

Helping you Achieve Highest Grades in IB

IB Business Management SL

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: 40

Total Marks: / 40

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

Markschemes

17M.1.SL.TZ0.4

a.

Variable costs are costs that vary in direct proportion to change in output/level of production.

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

Award [1] for a basic definition that conveys partial knowledge and understanding.

Award [2] for a full, clear definition that conveys knowledge and understanding similar to the answer above.

b.

Secondary sector: manufacturing – converting raw materials. Usually capital intensive, often B2B – 3D printing.

Tertiary sector activities – providing services. Usually labour intensive, often B2C.

Predominant in developed economies – serving coffee, providing resort facilities.

Award [1] for each difference identified, and [1] for the development of this difference in the context of Utopia.

Award a maximum of [2] if the answer is not about differences but only provides definitions.

c.

Year	Net cash flow (\$000)	Cumulative net cash flow (\$000)
0	-10	-10
1	2	-8
2	3	-5
3	4	-1
4	4	+3
5	4	+7

The project breaks even after 3 years and 3 months (3 ¼ years).

$$\text{ARR} = \frac{(\text{total returns} - \text{capital cost}) / \text{years of use}}{\text{capital cost}} \times 100 = \frac{(17 - 10) / 5}{10} \times 100 = 14\%$$

Mark as 2+2.

For each calculation:

Award [2] for correct answer with working and correct unit.

Award [1] for correct answer with working but incorrect unit or no unit, or for correct answer with correct unit but no working.

d. For:

- Paul likes the idea

- Unique souvenirs
- Cost reductions
- \$10k is not large in the scale of the operation
- Use of recycled materials fits in with *Utopia's* ethos and image
- ARR reasonable (14 %) – allow OFR

Against:

- Payback period quite long (OFR) for such a small project
- Does this market really do souvenirs?
- Liza does not like
- Recruitment difficulties
- Impact on local people – part of the ethos
- Costs of recycling unclear
- Not suited to niche market?
- This is a very small investment (10K) and the returns at 14% actually amount to quite a small sum – if it is a success it actually adds very little to annual revenue streams. For such a small return is the risk that it perhaps cheapens the image of the business worthwhile? Such souvenirs could be regarded as "tacky" and do not fit the profile of the target market.

Decision depends on John and whether other alternatives are better, *eg* doing nothing, leaving the money in the bank, *etc.* John believes the technology will bring other benefits, which may swing him that way; however, the impact on local craftsman would weigh heavily.

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

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

Award a maximum of if only one side of argument is considered in context.

Award a maximum of if both sides are considered but there is limited use of data.

Award a maximum of if both sides considered, and there is good use of data.

For full marks two sides of the argument should be considered, data used effectively, and the recommendation supported.

Note – a recommendation that a decision cannot be made due to lack of information (eg market research) can be regarded as a decision provided the arguments are supported.

16N.1.SL.TZ0.4

a.

The vision statement is a sentence that refers to the ultimate goal of an organisation, what it wants to achieve in the future. It is expressed as a long-term aspiration.

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

Award **[1]** for a basic definition that conveys partial knowledge and understanding.

Award **[2]** for a full, clear definition that conveys knowledge and understanding similar to the answer above.

b.i. Break-even quantity = $\frac{\text{fixed costs}}{\text{contribution}}$

$$= \frac{9000}{(80 - 50)}$$

$$= \frac{9000}{30}$$

$$= 300 \text{ IBATS}$$

Award **[1]** for the correct answer and **[1]** for working, award a maximum of **[2]**.

Award only **[1]** if wrong units stated (but allow no units).

Do not award any mark for the formula alone.

b.ii.

This would be 100 IBATs per month more than break even, so profit would be $100 \times \$30 = \3000

OR Profit or loss = sales revenue – (fixed cost – variable cost)
= $32\,000 - 9000 - 20\,000$
= $\$3000$

Award **[1]** for the correct answer and **[1]** for working, award up to a maximum of **[2]**.

Award only **[1]** if wrong units stated or no units.

c. Possible methods (sources) of secondary market research include:

medical journals

lists of pharmacies

lists of medical professionals, hospitals etc

government publications relating to medical/pharmaceutical issues.

Note: the word "internet" alone is not a research method. **Mark as 2+2.**

Award **[1]** for each method (source) identified and award **[1]** for a relevant explanation of that advantage.

