

## Higher level paper two

### Component grade boundaries

|                    |       |         |         |         |         |         |         |
|--------------------|-------|---------|---------|---------|---------|---------|---------|
| <b>Grade:</b>      | 1     | 2       | 3       | 4       | 5       | 6       | 7       |
| <b>Mark range:</b> | 0 - 9 | 10 - 18 | 19 - 28 | 29 - 37 | 38 - 45 | 46 - 54 | 55 - 75 |

### The areas of the programme and examination which appeared difficult for the candidates

The most notable areas were:

- The concepts of “cell production” and “stratified market research”.
- Some definitions of “productivity”.
- The drawing of the break-even model in an accurate way and to scale.
- The understanding and the application of the concept “cell production”.
- The understanding and the application of the concept “job enrichment”.

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

It was noticeable that more candidates were analytical in their approach and produced “very good” responses, while some other candidates were evaluative and produced “excellent” quality answers.

Nearly all candidates answered all the questions required. No issue of lack of time was apparent.

As in previous sessions, the candidates that produced very sound theoretical answers with specific application to the stimulus material were able to reach the top markband.

### The level of knowledge, understanding and skill demonstrated

The level of knowledge, understanding and skill that was demonstrated varied considerably between candidates. The range between the high achieving and lower achieving groups of candidates is still very significant and perhaps inevitable in this subject. It is still clear that some very academically able as well as some lower achieving candidates opted for this subject.

All of the candidates I marked were able to complete the paper.

The main weaknesses were apparent mainly due to difficulties in:

- A lack of specific application to the stimulus material beyond the name of the organization was quite noticeable in some questions, especially those with lower level command terms. Many candidates only referred to the organization by name rather than incorporating the issues in question. Simply mentioning the name of the organization cannot be qualified as application.
- The interpretation of command terms. Although an improvement was noticeable throughout this session, far too often unbalanced responses were found in level 3 questions. At the same time some candidates exceeded the expectation of the command term and provided judgment for level 3 or a two-sided approach for level 2 command terms. No credit was given for the extra work.
- An inability to go beyond the printed materials in the stimulus material. Many candidates simply regenerated the information given in the exam paper without further expansion regarding the exact effect on the specific organization in the stimulus material.
- Unsubstantiated conclusions/judgment

It is still apparent that many candidates were coached to end up with some conclusions for level 4 questions. Still, a disappointing number of candidates produced unsubstantiated conclusions. Many just repeated the points they mentioned before. Hence the top markband was not accessed by the majority of the candidates.

A substantiated conclusion/recommendation must be based on a secure analysis and on exercising some judgment regarding the significance of the arguments. Some candidates suggested that the organization in the stimulus material will carry out a SWOT analysis, use a decision tree or Lewin's force field analysis and so on in order to make a judgment. The candidates were asked to make a substantiated judgment that goes beyond a summary of the points mentioned throughout.

Some comments have been made that the examination did not enable the candidates to use/demonstrate a secure theoretical knowledge. On the contrary, while answering level 3 and level 4 command term questions, the candidates are expected to go beyond the stimulus material in the examination paper and to embed theoretical knowledge in an applicable manner to the organization or the issue mentioned in the stimulus material.

Many candidates failed to give full definitions to gain full marks.

There was some evidence to suggest that question 1 was more popular than question 2 in Section A.

## The strengths and weaknesses of the candidates in the treatment of individual questions

### Question 1: Las Rosas (LR)

- (a) A disappointingly low number of candidates were able to reach the top mark for this rather simple question. The main reason was due to lack of application. Some candidates did not show a clear understanding of the concept of cell production. Many candidates just mentioned the name of the organization without writing their answer in context.
- (b) Again, while most candidates could have provided good theoretical responses, many did not actually write their response in the relevant context. Some repeated the same benefit in slightly different words. For example – create a USP as one benefit and increase market share as the other, while the link is evident.
- (c) (i) Many candidates were awarded the full 2 marks as they provided clear, accurate working and “final result” figures. On the other hand, some candidates showed limited knowledge and produced incorrect answers.
- (ii) Many candidates failed to provide an accurate response. The main reasons were; not subtracting the initial costs and/or not averaging the figures.
- (iii) It was disappointing to see that a notable number of candidates did not arrive at the correct final figures. Some just calculated the total of the discounted cash flow without subtracting the cost of investment from the total present value. Some reversed the order.
- Please note that an answer which states 9.59 is not the same as 9.59 million! Moreover, candidates are strongly advised to indicate currencies.
- (iv) Given the availability of the formula, it was not surprising to see that most candidates got the correct figures. While benefit of doubt (BOD) was given this time for a figure when the percentage was not mentioned, such generosity may not be given in the coming sessions.
- (d) Many candidates produced good and relevant responses and were able to reach the top markband. Other candidates produced a one-sided response or simply regenerated the information from the stimulus without much further expansion/explanation.
- (e) A significant number of candidates produced a one-sided response, and as such, were not able to reach the top markband. Others simply repeated the information from the stimulus material without further expansion.

