

Markscheme

May 2025

Business management

Higher / Standard level

Paper 1

© International Baccalaureate Organization 2025

All rights reserved. No part of this product may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without the prior written permission from the IB. Additionally, the license tied with this product prohibits use of any selected files or extracts from this product. Use by third parties, including but not limited to publishers, private teachers, tutoring or study services, preparatory schools, vendors operating curriculum mapping services or teacher resource digital platforms and app developers, whether fee-covered or not, is prohibited and is a criminal offense.

More information on how to request written permission in the form of a license can be obtained from <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organisation du Baccalauréat International 2025

Tous droits réservés. Aucune partie de ce produit ne peut être reproduite sous quelque forme ni par quelque moyen que ce soit, électronique ou mécanique, y compris des systèmes de stockage et de récupération d'informations, sans l'autorisation écrite préalable de l'IB. De plus, la licence associée à ce produit interdit toute utilisation de tout fichier ou extrait sélectionné dans ce produit. L'utilisation par des tiers, y compris, sans toutefois s'y limiter, des éditeurs, des professeurs particuliers, des services de tutorat ou d'aide aux études, des établissements de préparation à l'enseignement supérieur, des fournisseurs de services de planification des programmes d'études, des gestionnaires de plateformes pédagogiques en ligne, et des développeurs d'applications, moyennant paiement ou non, est interdite et constitue une infraction pénale.

Pour plus d'informations sur la procédure à suivre pour obtenir une autorisation écrite sous la forme d'une licence, rendez-vous à l'adresse <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organización del Bachillerato Internacional, 2025

Todos los derechos reservados. No se podrá reproducir ninguna parte de este producto de ninguna forma ni por ningún medio electrónico o mecánico, incluidos los sistemas de almacenamiento y recuperación de información, sin la previa autorización por escrito del IB. Además, la licencia vinculada a este producto prohíbe el uso de todo archivo o fragmento seleccionado de este producto. El uso por parte de terceros —lo que incluye, a título enunciativo, editoriales, profesores particulares, servicios de apoyo académico o ayuda para el estudio, colegios preparatorios, desarrolladores de aplicaciones y entidades que presten servicios de planificación curricular u ofrezcan recursos para docentes mediante plataformas digitales—, ya sea incluido en tasas o no, está prohibido y constituye un delito.

En este enlace encontrará más información sobre cómo solicitar una autorización por escrito en forma de licencia: <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

The markbands on page 3 should be used where indicated in the markscheme.

Marks	Level descriptor
0	The work does not reach a standard described by the descriptor.
1–2	<ul style="list-style-type: none"> • Little understanding of the demands of the question. • Little use of business management tools and theories; any tools and theories that are used are irrelevant or used inaccurately. • Little or no reference to the stimulus material. • No arguments are made.
3–4	<ul style="list-style-type: none"> • Some understanding of the demands of the question. • Some use of business management tools and theories, but these are mostly lacking in accuracy and relevance. • Superficial use of information from the stimulus material, often not going beyond the name of the person(s) or name of the organization. • Any arguments made are mostly unsubstantiated.
5–6	<ul style="list-style-type: none"> • The response indicates an understanding of the demands of the question, but these demands are only partially addressed. • Some relevant and accurate use of business management tools and theories. • Some relevant use of information from the stimulus material that goes beyond the name of the person(s) or name of the organization but does not effectively support the argument. • Arguments are substantiated but are mostly one-sided.
7–8	<ul style="list-style-type: none"> • Mostly addresses the demands of the question. • Mostly relevant and accurate use of business management tools and theories. • Information from the stimulus material is generally used to support the argument, although there is some lack of clarity or relevance in some places. • Arguments are substantiated and have some balance.
9–10	<ul style="list-style-type: none"> • Clear focus on addressing the demands of the question. • Relevant and accurate use of business management tools and theories. • Relevant information from the stimulus material is integrated effectively to support the argument. • Arguments are substantiated and balanced, with an explanation of the limitations of the case study or stimulus material.