Non-contextual answers award a maximum of **[2]** in total.

d. Evidence in the additional stimulus material suggests he:

is prepared to be autocratic where necessary In addition:

likes to hear other peoples' views

puts effort into keeping people informed

consults widely

acted decisively at times.

he has experience with project management
manages a talented and committed group of people
the group have chosen him
people within the group seem to have clearly defined roles
some of the group need guidance.

It would seem, therefore, that:

autocratic management would not be appropriate except in situations where
immediate decisions are required
democratic leadership might be appropriate, both in terms of the team he manages
and his own personal qualities
laissez faire might mean issues do not get resolved such as disagreements, sense of
direction.

The best style of leadership is likely to be to adjust to circumstances and people ie,
situational leadership.

There are three aspects to this choice; the nature of the tasks, the nature of his
colleagues, his own personal qualities.

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

*Purely theoretical answers or with no effective use of stimulus material in range to
with better answers award a maximum of .*

If only one leadership style is considered award a maximum of .

*Two or more styles considered with more than one aspect, but limited use of
evidence award a maximum of .*

*Two or more styles considered, good use of evidence, particularly from Section B, but
limited contrast award a maximum of .*

*For full marks two or more styles contrasted, aspects, evidence, particularly from
section B, used effectively.*

18M.1.SL.TZ0.4

a.

PLEASE NOTE: The term charity is not included in the syllabus for 2024 exams onward. The question could be adapted for use with 1.2.4 Non governmental organizations. There will be no future questions however on charities.

- A charity usually performs useful social/environmental functions.
- Charities usually have a tax advantage.
- Charities usually do not seek to make a profit.

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

*Award **[1]** for each characteristic identified.*

$$\text{b.i. } B/E = \frac{FC}{\text{price} - \text{unit variable cost}} = \frac{\$200000}{\$90 - \$70} = \frac{\$200000}{\$20} = 10\,000 \text{ PBS}$$

*Award **[2]** for 10 000 units per year.*

*Award **[1]** if either no units or no working.*

- b.ii.
- It gives a minimum target for sales. Is 10 000 PBS per year (OFR) achievable?
 - It is useful for "what if".
 - It could help in setting prices.
 - It could help in production planning.
 - However, is the data realistic?
 - Will all units be sold?

*Award a maximum of **[4]** for a theoretical answer.*

c.

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

Factors in favour:

- Fits in with Su's need to make the world a better place – it offers a real opportunity to save lives.
- A nice fit with DF's project.
- Increased world profile for AS.
- Opportunities for changes in jobs for employees/managers.
- Opportunity to expand and restructure.
- A form of diversification.
- Further benefits to more communities in Afghanistan.

However:

- Managers would not like the changes – smaller span of control, less empowerment.
- Possible production problems – diseconomies of scale?
- Dangers of growing too quickly.
- Afghan project comes second?
- AS would have to change the way it operates.

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

If discussion is one-sided award a maximum of .

Both sides considered, good use of evidence, particularly from section B, but no effective recommendation contrast award a maximum of .

For full marks a fully supported recommendation with good use of evidence, particularly from section B.

18N.1.SL.TZ0.4

a.

An intangible asset is an asset that lacks physical substance and usually is very hard to evaluate, but it can add value to the business. It includes patents, copyrights, franchises, goodwill, trademarks and brand names with links to product positioning of a good or service that a business may offer.

The definition does not need to be worded exactly as above.

Award [1] for a basic definition that conveys partial knowledge and understanding.

Award [2] for a full definition that conveys knowledge and understanding similar to the answer above.

NOTE: Some candidates may write their definition in the context of AFA; in such cases, the main examples of intangible assets would be brand image (due to ethical behaviour and CSR leading to competitive advantage, customer loyalty, positive word-of-mouth) and goodwill.

b.i.
$$\text{GPM 2016} = \frac{142888}{2164486} \times \frac{100}{1} = 6.6 \% \quad \text{GPM 2017} = \frac{124211}{2400625} \times \frac{100}{1} = 5.17 \%$$

Award [1] for each correct answer which includes the % (percentage) sign.

NOTE: candidates are not asked to show their working. Candidates may round up the results of their calculations for example, 5.1% or 5.2% instead of 5.17%.

b.ii.

