Revision practice

International Baccalaureate · IB Diploma · Business Management · HL

1 Business organization and stakeholders

- stakeholder
- limited liability

Question 1

Which decision most directly addresses both access and maintenance?

Available marks: 2.

Worked answer

Keep a basic affordable meal and test optional products to support the fund.

Question 2

Explain the mechanism or reasoning in this original case: A school café wants affordable meals and enough surplus to maintain equipment. Different objectives can change what counts as a good decision.

Available marks: 4.

Worked answer

A price rise may support the café's equipment fund but reduce access for low-income customers. A tiered offer could preserve a basic affordable meal while testing demand for optional products.

- Accurate relevant concept (1)
- Specific evidence from the case (1)
- Connected reasoning (2)

Profit is not the only business objective. Do not assume a social enterprise has no need for revenue. / Evaluate growth using costs, control, culture and stakeholder effects, not sales alone.

2 Human resources and motivation

- delegation
- motivation

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Question 1

Which change most directly responds to the complaint?

Available marks: 2.

Worked answer

Delegate suitable decisions with training and clear responsibility.

Question 2

Explain the mechanism or reasoning in this original case: A manager offers bonuses, but staff complain that their work has no autonomy. Money can matter without explaining every source of motivation.

Available marks: 4.

Worked answer

Giving experienced staff responsibility for ordering stock can improve autonomy and speed. Training and clear limits reduce ordering mistakes. Compare delegation with tighter supervision when new workers need support.

- Accurate relevant concept (1)
- Specific evidence from the case (1)
- Connected reasoning (2)

Do not identify a leadership style as universally best. / HL also examines corporate culture and employee relations; SL students should not be assessed on those extensions as mandatory content.

3 Finance, accounts and appraisal

- cash flow
- liquidity

Question 1

What is closing cash in this example?

Available marks: 2.

Worked answer

800, despite a negative net cash flow in the period.

Question 2

Explain the mechanism or reasoning in this original case: A business reports profit but cannot pay next month's suppliers. A credit sale can raise recorded revenue before the cash arrives.

Available marks: 4.

Worked answer

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Opening cash is 2,000, cash receipts 3,000 and payments 4,200. Net cash flow = 3,000 − 4,200 = −1,200. Closing cash = 2,000 − 1,200 = 800. A forecast must also show when each payment occurs.

- Accurate relevant concept (1)
- Specific evidence from the case (1)
- Connected reasoning (2)

A profitable investment may have a long payback and a cash shortage before benefits arrive. / HL adds debt/equity ratios and budgets; do not infer these requirements from an SL cash-flow exercise.

4 Marketing decisions

- segmentation
- primary research

■ Question 1

Why is the customer-only survey weak for the new market?

Available marks: 2.

Worked answer

It excludes non-customers whose needs may differ.

■ Question 2

Explain the mechanism or reasoning in this original case: A survey of existing customers says everyone likes a product, but few new people buy it. The sample may exclude the people the firm wants to reach.

Available marks: 4.

Worked answer

Before a launch, sample potential users as well as existing customers. Compare preferences with willingness to pay and actual trial purchases. Align product, price, place, promotion, people, process and physical evidence with the chosen position.

- Accurate relevant concept (1)
- Specific evidence from the case (1)
- Connected reasoning (2)

Large biased samples remain biased. Survey intention is not the same as purchase behaviour. / HL includes sales forecasting and international marketing: test assumptions and local context rather than transplanting one successful campaign.

5 Operations and break-even decisions

- contribution
- margin of safety

■ Question 1

How many units must be sold to break even in this model?

Available marks: 2.

Worked answer

300 units.

■ Question 2

Explain the mechanism or reasoning in this original case: A workshop considers a machine with higher fixed cost and lower variable cost. The best choice depends on demand and the risks of unused capacity.

Available marks: 4.

Worked answer

Fixed cost is 6,000, selling price is 50 and variable cost per unit is 30. Contribution $= 50 - 30 = 20$. Break-even output $= 6{,}000/20 = 300$ units. At 400 units, margin of safety $= 400 - 300 = 100$ units.

- Accurate relevant concept (1)
- Specific evidence from the case (1)
- Connected reasoning (2)

Break-even assumes stable unit prices and costs and that output is sold. It does not prove demand exists. / HL adds lean quality, planning, contingency, R&D and information systems; evaluation must connect these to context.

6 Social-enterprise action planning

- social enterprise
- contingency plan

■ Question 1

Which measure checks financial viability most directly?

Available marks: 2.

Worked answer

A cash-flow forecast with realistic receipts, payments and a reserve.

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■ Question 2

Explain the mechanism or reasoning in this original case: A repair cooperative reduces waste but faces volunteer turnover and uncertain cash receipts. A plan needs operating details as well as a social mission.

Available marks: 4.

Worked answer

Start with an affordable repair service, a trained volunteer rota and a small working-capital reserve. Monitor repeat use, repair success, cash balance and volunteer retention; name triggers for changing the plan.

- Accurate relevant concept (1)
- Specific evidence from the case (1)
- Connected reasoning (2)

A five-year plan cannot assume unlimited funding or ignore staffing. / Use all provided resources and explain the sequence, trade-offs and risks, rather than listing disconnected recommendations.

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