BUSINESS

Paper 9609/11
Business Concepts 1

Key messages

- Candidates are reminded that definitions for **Questions 1(a), 2(a)** and **3(a)** may come from any part of the syllabus and to prepare accordingly.
- Candidates are reminded that **Questions 1(b), 2(b) and 3(b)** do not require a definition of the terms 'empowerment', 'competitive pricing' and 'labour intensive operations'. Candidates are advised to focus on the 'limitations' and 'disadvantages' when answering these questions.
- Candidates are advised to pay close attention to what is asked for in the questions. **Question 4** asks for **ONE** way to be analysed, and **Questions 5(a) and 6(a)** for **TWO** ways to be analysed.
- Whilst candidates did gain marks for knowledge and analysis, many failed to build upon this and attempts at application and evaluation were often limited. Up to six evaluation marks can be awarded for answers to **Questions 5(b) and 6(b)**. To access evaluation marks candidates need to make a critical comment or judgement rather than repeat what they have already said. It must be noted that candidates can only access Level 3 evaluation by placing their evaluation in the business context. This means using relevant contextual words and not merely repeating the words 'computer entertainment business' or 'small businesses. Examples may include terms such as for **5(b)**; watch movies online, play games online, listening to music, streaming. For **6(b)**; small local shops, small numbers of employees, relatively low annual revenue/turnover, and niche market. Without such specific references, simply repeating 'computer entertainment business' or 'small businesses will not count as application and will limit the marks given.

General comments

- Candidates found this an accessible paper and showed a good knowledge and understanding of the syllabus in both parts of the paper.
- Candidates demonstrated reasonably good knowledge, understanding and analysis when answering ***section B***. However, it is important to focus on the specific demands of the question ensuring answers are contextual and that an opinion or judgement is based on analysis. Too many candidates failed to gain application or evaluation marks on **5(b)** / **6(b)** which are a significant amount of the total marks.

Comments on specific questions

Section A

Question 1

(a) Candidates generally found this question difficult with the majority only giving partial definitions. Stronger answers tended to give precise definitions to include the responsibility or challenge involved in job enrichment and how this motivated employees. Weaker answers confused job enrichment with job rotation.

(b) This question was generally well answered with most candidates understanding how empowerment could be a disadvantage to a business. Responses to this question covered a range of disadvantages, for example, leads to inefficiency, resentment by some workers, employees lack ability or abuse power given to them, employees become stressed, demotivation if not recognised through higher pay. A few candidates failed to understand the question, instead they gave responses that empowerment motivates employees and boosts productivity. Candidates are reminded that a definition of empowerment is not required for this question.

Question 2

(a) Candidates tended to struggle on this question with many unable to give precise definitions. Stronger answers understood that businesses charged different prices to different customers for the same product. Most candidates gained one mark for reference to a business selling a product at different prices. Weaker answers tended to confuse price discrimination with competitive pricing or price skimming.

(b) Most candidates were able to explain one disadvantage to a business of using competitive pricing and gained at least 2 marks. The most common disadvantage was its potential to lead to low or no profits. Stronger answers tended to be able to include a developed explanation that referred to the impact of low profits on the inability to cover costs of production, and the potential if not corrected to cause business failure. Weaker answers tended not to develop the disadvantage sufficiently or would list a different disadvantage. Candidates are reminded they only need to explain **one** disadvantage.

Question 3

(a) This question was generally well answered with most candidates gaining at least one mark. Stronger answers included both parts of the definition i.e. depends more on machinery than labour. Weaker answers tended to state 'mainly uses machines'.

(b) Candidates performed well on this question with many gaining 3 marks. Most correct answers focused on the following: labour may be less efficient, require training, get tired, lower productivity, have to pay wages. Candidates who gave these limitations were often able to gain at least one further mark for application. Candidates are reminded to only give one limitation and develop that point as some candidates gave two limitations which could not be rewarded.

Question 4

This question was reasonably well answered with candidates generally gaining 3 marks or more. Candidates demonstrated good knowledge and understanding of the different ways that a business might fail due to lack of finance with the most common responses being; insufficient cashflow, lack of working capital and inability to pay wages. Application tended to be weaker than analysis with most candidates only gaining one mark out of two for this. This was due to candidates failing to fully explain why the impact occurred i.e. what is insufficient cashflow or working capital. Analysis tended to be stronger, though candidates are reminded that there are only two marks for analysis and two marks for application, so equal weighting should be given in responses.

Strong answers to this question developed a way such as insufficient cashflow by explaining how this might be creditors not paying on time or lack of sales revenue, which means they are unable to pay their day-to-day expenses or wages, which could lead to supplier issues/employees going on strike and potential bankruptcy/closing down if it is not controlled. Weaker answers tended to not sufficiently develop each way in enough detail and would often repeat the term 'lack of finance' as an attempt at analysis.

It is worth noting that candidates only need to analyse **ONE** way that a business might fail due to lack of finance and focus on developing that point, as no additional marks are awarded for giving a second way.