Given that sales revenues have increased, the likely cause of the decrease in gross profit margin is that direct costs have risen faster. There is evidence of diseconomies of scale being experienced by AFA and this calculation backs this up.

Another possible reason is fluctuation/increase of foreign currency exchange rates (as AFA works with "wholesalers that import products from many parts of the globe", line 46).

Another possible reason is the increase of the cost of goods sold, which could be linked to the fact that price of fair trade goods may fluctuate/increase.

Award [1] for a possible reason for the trend in gross profit margin, with an additional mark for application to AFA.



c. Example of explanation of a benefit:

For *AFA*, given the low wages, it is likely that fringe payments will act as an incentive to existing and new staff. Private health care, for example, would allow Sam and *AFA* to demonstrate a commitment to the well-being of its employees in the same spirit that the fair trade movement does for its suppliers. Motivation could improve and address some of the issues raised by the mystery shopper that Finn employed.

Example of explanation of a cost:

The cost to *AFA* is that even with considerable revenue growth, fringe payments will increase direct costs, which will put further pressure on gross margins. Sam and Finn would also need to draw up new contracts of work, clearly stating how the new fringe benefits would be calculated and distributed. There are additional managers who may be attracted to this rewards scheme and this may create some jealousy if they are not fairly applied. One key question is whether the fringe payments will apply to all staff.

Award for each benefit and cost identified, with an additional per cost/benefit with direct application to AFA.

d.

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

There is considerable evidence from the stimulus that Sam and Finn's relationship is on the verge of breaking down. The mystery shopper incident has fuelled suspicion on both sides and a lack of trust and cooperation is evident. It would appear that Sam does not wish to involve himself in the day-to-day running of the business and instead focus on "big picture" thinking. This offer from the international retailer coming at this time would be very tempting. Entrepreneurs such as Sam sometimes do sell a business looking for new opportunities as they may have achieved their own personal goals in setting up a new sustainable business. The goodwill offered by the purchaser would easily allow Sam to put his entrepreneurial qualities to good use in new markets. There is considerable evidence from research that some serial entrepreneurs enjoy setting up new enterprises as an exciting challenge and when the final goal is achieved move on. Sam does seem to be restless and bored easily and the current tensions/conflicts may force his hand.

However, whilst the positive publicity from the reality television show has lifted Sam, it could be easily taken away if the takeover occurs. "Temperton sells out" headlines would not help Sam or *AFA* and could impact on the brand value of the business. There is also the hypocrisy from Sam (given that he wanted to help internal and external stakeholders in the best way that he could) that the sale of *AFA* would create. Can he afford to tarnish his image?

Finn and Kip provide the conscientious voice against the sale. *AFA* is doing well and its position in the market is established. There is, however, still much to do. Why quit now when the actual goal has not been fully achieved?

There is conflict at *AFA* and this is to be expected. It would be a great shame for all the hard work carried out if Sam were to accept the offer. However, Sam and Finn

appear to be drifting apart. Perhaps a change at the top is needed to bring fresh thinking to AFA at a time of expansion as long as Kim and Finn remain loyal to AFA.

Mark according to the paper 1 markbands for May 2016 forward, section B.

21M.1.SL.TZ0.4

a.

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

Social marketing is the use of commercial marketing tools and techniques (such as market research; defining objectives and targets; creating and promoting brands; preparing strategies and plans; setting actions and budgets etc.) in order to influence individuals' behaviour, to improve their well-being and/or that of society as a whole. Unlike commercial marketing, the aim is not to encourage purchase, but to raise awareness and lead to change.

Award [1] for a basic definition that conveys partial knowledge and understanding.

Award [2] for a full definition that conveys knowledge and understanding similar to the answer above (students are not expected to word their definition exactly as above).

b.i.

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}} = \frac{4 + 10 + 16}{25} = \frac{30}{25}$$

This can also be expressed as "1.2 : 1".

Award [2] for correct answer, showing the working.

Award [1] for or a correct answer with units or a percentage sign, or an incomplete answer (such as 6/5) or if the candidate calculated the current ratio for 2019 (answer: 1.33).

Do not reward formula only.

b.ii.

Liquidity is a measure of how quickly current assets (stock, debtors, cash) can be converted into cash (cash being already liquid anyway). A liquidity problem means that the company may struggle to pay off its short-term debt obligations.

