BUSINESS

Paper 9609/12
Business Concepts 1

Key messages

- Candidates are reminded that the twelve mark **Questions 5(b)** and **6(b)** require an evaluative judgement to be given, and that these evaluative judgements need to be clearly in the context of the question before the marks of 5/6 can be awarded.

General comments

- This paper proved to be accessible to most candidates.
- The knowledge of the business concepts was generally sound, although candidates were less confident with concepts selected from the Finance and accounting section of the syllabus.
- Candidates need to ensure that they have a clear understanding of what each question requires. The comments on specific questions set out below give examples of where question misunderstanding has resulted in a significant loss of marks.
- In the essay **Questions 5(b)** and **6(b)** candidates should recognise that Knowledge, Application/context, and Analysis can each be awarded only a maximum of 2 marks each while Evaluation has a weighting of 6 marks.

Comments on specific questions

Section A

Question 1

(a)   Most candidates were able to provide a clear and accurate definition of an *intrapreneur* with reference to an internal employee thinking and acting like an entrepreneur being given and accepting responsibility to creatively produce new products/projects that will improve the profitability of a business. Weaker answers were unable to distinguish between an intrapreneur and an entrepreneur.

(b)   The majority of answers clearly identified one disadvantage of being a small business with examples such as lack of finance, lack of economies of scale, and lack of market demand as the key disadvantages. Strong answers provided developed application of one disadvantage with two pieces of linked explanation. Weaker answers provided only limited explanation in the form of one piece of explanation. Some candidates misread the question and explained advantages of small businesses and consequently were not awarded marks.

Question 2

(a)   The concept of *psychographic segmentation* was generally well understood by many candidates. Clear definitions referred to a marketing technique where a section/sub-group of customers are identified by characteristics such as lifestyle, attitudes, interests, beliefs, opinions, and spending habits. There were a few responses that presented tautologous answers such as `market segmentation based on psychographic features of customers`

(b)   Most candidates were confident in explaining one factor that might influence the demand for a product. The most popular responses were the factors of product price and customer income. Most answers were able to provide two linked points of explanation of the factor to achieve the maximum

of 3 marks. A few candidates lost marks with only limited explanation of a factor. For example, suggesting that` if the price of a product increases demand is likely to reduce and vice versa`

Question 3

(a) A definition of *indirect costs* was challenging to a significant minority of candidates. While many were able to give an example of an indirect cost such as rent they were unable to define the term as costs that cannot be linked to a unit of production or allocated to a business cost centre.

(b) This question was confidently answered by a majority of candidates, The benefits to a business of using budgets were correctly identified and explained with the most popular selected benefits being optimised resource allocation, effective cash flow management and spending control. Weaker answers often presented two or three benefits rather than give one benefit with explanation.

Question 4

Many candidates were able to access 4–5 marks by effectively analysing one impact on employees of trade union involvement in the workplace. Popular impacts included better contracts of employment, higher wages, and better working environments. The importance of collective bargaining was a common example given to explain how trade unions could impact an employee working experience. Weaker answers misread the question and focused on the impact on the *business* rather than on *employees.*

Section B

Question 5

(a) Candidates were asked to analyse two limitations to a business of capital- intensive operations. Strong answers cited limitations such as high initial investment costs, high continuing maintenance costs and technological dependence. This was a more popular question than **Question 6(a)** and most limitations were soundly applied and the analysis was well developed.

(b) Candidates were required to evaluate the significance of improved sustainability for the success of a soft drinks manufacturer. The understanding of the concept *sustainability* was sound in many cases but partial in others. Some candidates defined it as staying in the market longer, others as part of a triple bottom line approach. Some answers confused it with lean production to improve product costs, Responses that linked sustainability to preserving environmental resources for future generations were able to analyse and evaluate this question more effectively. Some candidates struggled with application/contest examples. Strong answers used producers such as Coca Cola and sustainable issues such as replacing plastic bottles as sound application/context examples. Other application/context examples given were references to cans and straws different flavours and tastes of drinks and healthy soft drinks. Some candidates presented very little evaluative comment. Strong answers recognised that evaluative comment and judgement could achieve up to 6 marks and presented strong concluding sections addressing the importance of sustainability as a competitive success factor.