SECTION B

Question 5

(a) This question was generally well answered with many candidates gaining at least four marks. Candidates often started their response with a definition of business enterprise. This gained no marks as knowledge is only rewarded for stating the way business enterprise helps the development of a country, for example, by creating jobs. Candidates generally demonstrated good knowledge of the different ways business enterprise can help the development of a country. Examples included, economic growth, job creation and demand for goods and services. Stronger answers explained why jobs would be created, for instance, because new businesses require staff. These answers then progressed onto analysis with reference to how this developed the country, for instance, workers standard of living improved due to wages which in turn led to more taxes being paid, which could lead to government spending on infrastructure and public services. Weaker answers were only able to suggest one way and failed to develop their points sufficiently, often focusing on how the business developed (more sales/profits) and not how the country developed.

(b) Candidates tended to do reasonably well on this question with most candidates in the 5 – 7 mark range. Candidates demonstrated a good knowledge and understanding of intrapreneurship with reference to promote new ideas, inspire creativity, source of innovation. Application was poor for this question with very few candidates gaining marks. The context for this question is a computer entertainment business. Relevant terms include; watch movies online, play games online, listening to music, or streaming. Just stating 'computer entertainment business' is repetition of the question and does not gain application marks. Better answers tended to do well at analysis of new ideas/innovation, with reference to improved sales, competitive advantage, lower labour turnover and increased market share. Weaker answers discussed entrepreneurs starting up a new business which was not answering the question. Overall, most candidates attempted evaluation at the very end of their essay. A common error even in stronger responses was to not contextualise the evaluation which meant the answers were unable to access the level 3-mark band. Candidates are reminded that 6 marks are available for evaluation and would require more than a single two- or three-line sentence at the end of the essay to gain developed evaluation.

Question 6

(a) This question was generally well answered with many candidates gaining four or more marks. Most candidates clearly understood the ways international markets may present different challenges to a business than national markets and were able to provide some appropriate application and analysis. The most common challenges discussed were different cultures, language barriers, trade barriers, and competition with established businesses.

Analysis was generally limited and candidates would benefit from extending their answers when discussing each challenge. Stronger answers developed a challenge, such as tariffs, by explaining how trading with the US may be more expensive now due to increased tariffs which could make their goods more expensive and therefore reduce exports. Weaker answers tended to focus on how marketing was more difficult as the business did not know the target audience but failed to gain analysis marks by not explaining the impact on the business, such as low sales or inability to get a foothold in the market.

Some candidates included an unnecessary introductory paragraph about international and national markets and would be advised to start their response straight away with the first challenge businesses face.

(b) Overall, this was a reasonably well answered question with most candidates having some knowledge of customer relationship marketing (CRM). Most marks were in the 5 – 8 range. Those candidates that did understand what CRM was were also able to apply their responses to the context of a small business, though this was often limited.

Stronger responses were able to discuss the importance of CRM and the impact this can have on the business, such as creating a long-term customer relationships and customer loyalty, which is essential if a small business wants to grow. Weaker answers tended to focus on general marketing within a business and gained only limited knowledge and analysis marks.

Evaluation was generally limited, and candidates are reminded that they need to include context in their final evaluation to access Level 3 evaluation. Context might include specific characteristics of small businesses such as; employ few employees, use word of mouth, serve niche markets, small family shop.

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Business Concepts 1

Key messages

- Candidates need to be clear about the requirements of **Questions 5(a)** and **6(a)**. The requirement is to analyse **two** disadvantages or **two** advantages. Some answers contained three rather than two disadvantages/advantages. This does not gain any more marks and may well waste valuable examination time that could be used elsewhere. Some answers gave only one disadvantage/advantage rather than two. If this was because of a misinterpretation of the question, it was a needless loss of marks.
- There were a number of examples of candidates seemingly running out of time when answering **Questions 5(b)** and **6(b)** and giving just a one sentence evaluative conclusion. There are six evaluation marks available for each of these questions. Candidates are reminded of the significance of a substantial concluding essay section where a clear evaluative judgement is made, supported with relevant comment, analysis, and contextual examples. The contexts of hospitals and hotels should have provided plenty of opportunities to frame these concluding evaluative sections with strong contextual activities and examples.

General comments

- This paper was well answered by many candidates who were able to sustain a good and consistent level of performance across a range of questions. Having said that, it was also clear that candidates were not so confident in answering questions taken from the Finance section of the syllabus. This was particularly evident with only a small minority of candidates choosing to answer **Question 6**. There were also a significant number of relatively poor answers to **Question 6**.
- Candidates are reminded to spend some time to carefully read a question before commencing an answer. This reading time may well ensure that a question is clearly understood. A number of answers to **Question 5(a)**, for example, incorrectly analysed disadvantages of an autocratic management style to the business rather than to employees.

Comments on specific questions

Section A

Question 1

(a) Most candidates identified a *mission statement* as a business statement setting out the objectives or goals of a business. Definitions that indicated a clear understanding of the term referred to a formal written summary phrase or communication issued to give direction to internal and external business stakeholders. A few weak answers referred to a marketing slogan rather than a formal statement of business values, purpose, and goals.