### Question 2: Icarus

- (a) (i) Many candidates showed an understanding of the concepts and some described the advantages in context. However, it was disappointing to see that a notable number of candidates referred to families buying the product or did not write their response in context by applying their idea in a relevant manner to *Icarus*.
- (b) Most candidates did not demonstrate the required understanding of the stratified sampling method. Many assumed that only one segment/strata is researched. Many responses simply referred to the issue of sampling.
- (c) (i) Nearly all candidates got the calculation of the break-even point correct. Few did not produce working. Some candidates however, showed no ability to calculate the break-even point.

It is expected that the word “rooms” or at least “quantity” is added to the figures. Candidates were not penalised this time.

- (ii) Most candidates did not get the correct answers as the revised figures were not incorporated. BOD was given to candidates for 1 mark if some understanding was shown.
- (d) (i) Despite the fact that OFR was used, many candidates produced untidy break-even charts. Some did not use the graph paper that should be provided in the exam, and/or did not use an acceptable scale.

The labelling of the break-even chart on many occasions was also disappointing and on many occasions it was difficult to see how the candidates arrived at particular figures.

Candidates should pay more attention to the presentation of the break-even chart and provide evidence that the figures that are used (on top of the break-even) are actually correct.

(ii) While candidates clearly demonstrated good theoretical knowledge of some possible limitations of the model, many did not apply to the organization and just produced a text book answer. For example, if the candidate says that the model ignores the quantitative issue, the candidate should say which one(s) and how this issue is relevant and applicable to *Icarus*.

Moreover, candidates often ignored the fact that the question referred to the first break-even point.

- (f) Many relevant, applicable and balanced responses were evident. Those who did not achieve the top markband were the candidates who produced unbalanced responses or just lifted some relevant issues from the stimulus material without further explanation/expansion.

### Question 3: Construir

- (a) (i) A relatively small number of candidates were able to provide an accurate definition that refers to the ratio between input and output. Many mentioned efficiency or speed.
- (ii) Most candidates provided reasonable definitions. Some just referred to the environmental issue or simply repeated the words “put pressure on”. These candidates were not awarded the full marks.
- (b) Given the nature of the stimulus, nearly all candidates were able to identify as the starting points of their answers two non financial rewards used by the organization. The use of appraisal and training was rewarded, although there was a separate question on these practices.

As a general rule, candidates are strongly advised to read all of the questions before answering to avoid unnecessary repetition of the same points.

While most candidates explained well the features of empowerment, teamwork, training and appraisal, the relevant application was often lacking. On many occasions, again, only the name was mentioned but the responses were not put in context. A notable number of candidates confused job enrichment with job enlargement. Some candidates provided suggestions as to how to improve motivation but this was not the question asked.

Some candidates wasted valuable time in answering the cons of such practices. These candidates should have paid attention to the command term as credit was not given when a candidate exceeded the command term used.

- (c) This question was largely well answered. Those candidates who provided a balanced response with expansions on just the stimulus material were able to reach the top markband. However, some provided a one-sided response and others just lifted information from the case study.

Again, candidates are advised to pay attention to the command term.

- (d) Many candidates produced good and balanced responses that incorporated on-the-job, off-the-job training and the appraisal system with reference to the stimulus material. The lower level responses simply repeat the information from the stimulus material with no further depth/expansion of the topic.

Many ended up with the word “conclusions” but no evidence of real substantiated evaluation was evident, just a short summary of the points mentioned. This issue is commented upon in every subject report. The top markband was reached by relatively few candidates.

Ideally, to reach the top markband candidates should have:

- Made explicit use of some subject concepts/terminology.
- Commented on the significance of their argument and hence produced a substantiated/well-supported conclusion.

- Provided some suggestions as to what the organization could do to improve on the current limitation of the training and appraisal system. Suggestions need to be fully explained and substantiated.

#### Question 4: Oktopus Air (OA)

- (a) Most candidates were able to distinguish between above the line and below the line promotional methods. The reason why some were not awarded more than 2 marks was due to lack of application / the provision of a theoretically correct method.