Section A

1. State **two** examples of corporate social responsibility (CSR) that a business could implement. **[2]**

Examples of CSR a business could implement include:

- engaging in socially sustainable practices, eg reduce waste;
- engaging in environmentally sustainable practices, eg plant trees;
- engaging in economically sustainable practices, eg use renewable energy at their factories.
- Engaging in charitable practices (philanthropy) such as donations.

Award [1] for each correct example of CSR stated up to a maximum of [2].

N.B. no description or application to Myt is required.

2. State **two** types of revenue stream for a business. **[2]**

Revenue streams include:

- sales revenue
- rental income
- Royalties
- Sale of assets
- Donations
- Marketing revenue
- Revenue from patents/copyright
- Subscriptions
- Franchising/licensing fees

Accept any other revenue stream.

Do not accept:

- *Sale of shares/stock/investments*
- *Grants*
- *Subsidies*
- *Crowdfunding*
- *Retainer profit*
- *Loans/debtors*

These are sources of finance.

Award [1] for each revenue stream up to a maximum of [2].

N.B. no description or application to Myt is required.

3. (a) Describe **one** non-financial reward that *Myt* could offer its employees (lines 25–26). **[2]**

Non-financial rewards that *Myt* could offer: considering the democratic leadership style, **empowerment** could be applied; **purpose** (opportunity to make a difference) ties in with *Myt*'s mission statement and CSR.

The case study mentions that jobs are monotonous and employees work alone in the same part of production every day. *Myt* may consider offering job enlargement, job enrichment, job rotation, and teamwork.

More responsibility implies job enrichment but it is not stated as such. [1] can be awarded max.

Award [1] for a non-financial reward identified and an additional [1] for a description with application to Myt, up to a maximum of [2].

[2] cannot be awarded if the response lacks application to the case study.

- (b) Describe **one** financial reward, **other than** salaries, that *ABC* offers its employees. **[2]**

Financial rewards that *ABC* offers its employees in all 7 countries it operates include:

- Health insurance benefits
- Number of holidays
- Childcare benefits

For [1] only, accept:

- *Wages (time and piece rates)*
- *Commission/bonuses*
- *Performance-related pay (PRP)*
- *Profit-related pay (such as bonuses)*
- *Employee share ownership schemes*
- *Fringe payments.*
- *Paid vacation*

Award [2] for a financial reward identified and described as stated.

4. Explain **one** advantage **and one** disadvantage for *Myt* of conducting secondary market research (line 45). **[4]**

Advantages of secondary market research:

- is much cheaper/quicker/easier than primary research, especially considering the size of this particular market. It's a large market, growing 6.5 % annually, it will be \$57 billion by 2033. That context explains why doing secondary research would be much cheaper, at least initially. The market research was available for free via **online** content.
- as the results showed that the market has significant growth potential, the business could proceed with primary research.

Disadvantages of secondary market research:

- is usually not up to date. The data is from 2023 and could already be outdated
- in this case, provides information on all of the US and not specific data on each of the states in which *Myt* may want to operate
- is available to the competition as well, as it says that the web pages consulted were freely available on the internet.
- reliability of data. May be subject to bias making the results invalid.

Accept any other relevant advantage / disadvantage.

Mark as [2] + [2]

Award [1] for an advantage explained [1] and an additional [1] for a development with application to Myt. Award a maximum of [2].

[2] cannot be awarded if the response lacks application to Myt.

Award [1] for a disadvantage explained [1] and an additional [1] for a development with application to Myt. Award a maximum of [2].

[2] cannot be awarded if the response lacks application to Myt.

5. Explain **one** advantage for *ABC* of using mass customization (lines 60–61). **[2]**

Mass customization uses modern technologies and a multi-skilled workforce in production lines that make a great variety of products. Mass customization avoids a mass-marketing approach, with high output of identical products.

Advantages include:

- focused or differentiated marketing can be used, which can bring higher added-value;
- higher motivation of the workforce is likely as repetitive, and boring tasks are avoided;
- cost advantages obtained due to the scale of operation;
- wider product range could increase sales.