(b) This question required an explanation of one disadvantage to a business of having corporate social responsibility (CSR) as a business objective. It was generally well answered with many answers correctly suggesting that CSR would likely increase business costs (such as purchasing more sustainable raw materials) and consequently reduce profits or sales. Some successfully argued that there might be a conflict between different stakeholders as a business was deflected from bottom line objectives in pursuit of more social objectives and aspirations. Weaker answers offered lengthy definitions of CSR but left little room or time to give a developed explanation of a disadvantage of incorporating CSR as a business objective.

Question 2

(a) Candidates were required to define the term *involuntary redundancy*. Most answers showed a clear understanding of *redundancy* – a situation where an employee loses a job that is no longer needed, but were not able to explain that *involuntary* redundancy is where the employee does not consent to the redundancy. Some weak answers confused involuntary redundancy with job losses associated with poor performance or contract-breaking activities.

(b) This question required candidates to explain one way a business could use employee development to encourage multi-skilling. This question was well answered with answers identifying and explaining strategies such as training, job rotation, or job enrichment as ways to develop multiple skills. Some saw motivation through promotion as a valid way of encouraging multi-skilling. A large number of answers scored the full three marks for this question. Those answers that scored only one or two marks did so because they identified, for example, training as a method but failed to connect the method to skills.

Question 3

(a) Candidates were asked to define *inventory re-order level.* Most candidates correctly recognised that this question related to the re-ordering of inventory and were able to demonstrate partial understanding of the term by linking it to a decision to re-order inventory. Stronger responses showed clear understanding that the term refers to the level of inventory that triggers a re-order. This was generally well answered.

(b) This question was also well answered. Candidates were asked to explain one advantage to a business of holding buffer inventory. Strong answers explained how buffer inventory helps businesses respond to unexpected demand, supplier delays, or operational disruptions. These answers then linked these situations to improved customer satisfaction, and business continuity often giving scenario examples such as natural disasters or seasonal spikes in demand. Weaker answers confused the concept with just-in-time (JIT) inventory management and incorrectly focused on low inventory holding costs.

Question 4

Candidates were asked to analyse one reason why a business may use cost-based pricing. This was generally well answered with valid reasons for using this method given as covering all costs, ensuring a profit margin, ease of calculation, and supporting low-price strategies. Exemplified application examples were often given in strong answers together with some very good analysis. Some weak answers incorrectly claimed that this method impacts cash flow, revealing a poor grasp of the difference between profit and cash.

Section B

Question 5

(a) Candidates were required to analyse two disadvantages to employees of an autocratic management style. The knowledge of autocratic management was strong, and most candidates identified disadvantages such as demotivation, lack of involvement in decision making, and lack of opportunities for creativity and innovation. However, some candidates misinterpreted the question and analysed the disadvantages in terms of the *business* rather than *employees.* These answers were thus not able to access the four analysis marks. This shows the importance of reading the question carefully before commencing an answer.

(b) Candidates were asked to consider if the contribution of managers to the business performance of a hospital was less important than the contribution of medical employees. Strong answers developed relevant analysis of managerial and medical roles and responsibilities and presented strong contextualised evaluation- for example how managers ensure a hospital is resourced with qualified staff and equipment, or how medical staff directly affect patient outcomes. Such answers presented strong contextualised conclusions and judgements by comparing the contributions of each group to hospital performance. Weaker answers failed to develop analysis in context and simply presented some very general statements about managers and medical personnel.

Question 6

(a) **Question 6** was a less popular essay question. It seemed to be chosen either by candidates who had a good knowledge and understanding of accounting or by candidates who had little understanding of sale and leaseback or of budgets. Candidates were required to analyse two advantages to a business of using sale and leaseback of non-current assets as a source of finance. Some weak answers suggested that *leaseback* refers to a business leasing its non-current assets to other companies in return for the receipt of a rent. However strong candidates showed clear understanding of the technique and were able to give good explanations of its advantages such as quick cash inflow, no debt, more flexibility etc. The strongest answers were able to introduce accounting concepts such as gearing and cash flow.

(b) Candidates were asked to consider whether the use of budgets is the most effective way to monitor the performance of a hotel. Strong answers showed good understanding of budgets and of variance analysis and applied these concepts competently to a hotel context often comparing with other methods of performance monitoring such as guest reviews and levels of profit. Weaker answers could only show very limited knowledge and understanding of budgets and were unable to contextualise general statements and conclusions to the hotel context-unlike strong answers that focused on performance metrics such as cost control in housekeeping and food services or room occupancy levels.