Question 6

(a) Candidates were required to analyse two benefits to a business of using online recruitment methods. Strong responses gave examples of cost saving and time saving as relevant business benefits and used online platforms such as Linkedin to illustrate and develop answers. Once again. some candidates misread the question and directed their analysis to *employees* rather than to a *business.*

(b) Candidates were required to evaluate whether improving employee morale and welfare is the most important role of HRM in an airline business. Most candidates gained maximum knowledge and application/context marks with sound understanding of the role and activities of HRM and of the context of an airline business. Context examples included reference to cabin staff giving good customer service to passengers if treated well by HRM, and the effective recruitment and training of Pilots to maintain safety standards. Analysis of relevant discussion was generally good. The quality of evaluation was however mixed. Some candidates did not attempt any evaluation, while others presented simple and limited evaluative comments without reference to explicit airline context examples.

BUSINESS

Paper 9609/22
Business Concepts 2

Key messages

An examination paper is a set of instructions to candidates on how to achieve the full marks. If candidates can correctly identify the topic and level of skill required in a response, then they should be able to construct a valid and suitable answer to each question.

- **Question 1(a)(i)** and **Question 2(a)(i)** both use the command word 'identify'. This only requires knowledge (AO1) and therefore can be answered in the briefest way possible. For example, for **Question 1(a)(i)**, an answer of 'revenue' would have been enough to achieve the mark – no other explanation is required.
- **Question 1(a)(ii)**, **Question 1(b)(ii)**, **Question 2(a)(ii)** and **Question 2(b)(ii)** all use the command word 'explain'. This requires knowledge of the term (AO1) as well as the ability to apply this knowledge to the business world (AO2). For **Question 1(a)(ii)** and **Question 2(a)(ii)**, this can be generic application. However for **Question 1(b)(ii)** and **Question 2(b)(ii)**, the application must be to the business from the data (i.e., FF for **Question 1(b)(ii)** and RCR for **Question 2(b)(ii)**).
  A candidate must give more than just knowledge, so a good answer is likely to be two or three sentences long and more detail about the term is required. However, no analysis is required, so candidates should not start making arguments as a response to this question.
- **Question 1(b)(i)** and **Question 2(b)(i)** are calculations. Candidates should set out their working clearly and make their answer very clear. Often underlining or putting a box around the final answer, will allow the examiner to identify the result that the candidate has calculated. It also allows the examiner to more easily find the mistake that may have been made in a previous stage of calculation.
- **Question 1(c)** and **Question 2(c)** use the command word 'analyse'. The ability to analyse has been improving over the past few examination sessions and it is clear that candidates and centres understand the chain of reasoning required to fully answer an analytical question. However, there are still candidates who jump straight to the end of the chain of reasoning. For example, an answer to **Question 2(c)** might be that the mechanics may be more motivated by democratic management. This in itself is not analytical, as there is no impact of this. However, if the candidate states this could lead to higher profit, they may be awarded low-level analysis, but by jumping straight from motivation to profit, they have missed out the chain of reasoning. A better response would suggest that more motivation could lead to more productivity, which could lead to better customer service, which could lead to higher sales and eventually more profit. This ability to develop a chain of reasoning is the key to better AO3 marks.
- **Question 1(d)** and **Question 2(d)** use the command word 'evaluate'. This is the ability to come to a judgement and justify it in context and/or the ability to state why a judgement cannot be made or might be wrong. This is a skill that can be demonstrated at any point in an answer. However, the best responses in terms of AO4, are usually ones that make an evaluative point after each analytical point. For example, in **Question 1(d)**, a candidate might make an argument about the benefits of price skimming to Frank and then make a 'mini-judgement' based on that chain of analysis. If candidates continually evaluate their answer, then they are more likely to have the depth and breadth of evaluation required in this examination.

General comments

Both contexts seemed to be well understood. Candidates were able to use the specific pieces of context, such as Frank being a sole trader in the primary sector and RCR being a partnership in the tertiary sector.

Timing did not seem to be an issue for candidates and most completed the questions without any obvious signs of running out of time.

Some candidates chose to answer questions out of order. There is no issue with doing this, but candidates must clearly label each response, so that the examiner knows what question they are attempting to answer. There is also a danger that a candidate might mix up the two contexts. This is the most common error for candidates who answer the questions out of order.

Comments on specific questions

Question 1

(a) (i) The command word 'identify' should signal to a candidate that a brief, factual answer is required. In this question, the knowledge was one method to measure the size of a business. There are many different methods to measure the size of a business and any valid method was awarded as correct. The most common, valid answer was to measure the business by the number of employees. Revenue was also a popular answer. The most common wrong answers were profit (which is a measure of success, not of size) and market size which is a way of measuring a market, but not a single business.