Please note that when the candidates are expected to write their responses in context, it does not mean that all the information is printed in the stimulus material. The candidates are expected to give examples that are applicable to a particular organization, in this case to an airline.

- (b) This was a relatively easy question. It was expected that the three groups comprise of explicit stakeholders with a clear explanation of the exact conflict / the opposing interest of each stakeholder will be covered. Those candidates who followed the exact requirement of the questions were awarded the full marks.

Still some candidates were either too vague in the identification of the exact conflicts and the exact stakeholder(s). Moreover, some candidates tried hard to anticipate future conflicts or theoretical conflicts rather than refer to the stimulus material.

The name of the organization can not be used as a stakeholder.

- (c) One can accept that there might be some overlap between this question and question (b) as in essence the conflicts could stop *Oktopus Air* from caring for everyone. Nevertheless, the expectation was that the candidates elaborate more on the social issues of obesity and the increasing number of affluent *families* who travel with their children in business class. A constant reference to the mission statement was also expected. Some did and were awarded accordingly.

Many candidates were able to identify the social changes and apply. However, many of the responses were one-sided. Given the command term, these candidates were not able to reach the top markband.

Some candidates did not refer to the social changes and/or referred to the conflicts as the changes. Hence the response for question (c) was very much like a repetition of the response to question (b).

- (c) This question was possibly one of the most challenging for many candidates.

It was pleasing to notice that most candidates provided a relevant, applicable and creative marketing mix for the proposed service. However, few candidates followed the command term and provided a balanced response and substantiated conclusion/evaluation.

Those candidates who provided a descriptive response and wrote a sentence or two as conclusions were not credited as the command term “discuss” expects a thorough analysis followed by an evaluation.

To reach the top mark band candidates should have:

- Produced a balanced response for each marketing mix suggested.
- Made a final decision regarding the final choice of the marketing mix with substantiated arguments like the priority for the organization, the significance of their arguments, time span and so on.

#### **Question 5: Metro Town (MT)**

- (a) (i) Many candidates provided a somewhat relevant definition. Those who were not awarded the full marks were the candidates who just used the example from the stimulus material or did not articulate their response clearly enough.
- (ii) It was disappointing to see that many candidates could not articulate the characteristic of the matrix structure. Some repeated the same characteristic twice in slightly different words. Some even referred to the Boston consulting group matrix or the Ansoff matrix.
- (b) Most candidates were able to provide reasonable to good responses. However, the lack of application to specific issues *MT* is facing was often ignored.

Also, many candidates referred to the issue of outflow only as part of a budget and ignored any positive or negative issues regarding the inflow of cash.

As stated before, it is vitally important to put the answer in context.

- (c) Most candidates chose two relevant theories with a reasonable to good explanation of their chosen theories. Some good and relevant application by many candidates was also evident. However, the reasons why many candidates did not reach the top markband was due to unbalanced/one-sided responses.
- (d) On the positive side, many candidates attempted to provide a balanced response to the issue of the proposed joint venture. Many candidates indeed picked relevant issues from the stimulus material. However, to reach the higher markbands the candidates were expected to go beyond the stimulus material and expand using some secure theoretical knowledge. Some did and were awarded more marks. Moreover, for a level 4 question, it was expected that the candidate would provide some substantiated conclusions/recommendations.

Again, to reach the top markband candidates should have:

- Made explicit use of some subject concepts/terminology, including the possible benefits or otherwise of a joint venture.

- Commented on the significance of their argument and hence a substantiated/ well-supported conclusion.
- Provided some suggestions as to what *MT* can possibly do to alleviate the arguments against the joint venture.

## Recommendations and guidance for the teaching of future candidates

See standard level paper 2 page 32.



## Standard level paper two

### Component grade boundaries

|                    |       |        |         |         |         |         |         |
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### The areas of the programme and examination which appeared difficult for the candidates

As in previous sessions, candidates often did not achieve full (or sometimes even high) marks on questions requiring higher-order thinking. Many responses lacked depth, balance, or appropriate business language. On level 1 command term questions, candidates generally did rather well, though some candidates rushed responses, which then lacked appropriate detail, or appropriateness. Though many candidates could do the balance sheet (question 2), a surprising number could not. In more than a few instances, candidates appeared to have virtually no knowledge of what a balance sheet was.