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Key messages

- When answering **Questions 5(a)** and **6(a)** candidates are required to analyse **two** benefits or advantages. A number of candidates gave three benefits or advantages rather than two - this does not gain any more marks and may waste valuable examination time that could be used elsewhere. Some candidates gave only one benefit or advantage rather than two. If this was because of a misinterpretation of the question, it was a needless potential loss of marks.
- Many candidates give only generic answers to essay **Questions 5(b)** and **6(b)** and do not give examples of the context given. Strong answers to **Question 5(b)** for example made explicit references to the context of a 'fashion clothing manufacturer' with references to fads and design fashions in garments and referenced different kinds of fabric such as cotton and leather.
- Candidates are reminded to make substantial and supported judgements in answers to **Questions 5(b)** and **6(b)**. A one-line judgement in an essay conclusion will be given only a maximum of one mark. Candidates are recommended to present a developed concluding essay section which contains supporting analysis **and** clear context examples for a clear judgement decision. There are potentially six marks for such a concluding section.

General comments

- Many candidates were able to sustain a good and consistent level of performance across the range of syllabus sections. It was clear however, that many candidates were not confident when answering questions drawn from the Finance section of the syllabus. This was particularly true in relation to the lack of strong answers to **Questions 2(a)** and **2(b)**. Given the lack of knowledge and understanding of budgets some candidates were effectively limiting themselves to a maximum total of 35 marks rather than the 40 notionally available.
- The choice of essay **Question 5** did not always signify a choice made out of an acknowledged strength of syllabus/subject expertise. Many of the answers relating to break-even analysis and cash flow forecasting were not always strong.
- Candidates are reminded to spend time carefully reading a question before commencing an answer. The time spent is important to prevent a misinterpretation or miss-reading of a question leading to the potential loss of vital marks.

Comments on specific questions

Section A

Question 1

(a) Candidates were required to define the term *motivation.* The majority of answers presented a clear definition of this business concept focusing on factors that encourage the desire of employees to perform well at work. Weak answers were unable to replace the word 'motivate' with alternative words such as encourage, drive, or interest.

(b) This question required an explanation of one benefit to a business of having motivated employees. This was confidently answered with popular benefits given, such as increased productivity, lower absenteeism and stronger work cultures. Strong answers developed a chosen benefit with two pieces of linked explanation.

Question 2

(a) Candidates were required to define the term *incremental budgets.* This proved challenging to many candidates with only a minority of answers demonstrating a clear understanding of the concept - a budgetary process using a previous budget as the basis for a new budget having made appropriate adjustments/changes to that previous budget. There were many vague and incorrect definitions with only a small percentage of candidates scoring the maximum two marks.

(b) This question proved to be equally demanding as **Question 2(a)**. Candidates were required to explain one advantage to a business of using variance analysis. Only a minority of candidates were able to show clear understanding of variance analysis – calculation of the differences between budgets and actual business performance, and analysis of the reasons for such differences. Strong answers used this definition to explain how variance analysis could assist a business in assessing business performance, in highlighting areas of business requiring attention, and in making better future decisions. Weaker answers resorted to general statements about the advantages of budgets and/or thoughts that variance analysis was simply about analysing data. A significant number of candidates gave no answer at all to either **Question 2(a)** or **Question 2(b)**.

Question 3

(a) Candidates were required to define the term *Just-in-Time (JIT)* This question was confidently addressed by a majority of candidates, presenting a definition such as - 'an inventory management system that ensures that supplies arrive just when needed thus removing the need for inventory to be held in storage' – to demonstrate a clear knowledge and understanding.

(b) Candidates were then required to explain one disadvantage to a business of using Just-in-Time (JIT). Many strong answers cited examples of supplier delivery delays and business inability to respond to spikes in demand to illustrate the potential disadvantages/limitations of JIT. Unfortunately a number of candidates mis-read the question and incorrectly focused on the *advantages* rather than the *disadvantages* of using JIT.

Question 4

This question required candidates to analyse one advantage to a business of using mass marketing.

Many answers were able to access 4 – 5 marks. Advantages given included reference to opportunities and developing the business brand. Strong answers applied and analysed such potential advantages to access these higher marks. This question was confidently answered.

Section B

Question 5

(a) Candidates were required to identify and analyse two benefits to a business of using break-even analysis. The most popular benefits given included the provision of information relating to a range of important business decisions such as assisting with the setting of a pricing strategy, indicating the amount of revenue a business can secure at different levels of output, and providing evidence in a business plan in support of loan applications. Weak answers produced only very limited analysis of the chosen benefits.

(b) This question required an evaluation as to whether cash flow forecasting was the most important activity for the success of a fashion clothing manufacturer. Strong answers demonstrated a sound understanding of cash flow forecasting pointing out that an estimate of future cash positions is critical for a fashion clothing manufacturer as it purchases fabrics to convert into garments such as dresses, trousers, skirts, jumpers and T-shirts, all of which need to be trendy and fashionable. Those few candidates that provided strong context examples of fashionable clothing manufacturers referred to the variety of fabrics used (wool, cotton, leather) and to the level of creativity/innovation in clothing design work. Weak answers often focused on the general value of cash flow forecasting only, and were unable to apply or analyse the concept in terms of the context given in the question.