Most candidates answered this question briefly and only gave one answer. However, some candidates chose to write full paragraphs, which is unnecessary for this question. A few candidates gave more than one answer. In this case, only the first answer can be marked. Candidates should be discouraged from giving more than one answer as examiners can only award the first answer.

(ii) Most candidates had a good understanding of the primary sector and were able to identify the processes (extraction being the most common) and the raw materials or natural resources involved. Where a candidate scored zero marks, it was often an error in thinking the primary sector was one of the other sectors (the most common being secondary in candidate answers).

(b) (i) This question called for a good level of understanding of break-even analysis. Candidates who were confident in their understanding of the break-even formula made quick work of answering this question and moving on. However, many candidates tried different combinations of the figures in an attempt to make some sense. This often led to large amounts of working, and there was not always a clear route through to the answer from start to finish.

The most common incorrect answers attempted to find the total revenue and then the total costs and attempt to make these equal one another. This sometimes led to trial-and-error attempts and answers that appeared close to the correct answer of 4500 oranges.

There are limited formulae to learn in the AS qualification and these must be well understood and remembered to be able to confidently tackle these questions.

(ii) This question follows on from **Question 1(b)(i)** and it was hoped that candidates would use their answer from **Question 1(b)(i)** to respond to this question. However, the majority of candidates either ignored the context or used a different piece of context in their answer.

A good answer to this question required three elements. First knowledge of a limitation of break even analysis. Without this basic knowledge, an answer will gain no further marks. The second element is to explain how this limitation might affect the business. For example, one of the most common limitations was that break even analysis assumes revenue and costs act in a consistent way (as a straight line). This is a piece of knowledge and it must be explained as to why it is a limitation to a business. The last element is context and this is simply about making sure the answer is specific to FF or Frank. Any question that specifically refers to a stakeholder or a business requires a contextual answer to gain all of the marks.

(c) Most candidates had a good understanding of sole traders and it was not uncommon for a candidate to start their answer with a definition of a sole trader. This is unnecessary for this question, as the knowledge is not of a sole trader, but specifically of the benefits to Frank of operating as a sole trader.

The two most common answers were that Frank could keep all of the profit and that Frank could make all of the decisions in the business. However, there were other benefits, such as low start-up costs and choosing his own hours or days of work, both of which could easily be contextualised by the data.

Good analysis requires a chain of reasoning. This is a series of impacts, effects, consequences or causes that show how a business or a stakeholder is likely to be affected, in this case, by a benefit of being a sole trader. For example, if a candidate states that a benefit to Frank is that he makes all of the decisions, the candidate needs to think about the chain of effects that might come from this. By making all of the decisions, Frank does not need to consult with anyone else, saving time, which could be used to grow more fruit and lead to an increase in revenue, which could increase Franks profit, leading him to having a better quality of life.

(d) All questions with the command word 'evaluate' require a judgement. This question makes the need for a judgement clear, since the wording asks for one. This seemed to make the question more accessible to candidates and more candidates were able to achieve AO4 marks than in the past.

Price skimming was a reasonably well understood topic and once a candidate had linked it to high prices, most found analysis relatively easy to achieve.

There were a number of candidates who confused skimming with penetration pricing or just 'low prices'. These answers showed a lack of basic understanding of the concept and made it almost impossible to achieve any marks for this question.

Half of the marks for this question come from AO4. However, many answers had very weak attempts to come to a judgement, or no attempt at all. Evaluation can occur at any point in an answer and the best answers include evaluation within the body of the answer, usually tying together analytical points. If a candidate leaves all of their evaluation until the final paragraph, then they have to write a considerable amount to gain all of the marks.

In this question, the judgement was whether Frank should introduce price skimming. There was no requirement that the judgement was made one way or another – examiners would accept either judgement as long as it was backed up by the answer. It would be illogical for a candidate to present only arguments that show price skimming would benefit Frank and then judge that he should not introduce price skimming, unless they can provide an argument to this effect.

A good evaluative judgement should include a clear recommendation/judgement, a justification of why that judgement is likely to be correct and context about the business or stakeholder to contextualise the judgement.

A good evaluative comment should include what the judgement depends upon (for example, why it might change in different circumstances, with different stakeholders, or at a different time). Answers should then justify why it depends upon this and give context about the business or stakeholder to contextualise the evaluative comment.

