

Business management

Timezone 1

To protect the integrity of the assessments, increasing use is being made of examination variants. By using variants of the same examination, students in one part of the world will not always be responding to the same examination content as students in other parts of the world. A rigorous process is applied to ensure that the content across all variants is comparable in terms of difficulty and syllabus coverage. In addition, measures are taken during the standardisation and grade awarding processes to ensure that the final grade awarded to students is comparable.

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Grade boundaries

Higher level overall

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 11	12 - 22	23 - 35	36 - 48	49 - 60	61 - 72	73 - 100

Standard level overall

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 12	13 - 24	25 - 36	37 - 47	48 - 60	61 - 71	72 - 100

Higher level internal assessment

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 9	10 - 12	13 - 16	17 - 19	20 - 25

Standard level internal assessment

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 9	10 - 12	13 - 16	17 - 19	20 - 25

Higher level paper one

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 4	5 - 8	9 - 13	14 - 16	17 - 19	20 - 22	23 - 30

Standard level paper one

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 4	5 - 8	9 - 13	14 - 16	17 - 19	20 - 22	23 - 30

Higher level paper two

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 7	8 - 14	15 - 21	22 - 29	30 - 36	37 - 50

Standard level paper two

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 4	5 - 8	9 - 11	12 - 16	17 - 21	22 - 26	27 - 40

Higher level paper three

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 9	10 - 12	13 - 14	15 - 17	18 - 25

Higher level and standard level internal assessment

The range and suitability of the work submitted

This was the first session assessing the internal assessment (IA) of the new course.

The IA is “a research project in which students apply appropriate business management tools and theories to a real organizational issue or problem using a conceptual lens” (subject guide, page 53). Put another way, the IA is the case study of a concept in the context of an organization, applying course contents to analyse and evaluate data drawn from a small number of key sources called “supporting documents” (SD). Linking concept, context and contents, this inquiry-based business research project embodies the pedagogical approach to the subject as described in the subject guide, page 11 and in the teacher support material (TSM, page 69 onwards).

The range of works submitted

A wide range of works were submitted to the IB for moderation. The results were overall pleasing and it was particularly good to see:

- that some students excelled and achieved very high marks
- that most students broadly understood the task and followed the instructions outlined in the subject guide
- that teachers used the full range of marks available.

The suitability of works submitted

The works submitted were usually suitable. When it was not the case, this was mainly due to one of the following reasons:

- the research question (RQ) was not suitable, typically because it was not linked to one of the four key concepts underpinning the course
- the supporting documents (SD) were not suitable, typically because they were ready-made analyses found on the internet or were marginally relevant to answer the RQ
- the approach was not suitable, typically because it was too similar to the previous higher level (HL) IA, starting with a research proposal and ending with recommendations.

Student performance against each criterion

The IA is assessed through seven criteria, i.e. seven aspects that are marked separately. As further analysed in this component report, some of the criteria were usually well applied by teachers (especially criteria B and E, possibly because of their similarities to two criteria of the previous standard level (SL) IA). Criteria A, C and D were often too generously applied, whilst criteria F and G were often too severely applied. Of course, such generalizations must be re-interpreted at school level, but they can help teachers recalibrate their own expectations, their assessment practice and their understanding of the task and of the criteria, as illustrated over the next pages.

For each criterion, teachers are invited to write comments to justify the marks they have awarded. Teachers' comments were sometimes very useful as they helped moderators understand teachers' decisions - so a rationale confirming teachers' understanding of the criteria with a fair and objective approach. In some cases, however, moderators noted that some teachers could improve their practice. It is unhelpful to simply copy the text from the markband descriptor that corresponds to the mark awarded.

In many cases, teachers' comments were just a copy-and-paste from the subject guide, for example awarding 1 to criterion B and writing "There are only one or two, or more than five, supporting documents". Is it one, two? Six? Likewise, it is redundant to award 2 marks to criterion C and write "There are some business management tools and theories selected and applied to the research question. Their relevance to the research question is superficial": this is not contextualized and therefore does not add any value. Another frequent example is when the teacher awarded 1 mark to criterion G and wrote "One or more of the required elements of a well-presented research project is missing" -- this sentence, just lifted from the subject guide, does not help moderators understand why G1 was awarded, whereas just writing "no page number" or "no table of contents" is a clear, meaningful, contextualized justification. Although some teachers wrote very helpful comments, others should (re)consider the nature and quality of their comments.

In some cases, teachers' comments were about the great effort that students carried out, or about their struggles, or other personal aspects; all this is neither necessary nor helpful.

In some cases, moderators also noted that the comments were not about the IA under consideration -- for example a teacher referring to a SWOT analysis (in their comments about criterion C) when there was no SWOT analysis at all in the IA, or a teacher referring to five documents when there were only three, or a teacher awarding G1 justified by "no pagination" when in fact pagination was present. Of course, teachers may want to use "copy-and-paste" (for economies of scale) when completing their comments from one student's IA to the next, but if incorrectly done, it results in confusing situations for moderators: how can they be sure that the marks awarded are correct, when the comments are not?

Criterion A: Integration of a key concept

This first criterion assesses the extent to which "the student effectively integrates the analysis of the connection between the key concept and the organization under study throughout the internal assessment" (subject guide, page 56).

Some students did this really well and their teachers rightfully awarded the maximum of 5 marks available, when "the student effectively integrates the analysis of the connection between the key concept and the organization under study throughout the internal assessment", to quote the markband descriptor (subject guide, page 57). Moreover, such IAs often displayed the "conceptual awareness" which is the first feature of a Grade 7, according to the IB Group 3 (individuals and societies) grade descriptors.

Most students showed some ability to apply their chosen concept to their chosen organization, thereby achieving some marks for criterion A. This application (linking the concept and the context) is assessed through markbands that follow the wording and the order of the command terms (2 marks: "describes", 3 marks: "analyses") -- see pages 19-20 in the subject guide about the Assessment Objectives (AOs), AO1, AO2 and AO3, as well as the Glossary of command terms, pages 67-68.

Moderators however also read some IAs that did not refer even once to one of the four concepts, and yet teachers had awarded very high marks to criterion A. When there was no explicit concept and no knowledge nor application of a concept, moderators had to lower the mark of criterion A down to zero. This did not affect the other criteria, as they are all marked separately - but it must be noted that a zero was not a rare occurrence at all. As this was the first session assessing this new IA, moderators are confident that in future sessions, all students will choose and apply one of the concepts, as per instructions, and the mark of zero will disappear.

The four concepts (change, creativity, ethics, sustainability) are all defined in broad terms in the subject guide, pages 12-13). Regarding the four concepts, no particular trend or pattern could be identified:

- There is not one concept chosen by most students, nor one concept rarely chosen by students. In some schools, the concept of change seemed more popular than the others - and it may well be that, in future sessions, this will not be the case any longer, depending upon the research question and teachers' confidence with the other concepts, when guiding students in their selection of a concept.
- On all four concepts, moderators saw a wide range of results - so there is not one easy concept enabling students to do very well as opposed to one difficult concept where students always struggle and that should be avoided.
- Similarly, there is not one concept always accurately marked by teachers as opposed to one concept where teachers are usually too generous or ... too strict.

About criterion A, three other aspects must be emphasized:

- In some cases, the concept only had a very tenuous link to the IA - for example, a student who wrote "sustainability" on the cover page because the research question was about electric cars - and then not referring even once to sustainability in the IA. Another example: a student whose IA was about marketing strategies and who wrote "creativity" on the cover page, seemingly because marketing needs creativity. Some students wrote their entire IA without considering a concept and, at the end of the process, selected the concept that was "the least irrelevant". This approach is the opposite of what should be done: starting from a concept (in the context of an organization) - and then writing (designing, researching, structuring) the IA about that concept. This is well described in the TSM (page 70) in the section "Framing the research project with a key concept": "in the IA, students should pick one key concept and reflect on how their project can shed light on the big ideas embedded in that key concept".
- Although the word itself does not need to feature in the research question (RQ) itself, moderators noted that many good IAs had the concept explicitly in the formulation of the RQ (either the word itself, or a word of the same family: ethically, sustainable, changing etc). This may be encouraged as good practice as it can help students focus their inquiry on their chosen concept. Similarly, at the start of the IA, the section called "introduction" provides some background information about the chosen business organization and the issue or problem under investigation - it is therefore logical for the chosen concept to be introduced as well. Many students did this very well, but surprisingly some did not.
- Some teachers commented that the concept was "implied" or "implicit" to justify high marks awarded to criterion A. However, "implied" or "implicit" is not sufficient for criterion A: the concept must be explicit (either the word itself, or synonyms such as ethical/moral, change/adjustment, creative/innovative etc). Again, the conceptual link cannot be an afterthought: it must be at the start of the inquiry project and then present throughout the IA. The expression "throughout the IA" is particularly important for criterion A as it is the differentiator between the markband for 4 marks and the markband for 5 marks. For criterion A, the best IAs had the concept present explicitly throughout the IA (from the introduction to the conclusion), whereas lower marks were awarded to criterion A when the concept faded in the background and was seemingly "forgotten" by the student until the conclusion, and sometimes not even in the conclusion. Some students emboldened the concept throughout their text - this typographical technique is interesting and can indeed help students maintain their focus on the concept throughout the IA.