Four questions deserve some special attention here. On question 1(e), many candidates did not focus on Sayaka's role but rather discussed the business growing. On question 3(e), most candidates did not consider financial information in their responses (even in otherwise good responses), which lowered the total mark awarded. On question 4(d), virtually every candidate knew the difference between cost-based pricing and competition-based pricing, but candidates struggled to develop their responses. Virtually all scored basic marks (3 to 4 marks), but appeared not to know how to develop their responses. On 5(e), many candidates answered the question from the wrong perspective (that is, from the volunteer's perspective), and many others did little more than list advantages and disadvantages, which certainly earned candidates some marks. That kind of listing, however, is not evaluation, which "discuss" asks of the candidates.

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

Though some candidates could not do the cash-flow forecast in question 1, many could and did so accurately. Many candidates could identify an appropriate source of finance in question 2(a) and there were many good responses to question 2(e). Apart from the lack of financial information, candidates generally responded well to question 3(e). On question 4(b), many candidates wrote good responses: they could identify appropriate stakeholders and explain the importance of the business plan to them. Despite the overall "newness" of the questions related to the stimulus material for question 5 on volunteering, many candidates wrote quite good responses to the various questions. Overall, for the examiners the generally good answers on the stimulus material for question 5 was rather rewarding, as it demonstrated real higher-order thinking on the part of candidates. Our compliments to the teachers for teaching their candidates so well.

## The strengths and weaknesses of the candidates in the treatment of individual questions

### Question 1: Office Cleaners (OC)

- (a) Most candidates earned 1 to 2 marks and knew what the tertiary sector is.
- (b) Most candidates earned 2 marks. Problems sometimes arose when candidates identified features of a small business that did not apply exclusively to a sole trader.
- (c) (i) On the whole, candidates did well.  
  
(ii) Far fewer candidates earned the full 2 marks here. A common problem was reducing the total cash by \$600, not  $6 \times \$600$ , which equals \$3600.
- (d) Many candidates earned 1 to 2 marks, which was relatively easy to do. We use the “Own figure Rule (OFR),” so any reasonable comment on the figures the candidates produced resulted in some marks. Few candidates knew how to make more than a basic comment.
- (e) When candidates focused their responses on Sayaka’s role, they typically often earned 3 or more marks. When they did not focus on her role, they typically got 0 marks.

### Question 2: Khalil Damascus Supplies (KDS)

- (a) Generally candidates could earn 1 mark here and many earned 2. Many candidates wasted time by providing answers that were far longer than necessary for the command word “describe”.
- (b) Some candidates knew how to define retained profit but many did not and wrote that it was profit after expenses.
- (c) (i) As noted above, a surprising number of candidates did not know how to construct a balance sheet. In many instances, they used lines from the profit and loss account. Even when candidates knew which items belong on the balance sheet, they struggled to produce one in a generally accepted format.  
  
(ii) Candidates who did well on question 2(c)(i) tended to do well on this question. Also, many candidates who did not do 2(c)(i) fully correctly nonetheless earned partial marks because of the OFR.
- (d) Because the OFR applies, many candidates who made a comment earned at least 1 mark and many earned 2. To get a second mark really required a second idea, which teachers should show candidates how to do when preparing them for the exams (when teaching test-taking strategies).

- (e) The key here for candidates was to go beyond merely repeating the stimulus material. Though many candidates did that (merely repeated the stimulus material), most candidates responding to this question earned solid marks and many received 4 or 5 marks.

**Question 3: Brandon Canoes (BC)**

- (a) Many candidates earned 1 mark for segmentation by age but many could not appropriately identify a second way to segment.
- (b) Many candidates correctly calculated the break-even quantity.
- (c) Many responses to this question lacked precision. Candidates conveyed a sense of understanding but their responses were not particularly focused. This question was of the type that required candidates genuinely to explain, which many candidates struggled to do. Most candidates earned some marks, but few earned 4.
- (d) Most candidates knew the Ansoff matrix and applied it to the situation, but responses often could have been more effective.
- (e) As noted above, many candidates had generally good responses, though many did not include financial information in their response, which lowered their awarded mark.

**Question 4: Kabaret**

- (a) Branding always seems difficult on standard level exams. Candidates often have a general sense of branding but not a precise one. Such was the case again this examination session. Some candidates earned 2 marks, but many earned only 1 because of vagueness.
- (b) Many candidates did well on this question. Some candidates did not receive such high marks when they chose a stakeholder for whom the business was not fully appropriate (as there would be little of value actually to say).
- (c) Most candidates attempting this question could identify and describe two or three problems that start-ups face, but few candidates did genuine analysis.
- (d) Virtually every candidate knew the difference between cost-based pricing and competition-based pricing, but candidates struggled to develop their responses. Virtually all scored basic marks (3 to 4 marks), but appeared not to know how to develop their responses.