Question 2

(a) (i) The most common answer to this question was survey or questionnaire. As with **Question 1(a)(i)**, there were a number of responses that gave more than one method and only the first can be marked.

The most common incorrect answers were secondary market research methods.

Generally, this was a well-answered question.

(ii) The majority of candidates had some knowledge about qualitative data. There were a few candidates who obviously mixed up quantitative and qualitative data, but this was fairly uncommon.

When explaining a term such as this, candidates must use words other than the term itself. For example, stating that qualitative data deals with 'qualities' is a tautology and does not show any knowledge of the term since qualitative and quality are derived from the same word.
The most common, initial way to explain the term was often for a candidate to state that qualitative data is non-numerical or does not rely on numbers. This shows a reasonable understanding of the term.

Many candidates chose to give an example from the data to exemplify the term. This was a good way to show good understanding as long as the data chosen was actually qualitative. In the data, it states that 'customers like the speed of RCR's service'. The qualitative element of this is what customers like – not the speed of the service, which is quantitative (measured by a number).

(b)(i) This calculation required candidates to work out the size of the current market from the current market share of RCR. This is a slightly different calculation than candidates might have been expecting. It requires a good understanding of market share and market size and many candidates could not make the link between the figures they were given and the size of the total market.

It is important that centres prepare candidates, not just to remember the formula, but to understand how it can be used in different ways.

(ii) This is another question which is specific to the data – in this case RCR. So a good answer was one that did not just make a generic point about why a business might change its objectives, but explained why RCR might have changed its objectives over time.

The most common answer was that RCR may have already achieved their objective of increasing efficiency. However, any internal or external factor that could lead to a change of objectives was acceptable. Some candidates used the first factor they could think of and then tried to weave this into the context. A much better approach is to think about which factor is most likely to have led to a change of objectives based on the context. Answers which start from this perspective are far more likely to be correct, contextual and show a good understanding of business concepts.

(c) Candidates needed a reasonable knowledge of democratic management to answer this question and most could at least identify one advantage for RCR of this style of management. Again, the context has signposts to the most relevant data, such as the two mechanics who have knowledge that Freya and Kye do not have. This led many candidates to stating that democratic management is likely to lead to more employee involvement, better decision making, more efficient service and many other analytical points that were picked up upon.

A few candidates confused democratic management with autocratic management. It was less common for candidates to confuse it with laissez-faire or paternalistic, but some candidates did do this.

Some candidates wasted time in the exam, by attempting to evaluate their answer. **Questions 1(c)** and **2(c)** only require analysis, which is AO3. There is no requirement for evaluative skills to be shown, unless the command word is an evaluative command, such as 'evaluate', discuss' or 'recommend'.

(d) This question, as with **Question 1(d)**, requires a judgement and the wording of the question led more candidates into doing this. However, as with **Question 1(d)**, too few candidates gave enough evaluation to fully answer the question.

Candidates generally had a good understanding of Just in Time (JIT) and could argue the benefits and/or the costs to RCR of introducing it.

However, judgements were often one sentence at the end of a response and often just stated 'thus RCR should or should not introduce JIT'. A candidate must justify their judgements, not by assuming the analysis is justification enough. This can involve linking back to a previous argument (not repeating it – a conclusion is not a summary) to show which arguments are most persuasive in coming to a judgement.

As with any question using the command word 'evaluate' a judgement is required and candidates could judge that RCR should or should not introduce JIT, as long as their answer was in line with their analysis.