Criterion B: Supporting documents

This second criterion assesses the extent to which "the student select[ed] three to five relevant supporting documents that address the research question in appropriate depth and breadth" (subject guide, page 57).

This criterion was well understood and well applied by most teachers, possibly because it is very similar to criterion A of the previous SL IA.

Moderators were particularly pleased to see that most students duly submitted three to five SDs, as required by the task. (A very small number of students did not include their SDs and consequently could only achieve zero for this criterion; in the absence of SDs, some teachers had awarded marks to criterion B, which the moderators had to lower to zero). Most positively, some students had selected SDs that provided “a range of ideas and views” (to quote the markband descriptor for the maximum mark of 4) i.e. different perspectives, which directly corresponds to the attribute “open-minded” from the IB learner profile: “We seek and evaluate a range of points of view”. Concretely, this could mean the views of both internal and external stakeholders, or of both the proponents and opponents of a project, or a combination of qualitative data and quantitative data. Depending upon the research question, this “range of points of views” could also be achieved by media articles from different countries or in different languages (duly translated) or from business news channels that have different (political, ideological) opinions; or the findings from secondary research vs the findings from primary research (some students used very well the outcomes from their own primary research as SDs, for example the transcript of an interview or the results of a survey that they carried out). The “range of ideas and views” in the SD can be reached in many ways - and moderators were delighted to see that teachers did not hesitate to award B4 when deserved.

About criterion B, five aspects must be emphasized:

- The aim of the IA is to engage students with authentic documents (written for an audience other than business students). A ready-made SWOT, PESTLE or marketing mix analysis downloaded from the internet is not suitable - and it is of very limited value, as it does not enable students to show their ability to apply business tools (for example: how to carry out the SWOT analysis of an organization). Such sources only show students’ ability to copy and paste from online sources. A small number of students unfortunately used such SDs and were credited by their teachers - in such cases, the moderators usually had to decrease the mark of criterion B. Other sources that are not suitable for SD (and yet selected by some students with their teachers’ approval) include: pages from Wikipedia, pages from Encyclopaedia Britannica, extracts from textbooks and screenshots of e-books, extracts from university students’ theses. (A thesis written by a university student can be a very good starting point, but the student should then use its bibliography to find suitable SDs for their IA).
- Many students labelled their SDs very well and clearly indicated their sources, though this could sometimes be done much more effectively; in some cases, moderators spent a lot of time trying to locate the SD in the bibliography, or trying to cross-reference sources, using clues such as title or website name. Although it is not assessed per se, teachers should insist that students clearly indicate the source of all of their SDs. Moderators noticed that some students divided their bibliography in two distinct parts: part 1 for the SD, part 2 for the other sources. Although it is not a requirement, this good practice can be encouraged.
- Most students respected the recommendation “that no one supporting document should exceed the equivalent of five A4 pages” (subject guide, page 55) though a small number had SDs that were over 100 pages long, typically the full annual report of a company. Annual reports are an excellent source (and their use must be encouraged), but the student should then select the pages and extracts used in their IA. If it is not immediately clear from the document itself, the date should be clearly indicated. The subject guide states that the supporting documents must be “published within a maximum of three years prior to the submission of the business research project to the IB” (subject guide, page 54). The vast majority of SDs complied with that three-year rule, but a very small number of SDs were too dated,

typically published 5 to 10 years ago. The aim of that timeline is to ensure that students use recently published documents (“contemporary in nature” subject guide, page 54) - and that they are relevant. The SD may of course refer to data, facts, phenomena or business decisions that took place much earlier, several years ago, but the SD itself must have been published recently.

- Occasionally, moderators noted some confusion in the use of the terms “Supporting Documents” and “Appendices”. For the IA task, the expression “Supporting Documents” refers to the three to five sources from which students extract the data used in their analysis (see criterion D). Students may also decide to add, in appendix, some other documents they have created themselves, for example a mind map or a SWOT or STEEPLE analysis, or details of financial calculations. As it is their own work, it is not a SD. Some students include appendices, others do not; having appendices is not a formal requirement (unless having a table of contents or page numbers, see criterion G); the absence of Appendices cannot be penalized, but the absence of Supporting Documents is a major problem for criteria B and D, as it results in zero for those two criteria.
- The SDs themselves must be included, and not solely the links to webpages or a list or bibliography. This is explicitly stated as the fifth requirement of the IA, see page 53 in the subject guide: “attach to the business research project three to five supporting documents from which the majority of the information for the project has been obtained”. If the moderator cannot see the contents of a SD, they cannot assess their depth and breadth, which unfortunately results in a mark of zero for criterion B.

Criterion C: Selection and application of tools and theories

This third criterion assesses the extent to which “the student effectively select[ed] and appl(y)[ied] business management tools and theories that are [were] relevant to the research question” (subject guide, page 57).

Most students obtained some marks for criterion C as they showed some subject knowledge, from business models (such as the Ansoff matrix and the Boston Consulting Group (BCG) matrix) to business practices (such as circular business models), and from business terminology (for example about stakeholders or pricing strategies) to business maths (e.g. descriptive statistics).

Criterion C however does not solely assess the application of course contents (i.e. tools and theories from the syllabus), but also their relevance to help answer the research question. Some teachers and students missed that aspect in criterion C, although it is explicit in all the markbands. Consequently, this criterion was sometimes too generously marked by teachers who did not question the relevance of the chosen tools and theories. This was particularly the case for the ubiquitous SWOT analysis and STEEPLE analysis that so many students applied, no matter the topic and the focus of the IA. For some research questions, a SWOT analysis and a STEEPLE analysis may be relevant, but many IAs just applied these two models (and nothing else) without considering whether they really helped answer the research questions. For 4 marks: “the business management tools and theories [must be] effectively selected and applied with clear relevance to the research question” (subject guide, page 57) and that relevance was sometimes absent. Moderators sometimes had to lower the marks awarded to criterion C as the tools were rather generic (e.g. SWOT analysis about any IA topic) and/or not clearly linked to the research question (e.g. a Gantt chart for an IA about ethical decision-making). Conversely, moderators saw excellent examples of alignment, for example the triple bottom line for an IA about sustainability, or above, below or through the line promotion for an IA about creativity in marketing. Over time, moderators are confident that students will become more discerning when selecting the tools and theories relevant for their IA.

Criterion D: Analysis and evaluation

This fourth criterion assesses the extent to which “the student effectively select[ed] and use[d] data from the supporting documents in their analysis and evaluation of the research question” (subject guide, page 57).

Just as some teachers and students missed or ignored the crucial notion of ‘relevance’ for criterion C (see above), some missed a key aspect of criterion D: the fact that it is about the use of data from the supporting documents. Some students based most of their analysis on data from other sources (as showed by long bibliographies) -- doing a lot of extra research is not wrong per se, but it does not lead to higher marks and criterion D is solely about data from the SD (as written explicitly in all the markbands). There is a partial correlation between criterion B and criterion D: if the SD lack depth or are only marginally relevant (therefore achieving a low mark for B), they are not going to provide helpful data for the analysis (therefore achieving a low mark for D as well). Of course, B and D remain distinct and that correlation is only partial, for example in the case of a student who had seven SDs (which meant B1) but used them extremely well in their analysis (which resulted in D5), or when a student had selected relevant, in-depth SDs that provided a range of views (thereby reaching B4) but hardly used in their analysis that was mainly based on data from other sources (the student had a three pages long bibliography and had made very little use of the SDs themselves -- and “limited selection and use of data from the supporting documents” is the markband descriptor for D1). In summary, both B and D are about the supporting documents, but from a different angle - and some teachers and students missed that.