In the case of SF, possible reasons include:

Current assets are decreasing faster than current liabilities, reducing the current ratio from 1.33 (in 2019) to 1.2 (in 2020), which is further away from the ideal of 1.5. Direct cash has decreased more than the 'less liquid' current assets (stock and debtors) – in fact, the value of stock has doubled from 2019 to 2020. A film studio should not keep so much stock anyway.

The acid test ratio has decreased from 1,26 (in 2019) to 1,04 (in 2020); an acid test ratio of less than 1:1 could mean that the business is not in sound financial health; it may be unable to pay its short-term debts.

Accept any other reasonable reason.

Use OFR.

Credit candidates who calculated the acid test ratio.

Award [1] for a basic answer that conveys some understanding of a reason why SF may have a liquidity problem. The answer may be short or descriptive, showing some partial knowledge of what current assets/liabilities/ratio are, and/or what liquidity means.

Award [2] for an answer that conveys knowledge and understanding of a valid reason why SF may have a liquidity problem. The answer shows both theoretical understanding and application to SF.

c. Factors could include:

Time pressures – does not allow SF employees to work at a comfortable speed, which may create stress and does not enable them to be creative, which is paradoxical as they work in the creative industries;

No overtime: no reward for extra work, in a context of low pay scales (only managers are financially rewarded with bonuses: absence of financial rewards for SF employees).

Autocratic leadership style – may not suit some employees, especially in the creative industries.

The answer must be explicitly about SF, not about MM, even if some aspects could be relevant for both.

Accept any other relevant factor.

Award for an appropriate factor in context and for an explanation, which may include a theoretical reference (for example: to Pink or Herzberg). Award a maximum of for each factor. Maximum award overall:

d.

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

Arguments for:

Will reduce production costs (Aarvan), which may make MM more competitive

The owner wants to sell, so price might be good

SF has a good reputation

Comfortable with social marketing, which may match MM's ethics

Used to meeting customer demands and deadlines

Fits well with MM strategy to focus on its growth in India/Asia

Arguments against:

Several cultural differences between MM and SF, for example SF managers receive financial rewards such as bonuses, and SF has an autocratic management style

Not enough experience with short films
 Limited experience of promotional films
 Has always worked for Indian customers: may lack international awareness
 How may SF employees react to the take-over?

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 a maximum of .

For an answer that only looks at one side, award a maximum of .

Both sides of argument considered but descriptively, award a maximum of .

Both sides considered, good use of evidence, particularly from section B, but no effective conclusion/evaluation award a maximum of .

19N.1.SL.TZ0.4

a.

Producing a defined number of identical products – each item in the batch passes through one stage of production before passing on to the next stage. An example, which is not necessary, is the commercial manufacture of biscuits.

Award [2] for a complete definition.

Award [1] for some understanding.

b.i. Gross profit = revenue – cost of goods sold
 $= \$160\,000 \times \$2.50 - \$160\,000 = \$240\,000$

Award [2] if correct answer and working shown.

Award [1] if correct answer but no working, or a reasonable attempt with errors.

b.ii.

Net profit before tax, interest = Gross profit – operating costs before tax and interest
 $= \$240\,000 - \$20\,000 = \$220\,000$

so
$$\text{NPM} = \frac{\text{Net Profit before tax and interest}}{\text{sales revenue}} \times 100 \% = \frac{220}{400} \times 100 = 55 \%$$

Award [2] if correct answer and working shown.

Award [1] if correct answer but no working, or a reasonable attempt with errors.

c. **Advantages:** Simple.

Can have different strategies for each product.

Markets different, so works well.

Disadvantages:

May duplicate functions.

Small business, so does not want too many departments.

Any other reasonable explanation

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

Award [1] for putting each advantage/disadvantage into context up to a total of [2].

d.

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

: There are problems with *Enrich*, so maybe diversify.

Good profits.

Massive growth (34 %).

Returns seem good (candidates may do payback, ARR).

Small businesses have successfully entered the market.

: Aran does not like idea.

Very competitive.

Dominated by large companies.

May not match large advertising spending.

Would be better to spend money advertising *Enrich*?

Recommendation not needed, but rewardable if supported by analysis.

Accept reasonable alternative answers.

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

Award a maximum of for a purely theoretical answer, or with no effective use of case (eg, only repeating case material without development).

Award a maximum of if culture change is considered but there is limited use of data, or if there is good analysis of data with limited consideration of culture change.