BUSINESS

> **Paper 9609/32**
> **Business Decision-Making**

Key messages

- With limited time available candidates may feel under pressure to start writing as quickly as possible. However, developing answers which are applied to the business context is an essential skill to access both application marks (AO2) and higher-level evaluation marks (AO4). It is therefore recommended that candidates read the questions first before reading the case study. Candidates can then highlight elements of the text that will help answer the questions. It is advisable to spend up to 10 minutes reading the case study to understand what business activity the company is engaged in and its objectives as well as the internal and external influences shaping business decisions. The time spent reading and understanding the data and the questions should be beneficial.
- It is important for candidates to return to the relevant sections before answering each question, as the case study includes 'signposts', to assist candidates in keeping their responses focused and relevant. Making a brief plan for **Questions 3(c), 4(b) and 5** may facilitate more focused answers.
- Candidates should allocate approximately 1.5 minutes per mark for planning and writing answers, so a 12-mark answer should take around 18 minutes to plan and write.
- Numbers and calculations can provide strong contextual data to use in answers. For example, in **Question 2** the difference in the current ratio and the acid test ratio was a clear indication that the business was holding relatively large amounts of stock which would impact liquidity. Candidates should be encouraged to use numerical data where possible and make relevant calculations to support analysis and evaluation.
- Structure answers in relation to the command word given in the question. Evaluate questions require chains of analysis and supported judgement, whereas analyse questions only require chains of analysis.
- A good chain of analysis should have a minimum of two links.
- To access higher level evaluative marks, it is necessary to make judgments and balance argument in context of the case business. Evaluative comment should be made throughout the answer and not just in the conclusion. Use the wording of the question to focus judgments, for example, in Question 5 'this demonstrates that the most likely impact of monetary policy changes on IPA is an increase in demand for smartphones.'
- **Questions 1** and **2** do not require any evaluative comment.
- Limit answers to **Questions 1** and **2** to analysis of two points.
- Candidates should use additional answer booklets rather than extending answers on the blank pages at the back of the main answer booklet.

General comments

The majority of candidates answered all of the questions and there was no evidence of time being a constraint on achievement. The case material was used effectively by many candidates to provide context to answers and a base for making evaluative comment on the 12-mark questions. However, some candidates developed multiple chains of analysis to make their points, particularly on **Question 3(c)**. This reduced the time available to answer other questions. Given that 50 per cent of marks are for evaluation on 12-mark questions this should be the focus of candidate answers rather than providing chains of analysis that do not lead to a judgment.

Candidates need an in-depth understanding of all concepts in the syllabus. Some candidates demonstrated an incomplete understanding of concepts and gave only superficial answers that did not use business terminology accurately. This was particularly evident for **Questions 2** and **4(c)**.

Candidates typically completed their responses within the confines of the structured exam booklets provided. This helped ensure that answers were brief and focused on a limited number of key points. This often resulted in more effective analysis and evaluation than those candidates who attempted to cover all possible arguments.

Comments on specific questions

Question 1

Some candidates provided lengthy definitions of employment contracts detailing the information that a contract would include before then commenting on the difference between a full-time contract and a zero hours contract. Such depth in explaining the key terms was not necessary and at most could be awarded one mark for knowledge. A simple observation that zero hours contracts do not guarantee employees any work hours was sufficient to lead into analysing an advantage and disadvantage of such contracts to IPA. Most candidates identified that zero hours contracts could reduce employment costs as IPA could vary the quantity of labour in relation to demand. Effective context came from noting that there was seasonal demand for IPA's refurbished smartphones and that at times of festivals more employee hours were needed. Zero hours contracts facilitate meeting increases in demand without the need to recruit new workers or with the cost of paying full-time employees during periods of lower demand.

Candidates commented on a range of possible disadvantages, but these were not always linked to an impact on IPA. Some candidates commented that zero hours contracts could result in employee dissatisfaction due to reduced hours of work and therefore wages impacting living standards. However, such argument does not analyse the disadvantage to IPA. Better answers commented on the potential impact on employee motivation of the change and argued that there could be an increase in labour turnover and therefore costs particularly as the employees were skilled and with a growing market could find employment with other businesses.

Candidates should always take note of the command word in the question. The command word 'analyse' means that no judgement is required. A few students devoted valuable exam time to writing a conclusion that balanced the advantage and disadvantage of zero hours contracts. Such argument was not rewarded by examiners.

Question 2

Knowledge provides the basis for demonstrating higher level skills so it is essential that students can accurately explain and apply terms that appear in the syllabus such as liquidity. Many candidates had only a partial understanding of the term and some thought it was about profit. Better answers defined liquidity as the ability to pay short-term debt or referred to having the working capital necessary for the day to day running of the business.

There were some strong answers that used the case information to analyse two methods to improve liquidity. For example, good understanding was demonstrated by comparing the acid test ratio with the current ratio to identify that IPA held a relatively significant amount of inventory. Thus, reducing inventory could bring forward cash inflows and reduce cash outflows, therefore improving liquidity. Other good answers commented on IPA's management of cash flow observing that there had been an increase in trade receivable turnover in days and coupled with the immediate payment by IPA to sellers of smartphones, liquidity problems could result. Thus, candidates suggested reducing the 'generous' credit terms given to business start-ups could improve liquidity.

There were some unrealistic methods suggested for improving liquidity. The most common was to suggest that IPA become a public limited company in order to raise more capital. This would involve significant cash outflows in preparing for a listing and would not be an appropriate approach to raising funds for working capital.