Highlighting the passages of the SD used or quoted in the IA is a crucial step meant to help students select the data they require for their analysis: if a SD has very little highlighted, is it the most suitable SD to contribute to the analysis? Highlighting itself is not assessed and students cannot be penalized if they fail to do it, but it can be very useful to help check the usefulness of the SD. If the supporting documents are not in the language of submission of the IA, the highlighted sections must be translated -- this is something that most students did well; that part of the instructions was never an issue. In fact, moderators were delighted to see that some students used SD originally published in a different language (or transcribed in a different language, in the case of an interview). IB students speak several languages and their linguistic skills can be harnessed and celebrated. They should not hesitate to select SDs in other languages, they just need to remember that translating at least the highlighted passages is necessary; this can be done by the students themselves, possibly with the help of a translating software. Some students translated the entire SD, this is fine.

Regarding criterion D, the most common challenge encountered by moderators was not about the markbands nor about the competences assessed (analytical and evaluative skills), but more prosaically about the fact that some students did not clearly indicate the origin of the data they used in the IA. This could be through direct quotes, or paraphrases or summaries, using abbreviations (SD1, SD2...) or footnotes or in-text citations (“according to...”). This will help the readers (teacher and moderator alike) understand the source of the data being used.

Criterion E: Conclusions

This fifth criterion assesses the extent to which “the student’s conclusion [is] consistent with the evidence presented and explicitly answers the research question” (subject guide page 58).

This criterion was well understood and well applied by many teachers, possibly because it is very similar to criterion D of the previous SL IA. The requirements of this criterion were generally well met, though

some conclusions were too short, just two or three sentences; in such cases, when the conclusions are superficial, criterion E may only reach 1 mark (as explicitly stated in the markband).

About criterion E, three aspects must be emphasized:

- To reach 3 marks, the conclusion must “explicitly answer the research question” (to quote the markband descriptor). For example, if the RQ refers to the topics of market share and profitability, then the topics of market share and profitability must be present in the conclusion. Moderators noticed that some students focused so much on their tools that they forgot the wording of their research question as well as their chosen concept. Moderators also noted that many students did particularly well for criterion E when they structured their conclusion in two parts: a first paragraph summarizing the findings from their analysis, followed by a second paragraph going back to the research question and the concept. Although this is not a requirement, this can be encouraged as good practice as it helps students structure their conclusion and meet the requirements for 3 marks. It should also be noted that answering a question that starts with “To what extent...” is difficult -- and when the answer is too vague (“to a certain extent...”) it is not possible to reach 3 marks.
- Some teachers did not fully appreciate the differences between this new IA (common for both SL and HL) and the previous HL IA: recommendations are not required now, and neither are limitations of research. Some teachers did not award top marks (when they were deserved) and wrote justifications such as “limitations to research missing” and “does not mention recommendations”. This is not part of criterion E, and students cannot be penalized if they do not refer to recommendations or limitations. Likewise, writing “no reference is made to the SD” as a reason not to award E3 is not valid: there is no expectation that the SDs are quoted in the conclusion.
- When students exceeded the word count, they were penalized through criterion E. As stated in the subject guide, page 56: “moderators will not read beyond 1,800 words for the project” -- in other words, moderators did not consider the text written beyond 1800 words, which usually corresponded to the conclusion, or parts of the conclusion. This was not a rare occurrence; one student in ten did not respect the word limit and clearly wrote on the cover page “1840 words” or “1900 words”. As in the previous course, some students tried to circumvent the word limit by putting a border around their text (for example around a long STEEPLE analysis) and pretending that it was a table and thus was not included in the word count, or by doing screenshots of tables (and calling this “Figure x: SWOT analysis”). Such practices are not acceptable; unfortunately, some teachers accepted these practices, and as a result, the moderated mark for criterion E was lower than the teacher’s initial mark. This policy is not new: it was the same for the previous course -- word count must be checked and respected at school level. Following the rules (in this case: 1800 words maximum) and not trying to circumvent them may also be regarded as academic integrity.

Criterion F: Structure

This sixth criterion assesses the extent to which “the student’s research project is organized using an appropriate structure” (subject guide, page 58).

Most students adopted an appropriate structure to answer their RQ and achieved 2 marks for criterion F. Depending upon the RQ, this could be: “part 1: advantages, part 2: disadvantages”, or “section 1: arguments for the merger, section 2: arguments against the merger”, or “chapter 1: qualitative answer, chapter 2: quantitative answer”, or “part 1: impact on internal stakeholders, part 2: impacts on external stakeholders”, or “1: Reasons for the change, 2: Consequences of the change; or “1: yes, their practice is ethical because... then 2: no their practice is not ethical because...” etc.

The following comments (written by teachers to justify 1 mark and not 2 marks for criterion F) were not valid (and the moderators awarded F2 rather than F1):

- appropriate structure but did not indicate word count for each part
- the student used footnotes
- does not separate the supporting documents from the other sources in the bibliography
- bibliography is incomplete
- inconsistent formatting of references
- no headings and sub-headings in the supporting documents
- the SWOT analysis lacks some citations.

Moderators occasionally encountered some structures that were not appropriate, due to the following reasons:

- the main body of the IA just followed the order of the SD (part 1: analysis of SD1; part 2: analysis of SD2; part 3: analysis of SD3 etc).
- there was no clear organization, no logic nor coherence in the flow of the argumentation (the IA went from one idea to the next, without any evidence of planning).
- the IA followed a ready-made template in three parts (part 1: SWOT analysis, part 2: another tool, part 3: financial analysis) that did not help answer the RQ. The structure of each IA will depend on its research question, on the chosen concept, on the supporting documents selected and on the course contents applied; it cannot be prescribed and determined in advance.
- the structure followed the template of the previous HL IA (with research proposal ending with a Gantt chart, the table of contents, followed by main results and findings, analysis and evaluation, conclusions and recommendations).

In such cases, moderators had to award F1 rather than F2 as the structure could not be described as “appropriate”: for 2 marks, the structure must be “appropriate” to help answer the RQ (the adjective “appropriate” is the keyword of the markband for 2 marks, as opposed to “limited” for 1 mark). It happened, though it was not very frequent.

Criterion G: Presentation

This seventh criterion assesses the extent to which “the student’s business research project [is] effectively presented with the use of required elements including a title page, an accurate table of contents, appropriate headings and sub-headings, and numbered pages” (subject guide, page 58).

Although criterion G is supposed to be straightforward, unambiguous and accessible, this is paradoxically the criterion that moderators had to change the most (and usually because teachers were too severe).

Surprisingly, pagination was missing in many IAs and teachers usually ignored it, awarding G2 when the correct mark should have been G1.

Conversely, moderators noted that a high number of teachers seemed over-zealous; perhaps they reinterpreted criterion G, added some demands and expectations beyond the basic requirements from the subject guide (i.e. four components: title page, accurate table of contents, appropriate headings and sub-headings, numbered pages). The following list gives examples of invalid justifications for awarding 1 mark and not 2 marks in an otherwise well-presented IA:

- all components present but did not use Calibri font
- incorrect font / wrong font (should be Arial)
- font size seems to be 11 and not 12

- did not include the acknowledgements
- missing declaration of authenticity / statement of declaration
- low word count (1451 words)
- personal code is missing from the front page
- incorrect code on the front page
- title page does not include course level
- not double spaced
- line spacing inconsistent (pages 6-7)
- poor spacing in Table of Contents
- the page numbers are not on the correct side of the page
- no page numbers on supporting documents
- no footnoting
- repeats twice the sub-heading “circular business models”
- bibliography not following the APA style
- bibliography not following the MLA style
- bibliography does not follow required structure, as supporting documents are not marked separately from the other sources
- reference list not in alphabetical order
- incorrect referencing and citing
- all elements are present, but the bibliography should have started on a separate page and not just after the conclusion
- no clear sub-sections in the conclusion
- typos
- some punctuation missing
- some spelling mistakes
- some formatting mistakes
- formatting seems to be off
- too many bullet points
- too much information provided
- needed more tools and theories
- should have presented more arguments
- the Supporting Documents are not highlighted
- further clarification of Supporting Documents required
- in the Table of Contents, the bibliography is listed page 8, but it is page 9
- all required components are present, however transitions would have helped improve the overall presentation of the IA.

