]**.*

d.

PLEASE NOTE: This content is not included in the syllabus for 2024 exams onward. Related parts of this multi-part question may be used.

Refer to Paper 1 markbands for May 2016 forward, available under the "Your tests" tab > supplemental materials.

The key factor is that there are offices in the UK and India and customers around the world.

In the UK employers might:

set up competitive environments
give employees responsibility
expect competition
be more flexible with contracts including employment contracts
this might mean short term contracts, relying on money as a motivator as well as rewarding initiative and taking on responsibility
this would allow for flexible structures and informality
could impact on leadership style which is less likely to be autocratic than other styles
could impact on employer/employee negotiations – more difficult.

In India employers might:

have to manage people from a wide range of regional cultures
emphasize teamwork
set up hierarchical structures
expect formality
this might mean formal structures and clear divisions of responsibility. Money likely to be less of a motivator. Individual initiative will be less strong
could impact on leadership styles, more likely to be autocratic.

Candidates are expected to largely make use of the evidence in Section B but can take evidence from the wider case evidence.

Candidates may focus some of their answer on possible cultural differences between the owners, however marks may be limited by the lack of context used.

Candidate may make reference to the work of Charles Handy on different types of culture (power; task etc.). Whilst not required it is a valid line of discussion.

Candidates need to show the impact on **employer/employee relations** at *MM*.

Accept any other relevant discussion.

Marks should be allocated according to the paper 1 markbands for May 2016 forward section B.

*For an answer with no effective use of context (theoretical answer) award maximum **[3]**.*

*For an answer that does not focus on the impact on employer/employee relations award a maximum **[4]**.*

*Award **[4]** if comparisons are presented as an undeveloped list.*

*For an answer that is lacking balance e.g. only looks at one country; only looks at advantages etc. award a maximum **[6]**.*

*Both sides of discussion considered but descriptively max **[6]**.*

*Both countries considered, good use of evidence, particularly from section B, but with no/limited effective comparison/evaluation award a maximum of **[8]**.*

*For **[10]** marks a fully supported comparison/evaluation with good use of evidence, particularly from section B.*

20N.1.HL.TZ0.4

a.

A limited company (incorporated), often a large business, with the legal right to sell shares to the general public (publicly traded). Its share price is quoted on the national stock exchange. It has limited liability (not necessary in answer but helpful)

References to 'owned by the government' or 'local authorities can be rewarded as state involvement in plcs is common in some countries

*Award **[1]** for a partial definition and **[2]** for a full, clear definition. This answer does not need to be in context and the definition does not have to use the words above. A full, clear definition needs more than just a reference to limited liability.*

b. A cost centre is a section of a business to which both costs and revenues can be allocated.

Currently cost centres are based on functional areas such as Marketing, HRM. Proposal is to base them on product (washing machines, vacuum cleaners, toasters *etc*,) and, where appropriate, project (*eg* click and fix).

Advantages of change include: Easier to monitor and control production of products
Easier to see which products to drop, or modify
Easier to set targets – difficult for large functional areas
This is because functions are not directly related to products.

Disadvantages of change include:

Costs of implementing change
Disruption
Lack of continuity
Possible unwanted competition between products or projects.

Please note context may be a challenge. Candidates need to mention functional areas, products, projects that appear in the case.

References to budgets need to be linked to cost centres.

*Award **[1]** for each relevant advantage identified and **[1]** for a description of how that advantage relates to AFA. Award **[1]** for each relevant disadvantage identified and **[1]** for a description of how that disadvantage relates to DA.*

*Where a candidate ONLY refers to **existing** cost centres max award **[1]**, for understanding cost centres.*
*Where a candidate does not refer to new cost centres but does mention impacts of changing: max award **[2]**.*

c.i. Cost to make = 10 000 × €15 + €30 000 = €180 000
Cost to buy = 10 000 × €17 = €170 000
Difference/Saving = €10 000 in favour of buying

Reward alternative methods of getting to the same answer e.g. by starting with unit costs and cost differences. Although working is preferable the question does not require it.
The answer € 10 000 also achieves [3]

*Award **[3]** for a correct answer which must include €.*

*Award **[2]** for a correct answer with wrong units or reasonable attempt with units. E.g. not making a final subtraction.*

*Award **[1]** for an attempt.*

If the answer does not appear in (i) but does appear in (ii) then (i) can be rewarded retrospectively – you will have to go back to mark entry for (i).

c.ii. Factors could include:
Quality control issues (in-house easier to control)
Reliability of suppliers
Suitable workforce at *DA*
DA's experience with manufacturing
Policy on core activities
Impact on employees
Impact on *DA*

*Award **[1]** for any relevant factor – does not have to be in context. Do not reward relative costs.*

d.

Refer to Paper 1 markbands for May 2016 forward, available under the "Your tests" tab > supplemental materials.