Question 6

(a) Candidates were required to analyse two advantages to a business of making ethical decisions. This question was confidently answered with strong answers citing the following as advantages of making ethical decisions - enhancing business and brand recognition, improving customer interest/support, trust and loyalty, increasing employee morale, attracting employees/investors, and securing the support and involvement of government. The analytical points given made reference to the likelihood of increasing the customer base, attracting highly skilled employees, and developing a USP/competitive advantage. Weaker answers while able to identify valid advantages, were not able to either apply or analyse those advantages to any significant level.

(b) This question required candidates to evaluate whether employees are the most important stakeholder group in a primary sector oil and gas business. Weak answers failed to relate to the context of a primary sector business and resorted to general analysis of business with a focus on stakeholder issues. They also often failed to develop any evaluative comment or judgement. Strong answers analysed the role of employees in businesses such as oil and gas extraction and often discussed the balance between the use of employees and alternative machinery-driven processes. These strong answers also enriched the context of answers by referring to primary sector situations such as the potential risks for employees in drilling for oil in offshore oilfields.

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Key messages

The mark scheme clearly shows how the marks are awarded based on the assessment objectives. Candidates need to direct their responses to demonstrating these skills in answer to the question. For example, **Question 1(a)(ii)** has one AO1 (knowledge and understanding) mark and two AO2 (application) marks. Therefore, candidates who spend too long defining the term, may not have enough time left to gain the application marks.

It is important that candidates understand the requirements for a 12 mark 'Recommend' or 'Evaluate' answer. Many candidates started their answer with their 'recommendation' or 'evaluation ', which was often a simple one-line statement. As the candidates used no evidence or analysis by this point, the absolute maximum that could be awarded was 1 evaluation mark as there was no justification or development of the answer. It is also important to answer the question. For instance, **Question 2(d)** asked candidates to evaluate if Frank's plan will improve the sustainability of PH's operations. Answers must therefore state if Frank's plan will improve or reduce the sustainability PH's operations. A clear overall judgement is required. Structure should be taught and used to ensure that evaluations and recommendations are completed well at the end of the answer to enable candidates to develop and justify their final judgement. In **Questions 1(d)** and **2(d)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid the repetition of previous points when concluding an answer.

General comments

Teachers and candidates appeared to be familiar with the format of the paper and the allocation of marks according to the assessment objectives.

Both pieces of context were accessible, and candidates demonstrated a good understanding of the specific nature of the two businesses. There did not appear to be any time management issues as most candidates finished the paper and provided reasonable responses to all questions.

Candidates must consider the command word to judge the amount of detail required by a question. For example, the 'identify' questions can be answered in one or two words. Many candidates spent significant time preparing lengthy answers, some of which were several paragraphs long. This was not required as the one mark could be gained for a one or two-word answer.

Answers that merely repeated the wording of the question were not rewarded – for example, answers that attempted to explain 'customer orientation' using the word 'customer' and/or 'orientation' could not be credited. Candidates must use their business knowledge to select appropriate terminology to show understanding and explain the term, for instance use alternative words to 'customer' such as 'buyer'.

Comments on specific questions

Question 1

Care should be taken in **Questions (b)**, **(c)** and **(d)** to ensure specific examples from the business context given are used in the answers. This will help the candidate to earn the application marks. Reference to the specific business is also included in the question stem.

(a) (i) 'Identify' is a simple command word that only requires a one or two-word answer. Many candidates wrote lengthy answers explaining a feature of a private limited company, which was not required. A concise one or two-word answer would have sufficed for these candidates to earn credit. Candidates do not need to write in full sentences to answer an 'identify' question. This question assessed non-contextual knowledge and did not require answers applied to NS.

Some candidates gave more than one answer and so did not directly answer the question set. In this situation the examiner accepted the first answer given.

Various answers were accepted, and most candidates identified a relevant feature such as benefits from limited liability or protection from takeover. Generic answers that could apply to any type of private sector organisation were not accepted, for example, 'not owned by government' or 'aims to make a profit'.

(ii) 'Explain' questions are worth three marks. One mark was awarded for knowledge and two further marks for application. For this question, the application could be to any example or business context and not solely NS.

For the first mark candidates had to show knowledge of 'customer' or 'orientation'. Answers that merely repeated the wording of the question were not rewarded – for example, answers that attempted to explain 'customer orientation' using the word 'customer' and/or 'orientation' could not be credited. Candidates must use appropriate business terminology to show understanding and explain the term, for instance use alternative words to 'customer' such as 'buyer'.

Many candidates gained the second application mark by explaining customer orientation. The third mark was awarded for the use of context applied to customer orientation, for instance an example of a customer orientated decision or benefit of taking this approach.

(b) (i) This question required candidates to perform a numerical calculation to calculate NS's capacity utilisation in 2024.

This question proved to be accessible for most candidates. The first mark was awarded for the correct formula. Some candidates did not round the final answer accurately and so were awarded two rather than three marks. For full marks candidates were required to round their answer correctly.