In all the cases above, moderators increased the incorrectly awarded mark of 1 to 2 for criterion G. Of course, teachers may have their own expectations (for example about the use of a particular font, or its size, or their preferred referencing system, or even a page called Acknowledgements formally thanking the teacher for their support), however all this is not part of criterion G, and teachers must not reinterpret requirements to G.

In some cases, the teacher wrote “all of the required elements of a well-presented research project are included” which is the exact wording of 2 marks but awarded only 1 mark. In some cases, the teacher wrote “One or more of the required elements of a well-presented research project is missing” but did not specify

which required element(s) was/were missing and the moderator could not identify what was missing and how G1 could therefore be justified.

Recommendations and guidance for the teaching of future students

- Ensure that all students receive a copy of the pages of from the subject guide (with the task, the instructions and the assessment criteria) and that they understand the expectations. A simple checklist can also help them meet some of the practical requirements (e.g. about pagination, number of supporting documents, their date of publication etc).
- Support students to select their initial combination of “concept” and “context” (i.e. which organization) as they may not be able to appreciate what can work well, or not so well, and subsequently in the formulation of the RQ, especially to make sure that it sufficiently reflects their chosen concept.
- Help students develop their research skills (to find and select suitable SDs and/or to carry out primary research) and later provide guidance on how best to cite and reference the data from the SD.
- Remind students to keep making explicit reference to their chosen concept throughout their work i.e. purposeful inclusion of the key concept in the introduction, main body and conclusion.
- Remind students that business tools must be applied by them: not doing so defeats the purpose of IA (for example a SWOT analysis downloaded from the internet does not add any value in terms of assessment, it cannot be credited, and it does not add any mark).
- Make sure that students adhere to the word length (1800 words) and do not try to circumvent it (for example by creating pseudo-tables).
- Ensure that teacher comments add value when they justify the marks awarded, using the criteria as they are described in subject guide; do not “rewrite” them, do not add further expectations, apply them as they are written (especially criteria F and G).

Higher level and standard level paper one

General comments

This was the first session assessing paper 1 of the new course. The change from no pre-released case study (but only a short pre-released statement) did not appear negative in any way, quite the opposite: it seemed beneficial for many students. For the previous paper 1, examiners always noted that many students answered pre-prepared questions rather than the ones that were asked in the examination paper – this is no longer the case.

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

No area of the programme appeared particularly difficult for the students. Understanding the narrative of the case study did not seem difficult either; the pre-released statement had helped students think about the context in advance (festivals) in terms of human resources, finance, marketing and operations (the four business functions corresponding to units 2, 3, 4 and 5 of the subject guide).

Examiners however noted that many students did not properly approach the questions of this business management examination: many seemingly treated it as an examination of “reading comprehension”, and often simply copied a passage from the case study to answer a question. This issue will be exemplified throughout this report – in summary: too many students just lifted sentences from the case study, without sufficient “added value” to gain marks, hence Recommendation 1 at the end of this document. In a business management examination, students are expected to show and apply subject knowledge, for example about profitability (question 6), about organizational structure (question 5) or about the advantages and disadvantages of converting from a private limited company to a public limited company (question 4) in the context of a fictional case study.

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

The two evaluative questions of section B (question 7, question 8) were particularly well answered. This may be due to the fact that previous paper 1 exams had similar 10 mark questions (also in section B), so students were often very well prepared, as explained later in this component report. Not only is this very promising for future examinations of paper 1, but it also shows students’ ability to meet the fourth aim of the course: “engage with decision-making as a process and a skill” (subject guide, page 17).

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

Section A

As outlined in the subject guide (pages 39-40), for section A, students have to answer all structured questions: there is no choice, unlike in the previous course. This is important as students cannot avoid topics they may feel less comfortable with. All questions target assessment objectives: AO1 and AO2: as illustrated in the TSM, teacher support material (pages 54-55) all questions start with command terms such as define (AO1), describe (AO1), explain (AO2), analyse (AO2).

Question 1

Students were asked to define the term “pressure group”. Most students showed some knowledge and understanding of the term, for example writing that pressure groups are external stakeholders, or that they try to make businesses change some of their practices. Many students wrote a basic definition that could only be awarded one mark: for two marks, examiners expected a more developed answer, which could correspond to two elements of answer in the definition, or at least more than just a few words. This was the same issue with definition questions of all previous examinations, as mentioned in all the previous subject reports: minimalistic definitions (as few words as possible) are unlikely to achieve 2 marks; students should be coached and trained to develop their answer, otherwise they could miss the second mark – not due to lack of knowledge, but due to the over-conciseness of their response, hence Recommendation 2 at the end of this component report.

Besides, some students just lifted a sentence from the case study, writing that “an environmental pressure group, Friends of the Planet (FOTP), criticized BON for greenwashing and prioritizing profit over the planet”. Just copying a sentence from the case study cannot be credited; it is not a definition, and it only shows the student’s ability to locate the line where the term “pressure group” is mentioned, it does not show any knowledge of what a “pressure group” is or does.

Question 2

Students were asked to define the term “market share”. As for question 1, most students showed some knowledge and understanding of the term, for example mentioning the fact that it represents a portion of the market controlled by a company, or that it is calculated as a percentage. As for Question 1, over-concise definitions could not achieve two marks. In its glossary of subject-specific terms (page 80 onwards), the TSM includes an example of a definition of market share that is sufficiently developed to achieve 2 marks (page 86). As for Question 1, some students simply copied a sentence from the case study, writing that “BON’s market share increased in 2023 when a competitor ceased trading”. Again, just copying a sentence from the case study cannot be credited, it is not a definition, and it only shows the student’s ability to copy the text where “market share” is mentioned.

Question 3

Students were asked to describe two possible implications for BON of rising interest rates. Most students were able to describe at least one – for example the fact that BON will have to pay back more interests on its “seasonal bank overdraft” (line 36), which may affect its bottom line and its operations, or the fact that potential customers may reconsider their priorities and decide not to attend festivals, as the tickets (“purchased using interest-charging credit cards”, line 25) will cost them more than before.

Examiners noted that some students did not understand the meaning of the word “implications” in the question; they wrote about the possible reasons (causes) for the rising interest rates, such as inflation, aftermath of the COVID-19 pandemic, armed conflict in certain countries, presidential elections in others. The word “implications” is present many times in the subject guide, for example in the definition of ethics (page 13), in criterion D of the IA (page 58), in the wording of sub-unit 5.9 (“the benefits, risks and ethical implications of advanced computer technologies”) or in suggested TOK questions (page 36) – so DP students could be expected to know the meaning of the word “implications”.

Question 4

Students were asked to explain one advantage and one disadvantage for BON of converting from a private limited company to a public limited company (lines 5–6). Responses to question 4 were usually quite good;

this may be due to the fact that the pre-released statement included the sentence “in 2016, BON converted from a private limited company to a public limited company to raise finance for expansion”, so as part of their preparation, many students had explored and learned what it means and implies. Examiners however noted two weaknesses worth mentioning here:

- Firstly, some students solely wrote that the advantage is the fact that they can “raise finance for expansion”. Simply copying this sentence from the case study is not enough: it does not show any knowledge – knowledge is only showed and credited when students start explaining that a public limited company can attract new shareholders, new investors, with shares sold on the stock exchange, once the company “goes public” through an IPO – students can express this idea using different words, as long as they show their understanding of the process and why it is an advantage for BON.
- Secondly, some answers remained too theoretical and were not sufficiently applied to the case study; for example, some students wrote about “possible loss of control” as a disadvantage; this is true and was awarded 1 mark, but for a second mark, the answer must be contextualized (in this case for example the mention of CFA’s “hostile takeovers of smaller businesses” gave useful context). This same issue has been repeated in all previous paper 1 subject reports: business management is an applied subject, so students must always refer to the context (i.e. a balance of “business theory” and “business practice”), hence Recommendation 3 at the end of this component report.