Changes include:

Changing from an annual salary to low basic wage with bonuses
Reducing social benefits
Penalties for failing to meet targets
Some elements of changing to task culture from person culture (candidates do not need to name these culture types)

Culture currently based on:

Family business
Strong social values
Benefits to employees and their families such as housing, hospitals *etc*
Looked after employees in hard times

Recently included employee focused HRM strategies and management including consultation, redeployment
CSR

Focus is changed to managing costs. The switch is from 'soft' to 'hard' HRM, part of the culture.
The current 'soft' approach is more consistent with a family business than 'hard' HRM.

'Balance' could be achieved by comparing old and new methods; positive and negative impacts on stakeholders and/or *DA*.

Marks should be allocated according to the paper 1 markbands for May 2016 forward section B.

Theoretical answer or context limited to naming the business or simplistic development max ***[4]***.

Discussion of only either the existing situation or the new situation or only focuses on motivation, or on impacts other than on culture ***[5]***.

Discussion of culture with no clear balance ***[6]***.

Cultural change considered, good use of evidence, particularly from section B, but no effective conclusion award a maximum of ***[8]***.

For ***[10]*** *the answer needs to be clearly relevant to DA, with good use of context, a clear sense of how culture will change and a clear conclusion.*

19M.1.HL.TZ0.4

a.

Types of industrial/employee method used by **employers** in industrial/employee relations include:

Collective bargaining/ negotiations: management negotiate with worker representatives /trades unions.
Threats of redundancies: Such threats can break the will of workers and their representatives, as they consider the effects of permanent loss of position.
Changes of contract: flexible working, productivity agreements.
Closure and lockouts: The owners shut down the place of employment so that the workers cannot enter to perform their job. This method is rather extreme.
Recognising /encouraging unions can help both employees and employers
Arbitration

Do not allow methods used by employees *e.g.* creating a union as this is done by employees not employers, strike action. Nor methods used by employers that do not involve direct engagement of workers such as delegation, leadership style, team building *etc*.

Award ***[1]*** *for identification of a method and* ***[1]*** *for a description. Candidates do not have to word exactly as above. No application is required but might be helpful. Maximum award:* ***[2]***.

b.i. Capacity utilization rate is $\frac{20\ 000}{21\ 000} \times 100 = 95\ \%$ (95.2% but allow rounding)

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

b.ii. Capacity utilization is now 50 % so 50 % = $\frac{20000}{\text{new capacity}}$ × 100

so new capacity = 20 000 × $\frac{100}{50}$ =40 000 units   Increase in capacity is 19 000 units

*Award **[3]** for correct answer with working. 'Units' not necessary. Working wrong only award **[2]**.*

*Award **[2]** for correct answer without workings or wrong working or good attempt (e.g 40,000, or 40,000 units)*

*Award **[1]** for an attempt with workings. 95.2 % - 50 % =45.2 % (allowing for rounding) can be awarded **[1]***

Do not reward formula only.

c. Reasons for resistance to change could include:

new ways of working
Having to work with new staff in the US
(*these first two points are simply lifted from the additional material so would have to be developed for the second mark*(s))
Some employees may have to move to US (disruption, culture clashes etc).
There could be disruption. (no supporting context)
There would be newly recruited employees in US, maybe on higher salaries which might cause resentment.
Newly recruited employees may not fit into the culture which may be difficult for existing employees
Low level of unionization in US which European employees may not like
Financial reasons – costs of moving etc

Accept any other relevant reason. ***Mark as a 2 + 2***.

*Award **[1]** for an appropriate reason **[1]** for application/context. Award a maximum of **[2]** for each reason. Maximum award overall: **[4]**.*

d.

Refer to Paper 1 markbands for May 2016 forward, available under the "Your tests" tab > supplemental materials.

Opportunities: Massive market.
US spending on healthcare much higher.
Strong demand.
High incomes in US.

Threats:

Advertising spend in the US is very high
Availablity of suitable people to recruit
Competition very high in US
Domination of market by big US companies
US industrial/employee relations and cultures may cause disruption.

OPPORTUNITIES AND THREATS SHOULD BE EXTERNAL TO RDM

If candidate considers all four elements of SWOT only reward for that part of the answer relevant to opportunities and threats.

cept any other relevant opportunity or threat.

Marks should be allocated according to the paper 1 markbands for May 2016 forward section B.

*For an answer with no effective use of context (Theoretical answer) award maximum **[3]**.*

*For an answer that only looks at strengths and weaknesses (internal factors) award a maximum **[3]***

*Award **[4]** if opportunities and threats are presented as an undeveloped list.*

*For an answer that only looks at opportunities or only looks at threats, award up to a maximum of **[5]**. At top end context has to be good.*
Both opportunities and threats considered but descriptively max {6}

*Both opportunities and threats considered, good use of evidence, particularly from section B, but no effective conclusion/evaluation award a maximum of **[8]**.*

*For **[10]** marks a fully supported conclusion/evaluation with good use of evidence, particularly from Section B.*