(b) (ii) The first knowledge mark for this question was awarded for identifying an appropriate disadvantage of high capacity utilisation, such as increased pressure on employees to work at near capacity. The first application mark was awarded for explaining a specific disadvantage of high capacity utilisation, for example that the pressure on employees to work at near capacity could lead to increased employee absenteeism.

For this 'explain' question candidates had to apply their answer to NS. The second application mark was awarded for use of relevant context for NS.

(c) For this question candidates were required to analyse two selection methods that NS could use to choose a new Marketing Manager. The specification differentiates between recruitment and selection so answers relating to recruitment methods were not rewarded. Some candidates discussed internal and external recruitment which did not answer the set question. Internal and external recruitment are not methods of selection.

The first knowledge mark was gained by candidates giving a selection method. The second mark was for application to the NS using content from the business context.

Candidates should then create a chain of analysis to show how NS could use the selection method to recruit a new Marketing Manager. Analysis can be limited or developed. Limited analysis is for an answer with one link in the chain of analysis, whereas developed analysis is where the candidate shows two or more links in the chain of analysis or gives a two-sided analysis. An example of limited analysis given by some candidates was that a CV demonstrates the candidate's past work experience which will help them make effective marketing decisions, increasing NS's sales.

This answer could then be taken further to developed analysis by considering how the increased sales may lead to higher profits for NS.

Developed analysis is the key to candidates maximising their mark for all questions involving AO3. It is always better to have one developed piece of analysis, than many pieces of limited analysis. Writing a list of simple analytical points is likely to be limited.

(d) This question required candidates to evaluate the most likely reason for conflict to arise between the owners of NS. A range of likely reasons for conflict were rewarded for the AO1 knowledge marks. Popular answers were different aims/objectives or choice of Marketing Manager. Many candidates gained the two AO2 application marks as they used context effectively to support their answer.

Half of the 12 marks for this question come from AO4 skills. However, some answers did not attempt to evaluate which limited the mark that could be awarded.

Some candidates gave a brief conclusion (which often repeated the earlier points) at the end of the answer. This is not enough to move beyond limited evaluation.

The skill of evaluation is to judge the quality, importance, amount, or value of something. In this case, it is to evaluate the most likely reason for conflict to occur. Some candidates did not make a clear judgement and so were unable to be awarded any AO4 marks. To improve, candidates are encouraged to provide a judgement, even if it is unsupported, to attempt to gain some AO4 marks.

Question 2

(a) (i) This question was generally well answered, and most candidates identified an appropriate way to measure business size, such as number of employees or market share. Candidates do not need to write in full sentences to answer an 'identify' question, and a one or two-word response is sufficient. This question assessed non-contextual knowledge. Some candidates identified profit which was not rewardable as it is a measure of success or performance rather than size.

(ii) Most candidates gained a knowledge mark for this question as they wrote that it is the dividing of a market.

Two application marks were available for this question. The first application mark was awarded for explaining demographic segmentation, for instance dividing the market by age or customer incomes. The second application mark was gained from applying the answer to the business context. For this question the application could be to any business scenario or to PH. Several candidates were awarded the second application mark by linking their answer back to PH. However, some candidates also gained this mark by applying it to a general business example, for example a restaurant offering meals for a specific type of customer such as children or high-income groups.

(b) (i) This question asked candidates to calculate PH's labour turnover in 2024. Candidates are always encouraged to show their working in their answers to 'calculate' questions to enable to the examiner to award process marks if the final answer is incorrect.

(ii) This question required answers to be applied to PH. Candidates must carefully read the question to ensure that they know when they are required to apply to a specific business context.

The first knowledge mark was gained by candidates showing knowledge of a use of a motivational theory, for instance that the business/manager can change the way that their employees are treated. A few candidates started their answer with a description of Maslow's hierarchy of needs which did not answer the question and therefore could not be rewarded any marks.

The first application mark was given for an explanation of the use of Maslow's hierarchy of needs, for example that giving employees permanent employment contracts will reduce labour turnover as employee's safety/security needs are met. The second application mark was given for application to PH, for example, reference to 150 employees.

(c) This question was worth 8 marks. The question asked candidates to analyse one advantage and one disadvantage to PH using an overdraft as a source of finance. Some candidates found this question challenging. The advantage and disadvantage must be specific to overdrafts rather than a vague advantage or disadvantage to the business of raising more finance. Answers about enabling the PH to expand were therefore not rewarded as most sources of finance generate funds that could be used for expansion.

Knowledge marks were awarded for identifying the advantage and disadvantage. For example an advantage is that an overdraft gives quick access to finance, or a disadvantage is the need to pay high interest on the funds borrowed. Application marks were awarded for answers that applied the advantage and disadvantage to PH, e.g., reference to the business offering profit sharing or data from Fig. 2.1.

Half of the eight marks were for analysis. Analysis can be limited or developed. Limited analysis is for an answer with one link in the chain of analysis, whereas developed analysis is where the candidate shows two or more links in the chain of analysis or gives a two-sided analysis.