Question 5

Students were asked to explain one reason why BON would have expected Patrice to seek approval to hire the helicopter. Again, many students only copied a sentence from the case study, preceded by the word because: “because” “the hire of the helicopter was expensive and not budgeted for or approved by Patrice’s line manager” (line 47) – this was insufficient as there is not enough “added-value” and knowledge of business management, whereas a valid explanation could refer to the HR topic of organizational structure and hierarchy (permission from line manager) or to the financial topic of cash flow forecast (impact of an expense that was not forecasted).

Question 6

Students were asked to analyse three ways in which Patrice’s leadership style could affect BON’s profitability. Some students answered very well, for example analysing how her autocratic leadership could lead to demotivated workers resigning, resulting in extra costs (recruiting and training new staff) and therefore lowering profits. Many students however ignored the word “profitability” at the end of the question, so their responses remained limited: they showed their knowledge of leadership styles but did not link it to profitability in the context of BON. It is unfortunate that students did not gain some marks not because of lack of knowledge or application, but because they ignored an essential term in the wording of the question, hence Recommendation 4 at the end of this component report.

It may be worth reemphasising that the command term “analyse” is defined in the Glossary of command terms at the end of the subject guide (page 67) as “break down in order to bring out the essential elements or structure” i.e. students must establish links between the different elements of their response; in this case: an advantage of Patrice’s autocratic leadership is the fact that she makes decisions quickly, as showed by the story of the helicopter: yes, it was a high, unplanned expense, but if she had not acted so fast, the festival would not have started on time – in the short-term, BON’s finance would have been affected as customers would have asked for refunds, resulting in a lower profit margin; in the long term too, BON’s finance could have been affected too: loss of customer loyalty, fewer return customers, less profit due to a negative image.

Section B

In section B, students select one of two extended response questions based on the case study to answer. The two questions are assessed in the same way, through markbands (subject guide, pages 44-45 and 47-48). As noted earlier in this report, both questions were particularly well answered. For question 7, students were invited to discuss whether BON should accept the city mayor's offer to set up and run its community festival – whilst for question 8 they were asked to discuss whether BON should expand into the music concert market. Examiners noted that approximately the same number of students chose question 7 and question 8 – and there was no difference of performance. Two further points are worth mentioning (and they justify Recommendation 5 at the end of this component report):

- To reach the 9-10 markband, there must be “an explanation of the limitations of the case study or stimulus material”: this is explicit in the markband level descriptor, and some students did this very well, but some other very good students seemingly forgot that requirement and therefore could not achieve higher than 8 marks.
- Some students wrote one-sided answers, starting their introduction with their recommendation (“BON should...” or “BON should not...”) and then justifying it (“because...”) in a partial way. This was sometimes an issue with the evaluative questions of the previous paper 1, as outlined in past subject reports; a balanced response is necessary to achieve above 5/10, i.e. considering both arguments and counterarguments (“reasons for” and “reasons against”). Most students remembered this and tried to provide a balanced answer, but some did not. The A03 command term “discuss” is defined in the subject guide (page 67) as “offer a considered and balanced review that includes a range of arguments, factors or hypotheses” – so a balance is expected to reach a high mark.

Recommendations and guidance for the teaching of future students

The following five recommendations directly derive from the points made over the previous pages.

- For all questions, remind students that this is an exam of Business Management and not just a reading comprehension: they will not gain marks by just copying text from the case study, their answer must provide “added value” by showing their subject knowledge and their ability to apply it to the case study.
- For definition questions (always at the start of section A), train students to develop their ideas (rather than writing as few words as possible). In the definitions, two elements of answer, or two valid sentences can help secure 2 marks.
- For all questions (besides the definition questions), students must refer to the case study (rather than writing solely theoretical answers): Business Management is an applied subject, so they must apply their knowledge to the context given.
- For all questions, teach students to pay close attention to all the terms: all of them matter. (In question 6, some students ignored “profitability” and consequently missing out on some marks they could have otherwise gained, if they had written about profitability, as explicitly required.)
- For the evaluative questions (of Section B), explain to students that they must provide a balanced answer (in order to achieve higher than 5/10) and that they must explain the limitations of the case study stimulus provided (in order to achieve higher than 8/10).

Besides the subject guide (which is the main reference point), teachers are reminded of the importance of relevant parts of the TSM such as the guidance notes about paper 1 (pages 54-57) and the Glossary of subject-specific terms (pages 80-90).

Higher level paper two

General comments

This is the first year that all quantitative questions were compulsory. The quantitative questions were manageable, with few unexpected questions. Students appeared to be able to make use of the formulae sheet provided. One notable area of weakness is the inconsistent use of appropriate units in quantitative answers.

Students could choose to answer one of the two questions in Section B. Many students showed no understanding of expectancy theory and answered Question 5 (c) intuitively. No marks were awarded when students did not answer the question set.

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

Examples of intangible assets appeared to be difficult for some students. Application skills continued to be the major issue in explanation questions. The concept of price elasticity and expectancy theory appeared difficult for students.

Overall, human resources management topics, in particular, conflict resolution methods, appeared the most difficult for students.

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

Students appeared well prepared for ratio calculations and break-even analysis. Questions related to just-in-time (JIT) production and flow production were mostly well answered. It was pleasing to see more students were aware of the requirements of working in quantitative questions.

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

1 (b)(i) and (ii) Most students could calculate the profit before interest and tax, and profit margin accurately. There was, however, a tendency for some students to not provide appropriate units such as millions, dollars, % etc in their answers, leading to a loss of marks.

2 (c)(i) and (ii) The calculation of stock turnover (number of times) and closing stock were satisfactory. The provision of the formulae sheet may have contributed to this.

3 Calculating the quantity to sell in order to reach a target profit and understanding a stock control chart was not done well. As a result, marks were lost.

Section B also posed some difficulties for some students. Few students achieved two marks in the define questions. Very often, students finished their answers too soon, or they diverted to illustrate the definition of the term using the stimulus. Application to the stimulus material is not required in a definition question.

4 (a) There was a wide range of responses for defining “target market” – one error surrounded a product orientation whereby companies produced a product which would eventually find customers who liked it – their target market. Businesses these days follow a customer approach, namely they find out first what

customers want and then make the product. Overall, most students achieved 1 mark but were unable to combine both the demographic element with that of selling a product/service.

4 (b) There was often a notable lack of understanding of what an external recruitment agency does, with many mistakenly stating that the agency was responsible for paying salaries and benefits. Another misconception was that it freed up time for AV since they no longer had to spend time interviewing students. This is not the case. The agency finds students and may pre-interview them to make sure they meet AVs requirements (CVs can be deceiving) and then submits them to AV for final interview – this also ensures that the agency does not send someone who is unqualified. Some students mentioned about language differences – some ability in Spanish might be a good idea (assuming of course that AV is not Brazilian).

Regarding unqualified pilots, many thought this was a disadvantage. When engaging an agency, AV would list their exact requirements i.e. general captain experience, experience of flying into difficult and remote locations, experience of training subordinates, etc. The agency would also tell prospective pilots what salary and benefits to expect as well as something of AVs culture e.g. AV is a small airline with 20 captains and therefore no more than 20 aircraft. A prospective candidate coming from a large airline with 200+ aircraft would need to understand the culture at AV may be very different from what they are used to. Nevertheless, the cultural difference was rewarded as a disadvantage since internal candidates would not have this issue.

4 (c) Customer loyalty programme – there seemed to be a common misconception that airline loyalty programmes provide immediate large discounts on ticket purchases. Perhaps students were confusing them with retail store loyalty cards where discounts are quite common.

4 (d) This question was not answered well. There appeared to be a widespread unfamiliarity with what a joint venture actually is. Without this understanding most of the subsequent analysis was flawed. A joint venture is a temporary arrangement between two companies which forms a third separate legal entity for a specific purpose. This means AV and FL continue to exist outside of the joint venture which we shall call AVFL. At the start AVFL has nothing in it, no assets and no liabilities. What each party agrees to contribute depends on their relative areas of expertise/skills. This joint venture is being proposed by FL to increase its presence in South America and as such what it wants from AV is its expertise. What AV wants is a solution to its current problems. Hence what it needs from FL is its financial strength. So, AV contributes expertise and FL contributes capital.