Award a maximum of if culture changes are considered and there is good use of data but there are no significant judgements.

21N.1.SL.TZ0.4

a.

A system of working a set number of hours with the starting and finishing times chosen within agreed limits by the employee and employer.

Candidates are not expected to word their responses exactly as above.

Award [2] for a clear, complete definition.

Award [1] for a partial definition that shows some understanding.

b.i. MM's sales: 17 tonnes
Total market 3200 tonnes

$$\text{Market share} = \frac{17}{3200} \times 100 = 0.53 \% \text{ (allow rounding)}$$

Award [2] if correct answer and working shown.

Award [1] if correct answer but no working, or no %.

b.ii.

$$\text{Average rate of return (ARR)} = \frac{(\text{total returns} - \text{capital cost}) \div \text{years of use}}{\text{capital cost}} \times 100$$

$$= \frac{(190\text{m} - 100\text{m}) \div 5}{100\text{m}} \times 100 = 18 \%$$

Total return = \$ (-70 - 20 - 10 + 30 + 60 + 100)m = \$90m = \$18m per year

Investment = \$100m

$$\text{ARR} = \frac{18}{100\text{m}} \times 100 \% = 18 \% \text{ per year}$$

(alternative method: \$190m return from \$100m investment = net \$90m =

$$\frac{90\text{m}}{100\text{m}} \times 100 \% = 90 \% \text{ over 5 years} = 18 \% \text{ average per year})$$

Award [2] if correct answer and working shown.

Award [1] if correct answer but no working, or no %.

c. Advantage

Easy to identify: hotel guests, who know about the hotel and its problems

Does not involve people not interested in MM's hotels

Cheap to administer

It can be used to intervene to satisfy dissatisfied customers

Disadvantage

Does not sample potential hotel customers

Not random so there could be bias – existing customers may have different views than the general population

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

Award [1] for putting each advantage/disadvantage into context up to a total of [2].

d.

NOTE FOR EXAMS 2024 ONWARD: Option 1 is not a good fit for the new syllabus as it is effectively internal growth and this is not assessed at AO3. 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.

Arguments for **Option 1**

Australian government is keen – license might be straightforward
 Higher ARR
 Cost spread over several years
 MM in complete control – make all the decisions
 Net returns suggest more after year 5. How long does the mine last?
 Chinese have trade deals with Australia for minerals
 Organic (internal) growth, so safer and less risky than external growth

Arguments for

Lower investment (\$40m, total cost \$80m versus \$100m)
 Equal ownership so equal say – not dominated by CL. Joint management – CL will have expertise
 Existing mine so problems sorted
 CL will benefit so chances of a symbiotic relationship
 But: Lower ARR, opposition
 Less time to complete/develop (6 months compared to 3 years)
 External growth, so faster than internal growth

Recommendation needed. But rewardable only if supported by analysis.

Accept reasonable alternative answers.

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

Award a maximum of for a purely theoretical answer or with no effective use of case (e.g. only repeating case material without development.)

Award a maximum of if only one option is considered.

Award a maximum of if both options are considered and there is good use of data but there are no significant judgements.

20N.1.SL.TZ0.4

a.

Profit made by the business, calculated after all deductions, including dividends. It is reinvested into the business as an internal source of finance.

Award [1] for a partial definition and [2] for a full, clear definition. This answer does not need to be in context and can be worded differently to the above.

b.i.

$$\text{Average rate of return (ARR)} = \frac{\frac{\text{total returns} - \text{capital cost}}{\text{years of use}}}{\text{capital cost}} \times 100$$

$$\text{ARR} = \frac{\frac{50 + 150 + 200 + 300 + 400 - 500}{5}}{500} \times 100 = 24 \%$$

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

Award [2] if there are no, or incorrect, units.

Award [1] if the working is not shown.

b.ii. After 3 years \$400m paid back so needs 4 more months
 So payback = 3 years 4 months

Accept alternative formats such as "40 months" or "3 and 1/3 years" or "month 4 of year 4"

Award [1] for correct answer

c. Advantages include:

More motivated workforce as a result of bonuses, higher productivity (possible link to Taylorism)

Generous redundancy can encourage workers who are thinking about moving out of the village of Ville d'Ablet

Accept any other valid advantage. Disadvantages include:

Less certainty for employees in terms of pay, which may affect motivation

Loss of current benefits will affect morale (possible link to Herzberg or Maslow)

Likely increase in staff turnover, reduced staff retention and more difficult to recruit staff.