Context can be found in the descriptions of the segments targeted by *ABC*, whose different wants are satisfied using this production method. *ABC* produces products for four different target markets i.e.: Customers with different health requirements.

Award [1] for explaining an advantage of mass customization. Award an additional [1] for application to ABC, up to a maximum of [2].

6. “Myt is considering entering the healthy snacks market” (line 35). Explain **two** appropriate pricing methods that *Myt* could use to sell its healthy snacks. **[6]**

Cost-plus pricing: as production costs are high (line X), *Myt* may want to be sure that its prices cover these costs and generate a profit. *Myt* is a publicly traded company maintaining profitability is important for the shareholders.

Penetration pricing as *Myt* is entering a new market (the healthy snack market) *Myt* is a huge company, so it may want to launch the new healthy snack products at low prices, leading to high demand and high market share. If demand remains high, *Myt* may gradually increase prices to increase profit margins.

Premium pricing: this could help establish a perception of exclusivity. Customers with specific health requirements are often willing to pay more. However, as the healthy snack market is no longer a niche market, growing by 6.5 % a year, maintaining premium prices in the long term may be difficult.

Competitive pricing as the market it is entering has lots of competition and this may create the impression that *Myt*'s healthy snacks are of a similar quality to existing products on sale

Contribution pricing (HL): This is where the price charged for a good is based upon the variable costs of manufacturing it, plus some mark-up. The difference between the price charged and the variable costs per unit is a contribution to fixed costs.

Loss leader and predatory pricing do not seem suitable in this case study so no contextual mark can be awarded

Mark as **[3] + [3]**

Award **[1]** for stating an appropriate pricing method

Award **[1]** for the depth and clarity of the explanation.

Award **[1]** for application to *Myt*. Up to a maximum of **[3] per pricing** strategy.

Section B

7. Discuss whether *Myt* should enter the healthy snack market. **[10]**

Arguments for entering the healthy snack market:

- it is an opportunity to develop their CSR by showing pressure groups who have been critical and stakeholders (consumers, investors, shareholders, government, employees, *etc*) their concern for people's health, which should improve their brand recognition, brand loyalty, *etc*.
- they could enter a joint venture with *ABC* who has experience in this market
- it would allow them to differentiate themselves from some rivals (USP) who are offering unhealthy snacks
- the healthy snack market is big and is expected to grow significantly (6.5% a year).

Arguments against entering the healthy snack market:

- high production costs leading to high prices impacting sales
- lack of experience in the healthy snacks industry
- lack of experience in the healthy snacks market
- their brand is associated with soft drinks, not healthy snacks.

Accept any other relevant argument and discussion.

To receive marks at the highest level [9-10] reference is needed to the limitations of the case study.

This question should be marked using the markbands on page 3.

8. Discuss whether *Myt* should enter into a joint venture with *ABC*. **[10]**

Arguments in favour of creating a joint venture with *ABC*:

- has experience in the healthy snacks industry and market;
- aims at maximizing profit, seems to be focused on efficiency and productivity;
- would cover 25 % of the cost of investment;
- would cover 50 % of the operating costs;
- would provide 50 % of the managers and employees;
- would absorb 50 % of the losses;
- *Myt* could consider a merger if the joint venture is a success;
- would share with *Myt* its knowledge and experience in manufacturing and marketing their products.

Arguments against:

- *ABC's* managers are autocratic, while *Myt's* are democratic. This could impact on decision making.
- employees seem to be paid better and have benefits at *ABC*, which may be costly. Maintaining the same benefits across *Myt* and *ABC* may be difficult;
- *Myt* has to cover 75 % of the cost of investment;
- *Myt* would only get 50% of the profits;
- the joint venture might fail;
- lack of synergy.

Accept any other relevant argument and discussion.

To receive marks at the highest level [9-10] reference is needed to the limitations of the case study.

This question should be marked using the markbands on page 3.