It means therefore that most of the financial issues present in the parent companies do not exist in the joint venture including gearing issues.

The second error noted in many responses was the belief that the joint venture would suddenly have access to all of FLs modern aircraft fleet. Aircraft are very expensive and any airline wishing to maximize its returns will want to make sure these assets are being used to their maximum capacity, so as to generate returns. So, the idea that FL has an unspecified number of aircraft readily available to put into the joint venture is unrealistic. What FL does have however is the financial capacity to buy or lease new aircraft for the joint venture.

Regarding the issue of financial capacity and particularly gearing. Many students thought that 18% was extremely high gearing, with huge amounts of non-current liabilities and high risk of liquidity problems in the event of changes in interest rates or the economy. This is incorrect. The table clearly says all figures are percentages, so it cannot be that that it was mistaken for 18x. The level of gearing is low, and the risks associated with it are low. Also, it could be argued that FL is failing its shareholders by allowing them to shoulder most of the business risk with their equity.

Some students praised the fact that AV had low gearing, but then did not explain why. If this was the case, why did AV simply not buy new planes with new loans? The reason for this is quite simple – they are making losses. And therefore, would be unable to support the debt repayments. FL on the other hand makes profit and therefore is able to support its **low** debt repayments. Furthermore, the nature of the airline industry is very capital intensive, resulting in the majority of airlines, not buying, but leasing their aircrafts. Lease payments are an additional expense on the profit and loss account, so in the case of AV which is loss making this would only exacerbate this problem, resulting in lessors declining to enter into leases with AV. This therefore is the case for AV needing FL who due to their financial strength and stability can enter into purchases or leases. The purchases or leases would be in the name of the joint venture but likely guaranteed by FL.

There was a lack of understanding of a joint venture that made most of the students' arguments incorrect. Statements like "AV will benefit from FLs profits" and "AVs gearing will rise if they accept the joint venture". This is incorrect. After the joint venture is formed, AV will still be making losses and will still have high maintenance costs and will still have low gearing, and consequently FL will still have low maintenance costs, a modern fleet and higher but still low gearing. The joint venture allows for a clean slate – which is beneficial to both parties. Both AV and FL will, from an accounting perspective, treat the joint venture as a partially owned subsidiary. So, for AV, if the joint venture makes a profit, AV will receive a percentage of those profits (depending on the terms of the joint venture), it is this profit that will offset AVs losses

With reference to figure 1, a joint venture between AV and FL will result in a 23% market share. It should be noted that the stimulus states, "acquisitions and mergers are increasing" and that as such, a joining by any two of the other competitors would exceed the new joint venture proposed market share. A few students did make the point that maybe AV would be better combining (either joint venture, merger, strategic alliance) with BB which truly would give them market dominance.

Another benefit often used by students, was the ability of AV to access international markets. The joint venture at the outset would have a specific purpose, namely for FL to grow its presence in the South American market. FL is not likely to allow AV to become a competitor in Europe. It could be argued that why would AV allow this? Mostly because its situation is desperate in the short term and resolving its current problems are more important than ideas of international expansion. Of course, AV would still have the option of expanding internationally, but with what? Outside of the joint venture it would have no capital or aircraft. This raises the question of whether AV would put its existing old aircraft into the joint venture? Seems unlikely as this would burden the joint venture with the same problems that existed outside the joint venture. So that leaves the parent AV with no capital and a fleet of ageing aircraft probably unsuited to international long-haul flights.

The remaining pros and cons revolving around loyalty programmes, IT and HR departments were mostly well covered with a few students recognizing that overlaps in these departments may give rise to redundancies. Most likely, the outsourcing to one of the parent companies would depend on the relative sizes of these departments. Having separate departments inside the joint venture might not be cost effective. The issue of FLs customer complaints should also be looked at objectively. Another area focused on, was FLs poor customer satisfaction and flight delays and cancellations. As the joint venture is going to be operating in South America are these failings applied to FLs small South American operations or to the company as a whole? If these problems apply to FL outside of South America then they really have no impact on the proposed joint venture.

Few students asked these questions.

5 (a) Most students correctly recognized that “induction training” was training for new employees, but many had limited knowledge of what it actually involved. Induction training is different from that used to train workers on how to do the job.

5 (b) Overall, a straightforward question where many achieved full marks. Some students opted to use the 35% response figure as their only link to the survey but then failed to comment on its significance.

5 (c) Few students addressed all aspects of the question in particular what expectancy theory is.

5 (d) Most students understood what work to rule was but very few could answer the question with application to the stimulus. This was surprising as there was lots of stimulus material that could have been used. Many responses provided disadvantages for the employees and **not** AS. Also, many thought that because of work to rule, employees would leave the company because of lack of motivation. However, this is unlikely as i) employees were unmotivated even before the work to rule and would have left already if this was their main issue, ii) embarking on work to rule is the employees attempt to change the status quo. They are hardly likely to leave until they know the results of the action.

5 (e) Many students found this question difficult. Firstly, as in previous questions of this nature it needs to be understood by students that workers will only tend to take industrial action over pay.

One of the most important points missed by many students was the fact that the survey was only completed by 35% of the workforce. Can this be a viable basis for Brian to make decisions on the future of AS? – Probably not, and yet many students proposed exactly this.

Whilst there were some quite good explanations of how to improve the workplace and some good understanding shown of motivational theories – there is a reason why physiological and security needs are at the bottom of Maslow’s pyramid. You find it is very hard to satisfy any of the upper levels if the lower ones have not first been satisfied.

Perhaps most disappointing with overall answers was the lack of understanding of the basic industry in which AS worked. Workers do jobs which are not easily replaceable, they are coming up to the busy summer holiday season, AS has just won three new contracts and therefore needs to deliver on its promises to customers i.e. the airports.

The stimulus tells us that AS employs 400 staff operating at six airports. Let’s assume that the AS head office employs 40 staff covering HR, payroll, marketing, administration, safety etc.

This leaves 60 baggage handling and security staff operating at each location. Not one student mentioned anything about a centralized or decentralized, flat or tall hierarchy, wide or narrow span of control. In each of location workers are specialized in different tasks – security control is very different from baggage handling – hence workers are not easily interchangeable.

Whilst many students talked about Brian changing his management style – how much direct control did Brian have, how much was delegated to his managers? The stimulus does not give answers to these questions – hence the limitations of the stimulus material.

Students need to read the stimulus and the questions carefully. Students should use their application skills in the explanation and evaluative questions. It appeared that customer loyalty programme (question 4 (c)), which is newly introduced syllabus content, was not always well understood. Students should note that although an explicit definition of external recruitment (question 4 (b)), customer loyalty programme (question 4 (c)), work-to-rule (question 5 (d)) was not required, their answers should illustrate an understanding of the terms. Answers relating to the disadvantages of any generic industrial action were not awarded in question 5 (d).

Students did not always make good use of the quantitative data in Section B. There were two extremes: weaker answers which mechanically described the data without showing understanding and other answers which totally ignored the numerical data given in the stimulus. Both approaches achieved low marks.

Recommendations and guidance for the teaching of future students

Students need to interpret financial data in context and be able to judge their relevance. Class discussions can help elicit their relevance. A mechanical approach of applying figures to formulas is not helpful. Students need to understand the meaning of the formula and the assumptions made to support these formulas.

Students need to be better prepared for the newly added syllabus content. Teachers are advised to pay attention to the depth of teaching in accordance with the guidance provided in the subject guide.

- For questions that use the command term “State” advise students that concise answers are all that is required.
- For definition questions, train students to develop their ideas (rather than writing as few words as possible). In the definitions, two elements of answer, or two valid sentences can help secure 2 marks.
- Stress the importance of including units in quantitative answers and correct number rounding.
- For 4- and 10-mark questions, students should use the stimulus to provide contextualized answers.
- For 10-mark questions consider the limitations of the stimulus. Consider what other data, if provided, would have further aided the discussion.

Standard level paper two

Mitigations for the error in question 3 (d)

- Adjustments were made to the markscheme during standardization.
- Checks were put in place during marking. Examiners were asked to report work where students had showed signs of being disadvantaged by the question with the HL content. “At risk” remarking of work was carried out to ensure results were fair.
- Paper 2 boundaries were set to give equivalent outcomes to May 2023, despite teachers predicting the cohort to be weaker and lower IA performance this session.
- Detailed analysis of results took place with “at risk” remarking of work where paper 2 was the lowest component grade and students were within one mark of their predicted grade.
- Processes have been reviewed to ensure this type of error is not repeated in future examinations.