Accept any other valid disadvantage.

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

d.

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

Option A Advantages include: Much larger market
Some customization of products
Lower investment cost
Brand widely recognized so maybe strong market

Disadvantages include:

May impact on DA's upmarket brands.

Cheaper raw materials, lower wages, issues with outsourcing.

DA employees may feel insecure

Ben, Salah, Mia do not like idea

Option B

Advantages include:

Good return (24 %) and 3 years 4 months payback and is likely to be longer than

Option A payback.

Innovative

Increases sales, strengthens brand loyalty

New income stream – important because of low profits

Easy for customers and likely to be popular.

Disadvantages include: High investment costs
Limited sources of finance
Sales benefits may not last
Only extends product life cycle – not a new product

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 lack of development max .

Discussion of only one option marks limited to .

Discussion but no clear balance .

Options considered, good use of evidence, particularly from section B, but no effective conclusion award a maximum of .

For the answer needs to be clearly relevant to DA with good use of context and a clear and supported recommendation.

22M.1.SL.TZ0.4

a.

Performance-related pay (PRP) is a system of financial reward where the amount received by a worker is linked to how well they have reached targets and met criteria.

PRP can be a motivator, but it is also difficult to implement, for example to measure and quantify performance.

Award **[1]** for a partial definition which may be circular or tautological.

Award **[2]** for a clear definition that shows knowledge and understanding beyond stating that pay is related to performance.

Maximum award: **[2]**.

b. Impact on PU:

Home working: How to monitor? Maybe more available facilities? Costs of extra equipment for home?

Reduced vacations: Facilities better used. Possible increase in costs, though may help with sustainability.

Impact on PU's lecturers:

Work at home for 3 days a week. How feasible? What facilities? Less travelling, more time available.

Reductions in vacations: Unlikely to be welcomed by lecturers; less motivation?

Leading to higher staff turnover?

The new working patterns are about home working and reduced vacations. Training may be considered as it is explicitly linked to the new working patterns, e.g. about the fact that lecturers need specific training to adapt to the new working patterns.

N.B. PRP is a type of financial reward, not a working pattern (candidates' knowledge of PRP has already been assessed through question Q4a).

N.B. candidates may also explain the impacts as "long-term impact" versus "short-term impact", or "positive impact" versus "negative impact", or "financial impact" versus "HR impact" – all these approaches are valid, as long as they are about the new working patterns.

Mark as a [2] + [2].

Award **[1]** for an appropriate impact on PU's lecturers and an additional **[1]** for application. Award **[1]** for an appropriate impact on PU and an additional **[1]** for application. Maximum award overall: **[4]**.

- c. Methods include:
- Focus groups
 - Observation
 - Questionnaires
 - Interviews

These methods can help collect data from students and/or teachers.

Accept any other relevant method. **Mark as a [2] + [2].**

Award **[1]** for an appropriate method identified and an additional **[1]** for explanation and application to the stimulus. Maximum award overall: **[4]**.

d.

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

Arguments for:

Country B has an expanding economy. Suggests potential growth in student numbers. Also suggests Country B can afford to pay PU.
Could enhance PU's reputation further – already strong.
PU receives a flat fee and a payment per student who completes a degree course.
Country B will provide the campus and facilities.
Country B will recruit staff, saving PU the trouble.
PU maintains control over courses, syllabuses, training, monitoring.

Arguments against:

Lots of areas PU has little control over: student numbers, quality of student and staff recruitment, facilities.
Some aspects will involve more work for PU: market research, monitoring, approving degrees, training, providing syllabuses.
Increased costs for PU. Do these match the returns?
There are a lot of unknowns.
Other major issues to contend with – falling student numbers, accident etc. Maybe PU should concentrate on core activities.

Accept any other relevant argument for or against.

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

For a one-sided answer, award up to a maximum of .

Both sides considered, good use of evidence, particularly from Section B, but no effective conclusion/evaluation award a maximum of .

For full marks a fully supported conclusion/evaluation with good use of evidence, particularly from Section B.

17N.1.SL.TZ0.4

a.