To achieve full marks candidates must analyse two methods of improving liquidity with context being demonstrated for each method. However, some candidates tried to analyse more than two methods of improving liquidity. Although this rarely resulted in a lower mark being awarded for **Question 2** it is not an effective use of time and is likely to reduce the time available for answering other questions.

Question 3

(a) Most candidates correctly calculated IPA's market share as 0.87 per cent. A few answers missed the percentage sign or incorrectly rounded their answer and were therefore only awarded one mark. Some candidates could not identify the relevant data required to make the correct calculation. For example, some used the data for market sales in 2025 rather than 2024. Candidates should be advised to state the relevant formula to ensure that knowledge marks can be achieved.

(b) Most candidates were able to calculate the percentage market growth but a few calculated IPA's increase in sales rather than the increase in the size of the market.

(c) Most candidates started their answer with a definition of the marketing mix and then identified a change proposed by the Marketing Director to analyse. Candidates focused on the proposed reduction in price of 5 per cent, arguing that this could result in an increase in demand and therefore sales volume. Good answers demonstrated context by linking the price change to the data on price elasticity of demand, commenting that as customers were price sensitive the reduction in price would result in a more than proportionate increase in quantity demanded and therefore sales revenue would increase, contributing to the marketing objective of 60 per cent sales growth. Some candidates' understanding of the impact of a price reduction was limited and frequently it was assumed that with higher sales there would be higher profit. However, only stronger candidates recognised that profit depends not only on revenue but also on costs. Thus, without knowledge of costs it is not possible to determine the impact on profit. Good answers argued that the reduction in profit margins could result in less profit being made by IPA.

Candidates also analysed the impact of the change in method of promotion. Comments were made on the likely cost of non-digital advertising with most answers arguing that it could be more expensive and linking this to the liquidity problems faced by IPA. Others showed context by referring to promotional elasticity of demand, observing that demand was relatively unresponsive to increases in promotional spending. This led to some candidates stating that the increased promotion was not worthwhile, but better answers were more nuanced in their evaluation noting that there could be a difference in the promotional elasticity of demand for different forms of promotion and that even if demand was promotion inelastic, there could still be a significant increase in demand and profit following increased promotion.

The question directed candidates to consider the specific changes to IPA's marketing mix being proposed by the Marketing Director. Weaker answers tended to just paraphrase sections of the text relating to the marketing mix without showing any development of argument or demonstrating context by applying the changes to the circumstances of IPA.

Question 4

(a) Most candidates understood that their answers should be placed in the nodes on the network diagram in the answer booklet. Many candidates gained two marks by correctly identifying the latest finish time of Activity D and the earliest start time of Activity G. A few candidates added a new node linked to Activity G – this was unnecessary. There were a significant minority of candidates who did not understand how to complete the nodes and often appeared to insert random numbers.

(b) This was a more challenging question with many candidates correctly stating the formula for calculating the total float for Activity F but who were then unable to identify the correct information from the network diagram to derive the correct answer of four weeks.

(c) Many candidates started answers with a concise definition of Critical Path Analysis as a tool for planning projects using a network diagram to show the sequence of activities required to complete the project. Benefits identified by candidates included more efficient management of resources and estimating when the project would be finished. Analysis was developed by linking resource management to cash flow as CPA enabled managers to identify when resources were needed so that there was a more efficient use of labour, for example. Good answers demonstrated context by referencing their answers to **Questions 4(a)** and **(b)**, for example, noting that the removal of the old machinery had float of four weeks and was therefore not a 'critical activity'. However, many answers lacked depth of understanding of CPA so could not develop meaningful analysis with comment resorting to assertion without any underpinning chains of reasoning.

Strong answers provided counter balancing argument by considering the limitations of CPA, such as external factors, that could cause timings to be inaccurate such as the time to order and deliver machinery from Europe being disrupted by transport difficulties. The best answers recognised that CPA was an important tool for planning as it provided a framework for monitoring progress, allocating resources and making it more likely that disruption from investments, such as the factory extension, could be minimised.

Question 5

There were some lengthy answers to this question with a few candidates lacking focus on discussing the actual changes suggested in the case study. There was generally a sound understanding of fiscal policy as government spending and taxation, and monetary policy as changes in the rate of interest. However, some answers analysed how the current economic conditions in Country N were likely to impact IPA, rather than how increased government spending, a reduction in income tax and a reduction in interest rates would impact IPA.

