

# Markscheme

**May 2022**

**Business management**

**Standard level**

**Paper 1**

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

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

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

## Section A

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

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

Long-term benefits include:

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

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

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

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

*Accept any other relevant long-term benefit.*

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

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

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

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

**[6]**

Ethical issues and impacts include:

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

*Accept any other relevant impact.*

*Use the markbands on page 3.*

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

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

*Award a maximum of [6].*

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

Two steps include:

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

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

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

*Award [1] for each appropriate step and [1] for application of each step.*

*Maximum award, for two steps: [4].*

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

Strategies include:

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

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

*Use the markbands on page 3.*

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

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

*Award a maximum of [6].*

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

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

STEEPLE factors include:

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

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

*Answers must present two separate STEEPLE factors.*

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

*Accept any other relevant factor.*

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

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

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



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

[6]

Ways to achieve greater sustainability include:

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

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

*Use the markbands on page 3.*

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

*Award a maximum of [6].*

## Section B

4. (a) Define the term *performance-related pay (PRP)*. [2]

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) Explain **one** impact on *PU* **and one** impact on *PU*'s lecturers of the new working patterns. [4]

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) Explain **two** methods of primary market research that *PU* could use to monitor the progress of each course. **[4]**

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) Recommend whether *PU* should open a campus in Country B. **[10]**

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 markbands on page 4.*

*For a one-sided answer, award up to a maximum of [5].*

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

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

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