(d) The final question on the paper asked candidates to evaluate whether Frank's plan will improve the sustainability of PH's operations. Most candidates showed good understanding of sustainability of business operations, for instance being able to survive in the long-term. A few candidates gave answers about environmental sustainability which did not always directly answer the question. Many candidates gained the application marks as they were able to apply the context to their answers, for instance by discussing elements of Frank's plan from the context.

Analysis could be limited or developed depending on the number of links in the chain of analysis. Most candidates were able to give at least a limited analysis.

In this question, candidates had to make a judgement about whether Frank's plan will improve the sustainability of PH's operations. Some answers evaluated throughout the answer, but most answers gave an evaluative judgement/conclusion at the end. The evaluation could be limited with a simple judgement, developed where the judgement is supported by further evidence, or developed with supporting evidence with context. Many candidates used the context effectively within the evaluation and centres should continue supporting candidates in building this skill.

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Business Concepts 2

Key messages

- Context is very important in this examination. Answers to any question that refers to a specific business (TT in **Question 1** and PB in **Question 2**) or a stakeholder of those businesses, must be applied specifically to that business. The skill of application is often misunderstood.
    - Application is not rewarded for mentioning names of the business, stakeholder or product. For example, in **Question 2**, using Kaia's name is not enough to apply an answer. The response should be clearly about the given scenario and not generic to any similar business scenario.
    - Application must go beyond the words used in the question. For example, in **Question 1(d)**, the words 'targeting small online retailers' is not enough to show context because those words are given to the candidate in the question. Candidates must use further context from the data to apply their answer to gain AO2 marks.
    - Application does not mean copying sections of the data. It requires a candidate to apply a piece of knowledge and understanding to the data. For example, in **Question 2(b)(ii)**, candidates who copy that 'the influencer will be paid…a 5% commission on revenue' are not applying a piece of knowledge. However, the candidate who states a disadvantage for PB is that 'costs will rise because PB pays the influencer a 5% commission on revenue' has applied their disadvantage to the data.
    - Candidates often avoid numbers, but numbers usually provide strong context. Numerical data is easily identifiable as being relevant and clearly contextual to the data given. This includes calculated answers. Any calculated answer, even if it is incorrect, can be used as context and will be rewarded using the own figure rule (OFR).

- Evaluation is worth 20 per cent of the marks for this examination (12/60 marks) and this is found in only two questions, **Questions 1(d)** and **2(d),** on this examination. This is often the assessment objective that differentiates the strongest candidates. At its most basic, evaluation requires an answer to the question, however, many candidates do not provide this. For example, **Question 1(d)** asks what is the usefulness of digital promotion to TT when targeting small online retailers? The easiest way to give an answer to this question is to use the specific wording of the question. Candidates who replace 'usefulness' with 'importance' or 'effectiveness' might not be answering the question set. It is not necessary for a candidate to repeat the question, but using the right wording is essential in making the answer clear.

General Comments

The majority of candidates provided answers with a reasonable length and there was little evidence of time management being an issue. The marks do provide a good indication of how much time should be spent on each question, with 1–1½ minutes per mark.

Many candidates continue to write too much for the 12-mark questions, usually providing too many analytical points and little evaluation. The breakdown of marks suggests that half of the response should be focussed on AO4 evaluation, and a much smaller proportion on AO1, AO2 and AO3 individually.

The contexts were well understood and candidates who engaged with the context found little difficulty in applying their answers to TT and PB.

Comments on specific questions

Question 1

(a) (i) The quaternary sector is a relatively new addition to the specification and consists of those industries providing knowledge/communication and information services. Many of these industries also exist within the tertiary (service) sector and any reasonable response was credited.

The most common correct answers involved research and ICT services, both of which have elements that exist in the quaternary sector.

This question asked for a 'business activity' so correct answers could have been an industry, a job role or part of a role.

(ii) The command word for this question is 'explain'. An explanation requires good knowledge and understanding as well as application of that term. For this question, the application does not need to be based on the data since a specific business or stakeholder is not referred to in the question. Therefore, the knowledge can be applied to any business situation.

Supply side management is about the organisation of the entire process of sourcing, transporting, producing and delivering inventory and products. Many candidates focussed on parts of the supply chain, but not the whole process. For example, the most common issue was that candidates assumed the supply chain only included production and delivery to customers. The strongest answers were ones that explained how the entire process was organised and managed.

(b) (i) Most candidates found this calculation question straightforward, although there were some mistakes made, usually in the use of numbers.

Relatively few candidates chose to start their response with a formula, however this would have been a guaranteed mark in most cases.

The most common error was that candidates did not calculate the total direct costs. The quantity was given on line 6 and some candidates may have ignored this data as it was not in the table. The instruction in the stem of the question was to 'refer to Table 1.1 and other information'. Candidates are advised to pay close attention to these instructions, as they tell the reader what to look for. Candidates who did not use or look for other information outside of the table could gain some of the marks, but not full marks.