A few candidates misunderstood some of the changes proposed. For example, it was common to assert that a reduction in taxation would enable IPA to retain more profit for expansion. However, the context was a reduction in income tax rather than corporation tax.

Most candidates argued that the fiscal and monetary policy changes would be broadly positive as each change could potentially increase sales for IPA. Developed analysis was shown by linking the cut in income tax to an increase in household disposable income and therefore an increase in demand for smartphones from IPA. Context was provided by noting that a smartphone could be considered a luxury purchase and therefore demand might be income elastic. Answers also made effective contextual links between government incentives to businesses to improve mobile connectivity and IPA sales to rural communities in the future. However, only really good answers showed effective evaluation, noting for example that improvements to mobile connectivity might take a long time to implement or that with higher disposable income households might switch to purchasing new smartphones rather than refurbished models. Demonstrating a balance of argument in context is essential to achieving higher-level evaluation marks and this was frequently missing from answers.

BUSINESS

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Paper 9609/42
Business Strategy
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Key messages

This examination is the culmination of an A level course and, as such, it requires developed skills in all four assessment objectives. Each question requires candidates to demonstrate all four assessment objectives and to weave these into a strategic answer.

- AO1 knowledge is the most basic assessment objective, but also one of the most important. Without knowledge and understanding, no marks can be gained. For example, on **Question 1**, there must be some knowledge of what a marketing strategy is, to be awarded any marks at all. The same is true about leadership in **Question 2**.
  AO1 is split into two levels. Limited knowledge is only worth one mark and is implied or basic knowledge of a term. For example, that the 4Ps (product, price, promotion and place) are part of a marketing strategy.
  For candidates to show developed knowledge (2-3 marks) there must be a development of the limited knowledge. For example, on **Question 2**, the candidate may be awarded limited knowledge for some knowledge about leadership – however if this is developed with more detail (explained), then this will be awarded a L2 AO1 mark.
- AO2 is about application of context. This is when a candidate uses a piece of context within another skill. It may be applying a piece of knowledge (AO1), used in a chain of analysis (AO3) or part of a justified evaluation (AO4). However, candidates who simply repeat or copy the context will not be credited with AO2 marks.
- AO3 is analysis and has three levels; limited analysis (L1) which requires a simple impact, effect, cause or consequence, developed analysis (L2) which develops into a chain of analysis (more than one effect chained together to show the full effect on the business or stakeholder) and strategic analysis (L3) which requires two or more strands of analysis woven together, or to develop the analysis of a point on both sides (positive and negative).
- AO4 is evaluation and requires a judgement. The command words used in both questions (evaluate for Question 1 and advise for **Question 2**) require a judgement and it is expected that candidates, at the end of the A level course, have the skills and knowledge to be able to give a reasonable answer to these questions.
  The vast majority of questions have two sides. In this examination, the two sides of **Questions 1** are that the marketing strategy was good/effective/suitable etc, and that is not. As long as the judgement is a logical step from the analysis, then the examiner will look to try and agree with the candidate and award the marks. Examiners are not looking for correct answers – they want the perspective shown through the analytical arguments made.

General comments

Candidates seemed to cope well with the timeline and appendices. Some candidates still attempt to analyse every piece of data from the timeline and appendices and inevitably run out of time. In most cases this is shown by a lower mark on **Question 2**, than **Question 1**.

It is perfectly acceptable for candidates to prioritise the data which they believe is most important to answer this question. This will mean that some data is not referred to and that is fine as long as the most relevant data is used. Having the confidence to only focus on the most important data is a skill that centres can help candidates to achieve.

Comments on specific questions

Question 1

This question was well answered with the majority of candidates able to identify aspects of a marketing strategy. The best approach was generally when a candidate brought together one or more analytical arguments to show how the marketing strategy was beneficial for DCE and then repeated this for the most likely negative argument(s). This often allowed a candidate to develop strategic analysis, which is the top level of analysis (AO3) in this examination.

However, many candidates took a different approach, which was often to analyse pieces of the data in chronological order. In other words, the candidate went through the timeline and appendices in order and analysed each piece of analysis. Whilst this can lead to good, developed analysis (where the candidate has a chain of reasoning), it rarely leads to strategic analysis, which requires more than one piece of evidence or perspective to be used.

The nature of a strategic examination is to reward candidates who can think, analyse and evaluate in a strategic way. This means that each argument is unlikely to carry the same weight as another. It is the role of the candidate to decide which evidence and which points are most important when making the judgement over DCE's marketing strategy.