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

Some students did not know how to calculate tax rates or dividends (question 2 (b)(ii) and (iii)). Some students had no grasp at all of how to construct a break-even chart (question 1 (b)). A number of students lost marks on the 2-mark final questions in questions 1 and 2 as they did not apply the stimulus to their answers. The same was true of many answers to questions 3 (b) and 3 (c) where generic answers were often produced.

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

Students generally made significant use of the stimulus provided in 10-mark questions – this was true of both question 3 (d) and question 4 (d).

Students generally had a good grasp of premium pricing (question 3 (b)); fixed costs (question 3 (a)); break even related calculations in question 1; below-the-line promotion (question 2 (a)); microfinance (question 4 (a)).

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

Section A

Question 1

1 (a) The majority of students were able to achieve at least 1 out of the 2 marks available for stating two features of an entrepreneur. As the command term is state, short answers can easily achieve the marks, yet some students still wrote at length, perhaps using up time that could be better spent on question worth more marks.

1 (b) Since the introduction of a grid on which to draw break-even charts was introduced, students have produced better break-even charts. Some students still lost marks as they were unable to label the Y axis

correctly and a number still do not label the break-even point. A small minority did not use a ruler when drawing the total revenue and total costs lines.

1 (c)(i) Most students were able to correctly calculate the profit if 500 baskets were sold. A minority of students lost a mark by omitting the \$ sign from their answers.

1 (c)(ii) Students need to use the stimulus in the final 2-mark question in order to earn both marks. A significant number did not, and produced what were generic answers as to why fixed costs would likely to decrease in 2026 and therefore achieved 1 of the 2 marks available.

Question 2

2 (a) This was well answered by many students who achieved 2 marks out of 2. A very small minority of students appeared to have no grasp at all of the concept of below-the-line promotion.

2 (b)(i) Most students correctly calculated the current ratio and errors in rounding of the figures occurred occasionally.

2 (b)(ii) Overall this was not a well answered question with many students appearing to have no grasp of how to calculate a tax rate.

2 (b)(iii) This was the question on which students performed least well. Only a small minority correctly calculated the dividends paid in 2024.

2 (c) Students were required to comment on a business' decision to pay high dividends in 2024. As with question 1 (c)(ii) many students made no use of the stimulus provided and therefore achieved only 1 of the 2 marks available.

Section B

Question 3

3 (a) Most students achieved at least 1 mark on this question. The second mark was lost because answers mentioned output or sales.

3 (b) Students needed to explain one advantage and one disadvantage for WEL of implementing a premium pricing strategy. Many students struggled to use the stimulus and therefore often produced generic responses that were awarded a maximum of 2/4. Most students had a good understanding of the concept of premium pricing.

3 (c) Students were asked to explain one advantage and one disadvantage for WEL of taking over the glass-bottomed boat provider. As with 3 (b) many answers were generic and failed to use the stimulus, thus limiting the marks awarded to two marks.

3 (d) This question required students to use the data provided in Table 3 and Table 4, other information in the stimulus, to recommend which strategy WEL should implement to gain a competitive advantage over competitors.

This question included a tool that is not taught at standard level. Students generally ignored "Porter's generic strategies" and used the stimulus to recommend a range of strategies that WEL could implement to gain a competitive advantage. These included both cost cutting and differentiation. Most students did make some use of Tables 3 and 4, with Table 3 being the most used by students. To achieve 9-10 marks, the new markbands require students to explain the limitations of the stimulus material. Whilst most students did not do this, it was pleasing to see a minority suggest some pertinent limitations in terms of information provided.

Question 4

4 (a) The majority of students achieved at least 1 mark for stating a feature of microfinance.

4 (b)(i) The majority of students correctly calculated WH's profit for period.

4 (b)(ii) This question was less well answered. Some students chose to calculate both current and acid test ratios, but in some cases these calculations were incorrect and therefore their comments about WH's liquidity were inaccurate. Stronger answers focussed on the contrast between these two ratios with a seemingly strong current ratio of 2.125, but an acid test ratio of only 0.6875. Some commented on WH's high stock levels (\$23 000).

4 (c)(i) This question asked students to calculate the expected return, for Option 2. Many students achieved full marks for this question.

4 (c)(ii) A number of students incorrectly calculated the payback period, for Option 1 arriving at answer of 5 years and 6 months rather than the correct answer of four years and three months.

4 (d) This question required students to use the information in the stimulus and their calculations in parts (c)(i) and (ii), to discuss whether Wangui should choose Option 1 or Option 2.

Most students made significant use of the calculations from part (c) in their answers. The use of the stimulus was often impressive and detailed answers were seen from many students. Students that did not do well generally failed to provide an answer that had clearly defined analyses of both options, with answers that compared each option in terms of payback period and average rate of return.

As with question 3 (d) the new markbands require students seeking to achieve the top band to explain the limitations of the stimulus material. Whilst most students did not do this it was pleasing to see a minority suggest some pertinent limitations in terms of the information provided.

Recommendations and guidance for the teaching of future students

- For questions that use the command term "State" advise students that concise answers are all that is required.
- Ensure students use a ruler to draw break-even charts.
- Stress the importance of including units in quantitative answers and correct number rounding.
- For 4- and 10-mark questions, students should use the stimulus to provide contextualized answers.
- For 10-mark questions consider the limitations of the stimulus. Consider what other data, if provided, would have further aided the discussion.

Higher level paper three

General comments

Higher level paper 3 is an external assessment paper for business management assessed for the first time in May 2024. As a synoptic or holistic assessment paper, it is designed to assess both knowledge and skills of business management in a social enterprise context. Paper 3 explicitly links to the IB mission statement which highlights that: “The International Baccalaureate aims to develop inquiring, knowledgeable and caring young people who help to create a better and more peaceful world...” (subject guide, page 2)

The chosen context of a social enterprise is a deliberate one as these organizations tend to promote social causes above the need to generate profits and then to use these profits to maximize social impact.

Paper 3 invites students to become “change agents” representing the social enterprise using business management concepts, theory, tools and stimulus material provided (context) as indicated in the diagram on page 6 of the subject guide.

The AO3/AO4 (assessment objective) question required students to create, analyse and recommend a plan of action for the social enterprise over the next five years.

Given this new form of holistic assessment, it is anticipated that centres and students will continue develop their understanding of the demands of this paper. The stimulus material is used to prompt students to synthesize their knowledge of the social enterprise and provide them with context to create appropriate future focused plans of action.

Some students argued that there was not enough information from the stimulus to make an effective plan of action and more information or data was required. They then proceeded to describe some limitations of the stimulus material. This approach is not required and is not encouraged in future sessions as firstly there are no marks awarded for this aspect in paper 3 unlike paper 2 and 1, and secondly, adding more stimuli could overwhelm students given that the length of the exam is set at 1 hour and 15 minutes.

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

Individual comments on question 1 and 2 appear below. The following guidance refers to question 3 where many of the challenges of paper 3 lie.

Students struggled to apply tools to their plans of action in question 3, and if they were used, they were used in a very limited or superficial way.

For example, SWOT and STEEPLE analyses were used to effectively reclassify and repeat the stimulus material in a different form and did not add significantly to the plan of action. This led to an inappropriate approach and not creating a forward-looking action plan. Many action plans became descriptive with too much ‘scene setting’ or describing the situation which MFFH found itself in before or even after accepting the UN offer.

Moreover, force field analysis was also used inappropriately with many students analysing or justifying the use of outsourcing or accepting the UN offer, for example, with weightings that had been invented by the student with little possible relevance to the stimulus material.

Some students struggled to create a clear, coherent and sequenced action plan and instead repeated the challenges from question 2. This again led to a descriptive approach and ultimately led to action plans being focused on solving these challenges in the present. Thus, forgetting to take a holistic view of the

organization to create a plan of action which could be analysed over the next five years as demanded by the question.