**Question 5: Volunteering (le bénévolat, voluntariado)**

- (a) Many responses to this question lacked precision. Candidates conveyed a sense of knowing what a pressure group is but many responses were sufficiently imprecise such that only 1 mark was awarded.

- (b) Again, many responses to this question lacked precision. Candidates conveyed a sense of why training is a form of investment, even for volunteers, but many responses earned only 1 mark because of imprecision.
- (c) Responses to this question covered a whole range. It is hard to generalize. Some candidates knew exactly how to answer the question and rather efficiently earned 4 marks while others wrote long responses that earned them limited marks.
- (d) Most candidates, indeed a very high percentage, knew Maslow's hierarchy of needs and could apply it at least basically (thus earning at least 2 marks) and many candidates wrote strong responses earning 4 to 5 marks.
- (e) Many candidates answered the question from the wrong perspective (that is, from the volunteer's perspective), and many others did little more than list advantages and disadvantages, which certainly earned candidates some marks. That kind of listing, however, is not evaluation, which "discuss" asks of the candidates.

## Recommendations and guidance for the teaching of future candidates

Teach examination techniques:

- Ensure that candidates are provided with graph paper.
- Allocate time and effort according to the mark allocation.
- Candidates should read the questions carefully and know that different command terms require different kinds of responses. Candidates should not go beyond the requirement of the command terms. They will not be rewarded for such practice.
- Use the subject terminology/concepts and theories when appropriate.
- Candidates should be more analytical and refer to the stimulus material. Evaluate when appropriate, rather than just describe. Carefully consider recommendations; there are always costs as well as benefits.
- Practice as many stimulus materials / case studies as possible to reinforce application of theories / subject concepts to a particular event or issue.
- Practice questions that require discussion and evaluation.
- Encourage your candidates to write in full prose to reward clear and detailed analysis and evaluation.

Guidance on analytical and evaluative questions:

There are obvious constraints on the length of each question stimulus material in paper 2. It is not possible to include an endless amount of information/data.

The stimulus material is given to stimulate the candidates' thinking, awareness, understanding, selectivity, *etc* through application to a particular scenario given. In their answers, however, candidates must go further than just regurgitation of the information in the stimulus material. When asked to analyse or examine (the final part to section A questions and the penultimate part to section B questions), many candidates do not go beyond the issues that are printed in the stimulus material. The candidates can and should use their theoretical knowledge and understanding of the particular subject matter(s) presented in the stimulus material to put forward some arguments for and against the relevant issue(s)/option. The candidates should make the connection in a relevant and applicable manner. Doing so can be judged as application/reference to the stimulus material beyond just mentioning the name of the organization. Similarly, candidates should use their theoretical knowledge to elaborate and fully explain each particular issue presented rather than just lift the relevant issues from the stimulus material. In doing this, candidates will be able to reach the top markband.

When asked to discuss/evaluate/recommend, *etc*, candidates should reach substantiated conclusions/recommendations judgment. To do this, candidates must:

- Refer to and make use of the relevant information in the stimulus material as much as possible but selectively (uncritical regeneration of the information is judged as descriptive work).
- Use theoretical knowledge of a particular topic (or topics) to enhance the quality of the answer. The use of theoretical knowledge can provide many other arguments for and against an issue/proposal/action that is covered in the stimulus material.
- Avoid a re-narration of the stimulus material. Even with a judgment, re-narration of the stimulus material will not enable candidates to reach the top markband.
- Identify missing information/gaps that could support decisions/recommendations.
- Address the weakness of an option when an evaluation is made or a conclusion is reached for the judgment to be fully substantiated. When appropriate, candidates should offer some sort of solution as to what the organization should and can do, to overcome some of the weaknesses.

The candidates who follow the above will be more likely to reach the top markband for the final part of section B questions.

**Further comments:**

Overall, candidates did rather well on SLP2. There were some problems. For example, given how few quantitative options are available under the standard level syllabus, it remains disappointing that candidates come into the exam lacking basic knowledge of a balance sheet or an income statement. On the other hand, the question on volunteering was unusual both in its approach (focused on a concept rather than an organization) and in its content – though it is certainly fair to ask questions on volunteering in a standard level exam, this was the first time that we have done so. Candidates largely responded effectively to the challenges of the stimulus for question 5, which shows competence and skill on the part of the candidates and on the part of the teachers who prepare them for the exam.