For this question, that meant not attempting to analyse every marketing decision that DCE made in isolation, but to combine the positive elements of the marketing strategy (not all of the positive points, but perhaps the two or three most positive points) into one analytical argument and then to repeat this for the other side of the argument. Candidates do not need to use every piece of data – only the pieces they judge to have the most importance.

Candidates only require two arguments that reach L3 analysis to gain all of the AO3 marks in this question. This could be two arguments that have developed analysis on both sides of the argument (positive and negative) or two arguments that pull together at least two strands of an argument (sometimes called multi-strand strategic analysis). For example, a candidate may decide that they will analyse the entirety of DCE's promotion throughout the timeline. This could involve a number of strands; DCE's social media and website in 2019, social media subscribers increase rapidly in 2020, DCE relies on word of mouth promotion also in 2020 and the contents of DCE's new promotion plan in 2022 (Appendix 2). Instead of a candidate attempting to analyse each of these decisions, the best candidates will draw all of these strands together and then analyse the whole of DCE's promotion as part of its marketing strategy. This is the skill of multi-strand analysis.

The command word for this question is 'evaluate'. Therefore, to achieve AO4 marks, a candidate must give a judgement, or an evaluation of why a judgement cannot be made, or what that judgement might depend upon. There are still a significant number of candidates who are not coming to a clear judgement within their response. 40 per cent of the marks for this question come from AO4 evaluation, so it is not unreasonable to expect a significant proportion of the response to target this assessment objective.

Candidates are free to make whatever judgement they feel they have arrived at. A response which comes to the judgement that DCE's marketing strategy was terrible can be as valid as a response which makes a judgement that the marketing strategy was good. As long as the judgement leads on from the analysis (which makes it valid), any judgement that answers the question is accepted.

Another misunderstood element of AO4 evaluation is the need for context to achieve L3 AO4. The rationale for this is that candidates have been asked for a judgement related specifically to the business in the data (DCE in this examination). Therefore, any judgement that is made should not be generic. The candidate has not been asked for a general judgement for any business – they have been asked for a specific judgement about DCE, and this should be what the candidate is writing. This is why context (at the top level for AO4) is essential. In this question, there needed to be context so that the answer is specific to DCE and not another similar business.

Question 2

Question 2 on this examination has a command word which is only used on Paper 4 – 'advise'. In reality, there is little difference between 'evaluate' and 'advise', but on this examination, it is there to inform the candidate to come to a decision that could be given to DCE to 'ensure the survival of DCE'. Advice is usually asked for about a future decision. In this case it is about the importance of transformational leadership to DCE. Candidates should imagine they have been asked by DCE for advice over this issue and therefore the conclusion/judgement must include this advice to DCE. Candidates who target their analysis and evaluation at giving advice are more likely to have a suitable and valid answer to this question.

The nature of a question asking candidates to advise, is that it will depend on many external and internal factors which are fairly unknown. All of the data in the timeline and appendices is about the past for DCE. This gives a foundation which transformational leadership can be built upon, but the answer to the question does not lie in this data.

As with **Question 1**, the best analysis comes from strategic analysis and the techniques for writing in this way are the same. Some candidates pull together a number of strands of transformational leadership (for example, the traits needed by transformational leaders such as confidence, empathy and charisma) and analyse how all of these elements pulled together may be a reason why transformational leadership is important for DCE. The other approach is to develop the analysis of each point and to look at each from both the negative and the positive sides.

Transformational leadership can include aspects of other leadership and management styles, so candidates were free to use a large range of knowledge and understanding to answer this question.

The best evaluations came from candidates who attempted to give DCE advice upon which they could act to ensure the survival of the business. Where candidates had specifically targeted their answers to the future of DCE and focused on the extent to which it is necessary to ensure the future of DCE (or not), this evaluation often led to high marks.

The most common errors in this question were from candidates who may have started their answer about transformation leadership but then digress into other areas of the business. For example, it is possible to come to a judgement that transformational leadership is not important. This is a reasonable judgement as long as it relates to transformational leadership. However, often candidates who chose this route, just argued that something else is more important and spent a significant amount of time analysing and arguing that this is more important. Again, as long as this is in direct reference to transformational leadership, then it can be valid. However, if the candidate just analyses, for example, that operations is far more important, without analysing why transformational leadership is not important, then they are not answering the question and will have written much of their answers for zero marks.