Moreover, some students in question 3 challenged whether MFFH should accept the UN order. Whilst any feasible and credible plan of action given the stimulus material were marked on its merits, it seemed difficult to reconcile why MFFH would refuse the UN offer even with the production and financial challenges outlined in the stimulus material. The offer would represent a significant opportunity for MFFH to scale operations and increase international recognition from a global ethically driven organization with similar values. Those who wrote about refusing to accept the UN offer then continued to discuss a significant increase in production both domestically and internationally for MFFH with no guaranteed contract/offer from any third party.

Some students incorrectly wrote about the limitations of the stimulus provided and asked for balance sheets, profit and loss accounts and or cash flow forecasts and other information such as employee pay rates even though the stimulus had already indicated that MFFH had "low profitability" high gearing and debtor days relative to the industry average from resource 1. Addressing the limitations is a requirement for paper 1 and 2, 10 mark questions.

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

It was really encouraging to see some students plan their responses to question 3, allowing them to create a coherent and sequenced action plan. This 'planning' material was not marked but it is a practice that is strongly encouraged for future examinations.

Students who achieved high marks overall effectively read, absorbed and used all stimulus material to create some ambitious but balanced action plans which were well sequenced.

In these plans, there was considerable evidence of creative thinking and potential trade-offs were also considered. These plans were a pleasure to read and highlighted that IB Business Management has many potential "change agents" within its realms.

The Ansoff matrix and Porter's generic strategies were widely used tools although they were not always well applied to MFFH's situation.

There was evidence that students found the context of the social enterprise accessible with many students able to plan their answers to question 3 and provide significant explanations to the financial and marketing challenges in question 2.

Some students were able to identify Maslow's psychological needs in question 1 and provide an example of how MFFH met this need through shelter. Credit was given if the student identified safety and security needs or even love and belonging, but the need provided by MFFH had to match this.

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

Question 1

Is designed to identify a relevant theory and describe a need pertaining to a stakeholder (young families in this case) linked to the social enterprise. Many students did very well in identifying an appropriate theory such as Maslow's hierarchy of needs and linking this to a basic or physiological need provided by shelter or housing.

Marks were awarded if safety and security aspects of Maslow's theory were used if the need for young families was described appropriately to the theory.

There was no credit given for Herzberg 2 factor theory as hygiene needs do not motivate and would be more aligned to employees if the case study material had mentioned this.

(Some students assumed that the question was applied to the employees of MFFH and not the young families as detailed in Resource 1.)

It is worth repeating that question 1 is assessed at AO1 so only brief answers are required to achieve full marks.

Question 2

Is assessed at AO2 and is marked out of 6 (3+3) for two challenges. 1 mark for an identification of an appropriate challenge, with an additional mark for an explanation as to why this is a challenge and 1 mark for clear application to the organization in the case study (MFFH) beyond the name of the organization.

Question 2 was generally well answered although some students did not read the question carefully enough and identified, explained and applied a financial or marketing challenge such as low debtor days or high gearing ratio **without** reference to MFFH accepting the UN order.

Marketing challenges proved difficult for some students as they did not fully understand the term positioning as mentioned in the case study stimulus. Debtor days was also sometimes referred to as money 'owed' by MFFH.

Some students explained that a financial challenge to MFFH could be the high debtor day figures and hence poor liquidity without reference to accepting the UN order which would have increased cash inflow into the business as 50% of the revenues from the UN would be paid immediately.

Question 3

Is marked using four criteria A-D.

There is no one correct plan of action. Students can choose a different plan of action to the one suggested in the markscheme if it is consistent with the stimulus material, is evaluated and uses theory and tools effectively. The plan should also be clear, coherent and sequenced, for a 5-year time horizon as demanded by the question. Planning for such a question marked out of 17 is essential.

Specific comments for each criterion is given below:

For Criterion A – students who performed well incorporated the stimulus in such a way as to support the plan of action, and to justify a particular course(s) of action. Weaker answers merely repeated or 'lifted' the stimulus into their responses through using a SWOT or STEEPLE analysis or even both. Such approach will limit the marks available for criterion A as there is no effective support for the plan of action by simply setting the scene, listing external factors or identifying strengths and weaknesses already highlighted in the case study material

For Criterion B – students who responded well selected appropriate business management tools and theories to underpin their plan of action. The Ansoff matrix and Porters' generic strategies were popular choices and selected business management content included but not limited to total quality management (TQM), the Shamrock organization, cost to make (CTB) and cost to buy (CTM), and organizational cultural clashes through possible strategic alliances.

Unfortunately, the use of force field analysis appeared all too often to justify a particular course or plan of action with limited possible relevance to the stimulus. Some went further to assign weightings to the possible driving and restraining forces even though there was no real possibility of these being accurate given the word limit or mention of this in the case study material.

For Criterion C – Some students were able to provide balanced analysis to their plan of action with clear trade-offs highlighted. These responses were able to access the 5–6-markband. Possible trade-offs but not limited to for MFFH included:

- Cultural misalignment issues from a possible joint venture with AGEH and possible reactions by Martin joining together with a major competitor with different values.
- The reaction of existing angel investor to new capital being introduced thorough an IPO and or other investors who may not share MFFH's ethical objectives.
- Communication concerns given the supply chain issues noted in the stimulus from outsourcing some aspects of the production process to meet the international quality standards demanded by the UN inspection team.

Several answers comprised of a wish list of strategies which were described briefly or were generic (they could apply to any organization and not just MFFH.) This approach is unlikely to achieve high marks for criterion C as plans of action need to be analysed and have sustained evaluation in context to the social enterprise featured in the stimulus material.

For Criterion D – students who had planned their responses with ideas which were clear, appropriate to the stimulus material and well sequenced were well rewarded and obtained full marks. Some students broke down their plan into short term to medium to long term plans. This approach is acceptable but sometimes students spent too long repeating the short-term situation and left little space to analyse a 5-year plan of action as demanded by the question.

Some students provided long introductions repeating information from questions 1 and 2 to set the scene of the plan of action with descriptive SWOT and STEEPLE analyses and then provided only one or two sentences as to what MFFH should do. Some plans of action merely set out to fix debtor days or positioning challenges as highlighted in question 2.

Recommendations and guidance for the teaching of future students

It is strongly advised that students carefully read and re-read the stimulus material before beginning their responses to all questions – especially question 3.

The understanding of social enterprises business model as an organization as opposed to an NGO was mostly understood. However, some students assumed that it would be easy for MFFH to attract more donations and or government grants or subsidies as though they were a charity to solve financial problems.

Although business models of social enterprises do differ between countries, one common theme is that they are enterprises with a business model built on trading goods and services in the same manner as private or public limited companies. It was also assumed by many students that future donations and or grants would be easy to achieve without indicating as to how and why this could be possible. Early in the IB business management course, it may be advisable to research different social enterprises and their respective business models in the country in which the centre resides.

It could be good practice for question 3 that students when creating and analysing their plan of action explicitly refer to and write “Resource 1” or “Resource 2”. Implied use of the resources for question 3 was allowed, but it can help the examiners of this paper to correctly identify which resource is being used and thus reward specific resource use under criterion A.

Students should avoid ‘lifting’ whole sentences from the stimulus to apply in their answers. Instead, students should be encouraged to synthesize their understanding of the data given in the form of tables or ratios or excerpts from emails or social media posts. To allow this to occur, students are strongly encouraged to plan their responses to question 3 before beginning and then make this known to the examiner that this is draft material and not included in the final plan of action.

Question 3 demands a holistic approach to evaluate a plan of action for a social enterprise and not simply to solve the challenges identified and explained in question 2.

Tools selected should be appropriate to the course of action chosen by the organization. Break-even analysis given a five-year horizon for the plan of action is unlikely to be an appropriate tool. Cost leadership via the Porters model was often cited even though MFFH according to the stimulus was already pursuing such a strategy even before the acceptance of the UN offer. A review of the appropriateness of using SL/HL tools in the business management toolkit for different situations would be a useful exercise for students.

There is a mark allowance for recognizing limitations in papers 1 and 2, 10 mark questions – this is not a requirement for paper 3 and should be discouraged in future examination sessions.

Marks were available for possible trade-offs which were distinct from disadvantages from analysing a particular chosen course of action(s). It is accepted that these are not easy to articulate but one way is for students to consider trade-offs the consequences or implications of their plan of actions to other indirect stakeholders. Classroom practice of identifying trade-offs in case studies could be one way to support students to identify trade-off as distinct from disadvantages.