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. 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. $X = 21 + 5 - 5 - 4 = 17$ $Y = 11 - 5 - 3 - 5 = -2$
 $= 17 - 11 = 6$

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

c.ii. 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 for a method to improve cash flow and for applying this method to MSS.

d.

Jacob: Seems to delegate. Good at listening and learning, and gains loyalty from his staff. Fulfills 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 Paper 1 markbands for May 2016 forward, section B.

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

Award a maximum of 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.

19M.1.SL.TZ0.4

a.

Reasons for selecting a specific location of production include:

Access to resources or raw materials.

Access to appropriate technologies, including infrastructure.

Proximity to markets.

Proximity to suppliers, including suppliers of financial services.

Proximity to other firms in the industry or related (clustering)

Access to available appropriate workforce.

Access to transportation systems.

Cost of land.

Accept any other valid reason.

Award [1] for each reason identified up to [2]. Maximum award: [2].

b.i. \$16.0M per year profits. Cost: \$64.0M. $\frac{64}{16} = 4$ years or

Capital outlay \$64 000 000
 Expected yearly profit \$16 000 000

Year	Expected profit	Cumulated profit	Difference between capital outlay and cumulated profit
0	–	–	\$64 000 000
1	\$16 000 000	\$16 000 000	\$48 000 000
2	\$16 000 000	\$32 000 000	\$32 000 000
3	\$16 000 000	\$48 000 000	\$16 000 000
4	\$16 000 000	\$64 000 000	0

Answer: exactly 4 years

Award [1] for the correct workings and [1] for the correct answer with the unit "years".

b.ii. $ARR = [(80\,000\,000 - 64\,000\,000) \div 5 \div 64\,000\,000] \times 100 = 5\%$

Award [2] for correct answer with working and with the percentage sign.

Award [1] if the percentage sign is missing, Do not credit the formula alone.

c.

Types of financial reward other than salary that *RDM* might offer its engineers and computer scientists include:

commission – but difficult for these types of employees

profit-related pay – could be suitable

performance-related pay (PRP) – but may be difficult to measure performance for individual employees

employee share ownership scheme – could be suitable

fringe payments (perks) – such as company car, health care, etc.

Accept any other relevant financial reward. Mark as a 2 + 2.

Award [1] for an appropriate financial reward identified and an additional [1] for explanation and application. Award a maximum of [2] for each financial reward identified, explained, and applied to the stimulus. Maximum award overall: [4].

d.

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

With Option 1, advantages for *RDM* include:

Retention of "proprietary" hold on its knowledge of automation and robotics.

Continuation of operating in a market (medical devices) that is growing and where *RDM* is known and has a solid performance.

Remaining free from relationships with other companies, which can cause conflicts. Conflicts could emerge with *ZI* operational details. They could also emerge because of conflicts of culture in the two organizations. Jan has worked for years to create a democratic, innovative culture at *RDM*, which could conflict with the more traditional industrial culture at *ZI*.

Disadvantages of Option 1 include:

Need of capital, which will have to be raised either through issuance of shares or debt.

If long-term finance comes from share capital, dilution of the ownership of the Radeki de Dovnic family will occur.

Loss of opportunity to work closely with another company, from which other opportunities may emerge.

Accept any other relevant advantage or disadvantage of Option 1.

With Option 2, advantages for *RDM* include:

Substantially lower capital outlay (\$6.0M versus \$50.0M or \$24.0M).

On balance, a good location near highly profitable markets.

Potential opportunities that could occur by forming an alliance with *ZI*. In light of *RDM*'s flexibility in manufacturing, it could easily fill some types of orders for *ZI* or even become one of its suppliers.

The infusion of innovative ideas from the expansion of *RDM*'s labour force of engineers and computer scientists.

Disadvantages of Option 2 include:

Loss of proprietary knowledge of automation and robotics, which would be passed on to another company that, after the period of the strategic alliance, could potentially become a competitor.

The need to expand significantly the recruiting and training function to find twenty more computer scientists and engineers.

ZI will not want new hires from *RDM* overseeing the reconfiguration of its processes, which will require *RDM* to transfer many of its experienced people to the new location. They may not want to do that (affecting motivation) or may refuse to do it (thus leaving *RDM* and taking their expertise elsewhere).

Potential problems that come from relationships with other companies: conflicts over operation operational details, culture conflict, etc.

Accept any other relevant evaluation.

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