Some candidates did not include their working in their responses. This occasionally led to incorrect answers, where no marks could be awarded as there were no correct stages of the calculation shown. Candidates should look to show each stage of their answer so that the examiner can easily follow the logic of their answer and reward what can be seen to be correct.

(ii) This is another 'explain' question, but in this question the focus of the answer must be the given business, TT. The strongest answers focussed on why TT specifically needs accurate cost information, instead of giving generic reasons why every business might need accurate cost information. The data provided signposts towards contextual reasons why TT might need this information, such as the new contract with QZ or the importance of the $6000 forecast total profit from this new contract. Relatively few candidates referred to numerical data in Table 1.1 or their own answer from **Question 1 (b)(i)**. This would have given excellent context to answer this question. Quantitative data often provides the best context to answer a question, and candidates could improve their responses by better using this data.

A good answer to this question identified a contextual reason why TT needed accurate cost information and then explained why this was needed by the business. For example, if a candidate identifies the need to make a profit ($6000 from the QZ contract) as a reason why TT needs accurate cost information, then to receive full marks, this would need to be explained. Simply stating the knowledge is not enough, there must be some further exemplification as to why the business needs this, for example, that accurate costs are needed to calculate profit.

(c) The majority of candidates had knowledge of diversity and equality, and many started their answer with a definition of the terms. However, the knowledge required in this question are the advantages of improving diversity and equality and time spent explaining the concept as whole did not add to the quality of an answer.

This question asks candidates to analyse the advantages of improving diversity and equality in the workplace. Analysis requires an impact, reaction or consequence of something on a business or a stakeholder. In this case, TT is the focus on the analysis and the impact of improving diversity and equality needed to be analysed on the business.

One of the most common advantages identified by candidates was that improved diversity and equality might motivate the workers who will benefit from it. This was a correct identification; however, some candidates chose to analyse the likely impact on the employee, not the business. This could not be credited. Candidates must use the wording of the question to understand how to target their chain of analysis. The advantage to TT of a motivated workforce might be increased productivity or sales and this needs to be the focus of the answer.

(d) Most candidates understood what digital promotion involves and there were plenty of examples of methods of digital promotion, such as social media and internet advertising. However, some candidates simply gave an answer about the usefulness of promotion, without any mention of the 'digital' element, which is fundamental to answering this question. These answers often achieved no marks as there was no basic knowledge of the concept asked in the question.

There was often too much analysis in candidates' answers, with candidates often giving two or three arguments for and against the use of digital promotion. It is far more important to have a good chain of analysis which has depth, than it is to have a range of weaker points.

Evaluation continues to confound some candidates. Half of the marks for this question are awarded for this assessment objective and yet many candidates give no evaluation that is relevant to the question or only provide a brief sentence at the end of their response.

To evaluate is to give a justified answer to the question. In this case the question is about the usefulness of digital promotion. Therefore, candidates should use the word 'usefulness' or 'use' in their answer to this question. However, many candidates seem to avoid referring to the question itself in their answer. This leads to answers where candidates discuss the 'importance', or similar words, of digital promotion. Whilst this may be credited if it is clear that the evaluation is relevant, it is not an obvious answer to the question about usefulness. Centres are encouraged to prepare candidates to answer the specific question given in the examination, and not to avoid the wording of the question, to improve the relevance of the answers.

Question 2

(a) (i) Most candidates could identify an external source of finance with bank loan as the most common answer. This was a well-answered question, and responses tended to be short and to the point, which is all that is needed for an 'identify' question.

(ii) Understanding of the term 'business plan' was good, although some candidates struggled to put their knowledge into words. The best responses gave an overview of a business plan and then explained it further by identifying elements usually found in a business plan and/or common uses of a business plan, such as to gain external sources of finance. This question is not specific to the context (PB), but use of the context can be rewarded if it is used correctly.

Some candidates focussed too much on the physical aspects of a business plan, for example that it is a document. This does not show specific knowledge of a business plan as a business may have many different documents. Some candidates went into too much detail and gave a long list of the contents of a business plan and/or the uses, without showing any knowledge of the plan as a whole.

A good response starts with a generic explanation of the term and then focuses on the specifics. There is no need to give a comprehensive explanation of every section and/or possible use. One or two sections and one or two possible uses is plenty for a three-mark question.

(b) (i) This question pointed candidates to use Fig 2.1 and other information, and most candidates found the salary that was additionally paid to the influencer in line 8.

The most common error was for candidates to miscalculate the commission payment. As long as the error could be identified by the examiner, the correct elements of the response could be rewarded.

A few candidates only gave a final answer. This is awarded full marks as long as the answer is fully correct. However, if there is an error and there is no working to back this up, the examiner can only give a mark of 0.

(ii) The knowledge required to answer this question is about the disadvantage(s) of using a commission payment method. Many candidates gave a definition of a commission, but this was not required.

There was some fundamental misunderstanding over the use of a commission payment system. Many candidates stated that commission would be deducted from revenue, due to the data stating that the commission is based on 5% of revenue generated by the influencer. However, this does not mean that PB receives only 95% of the revenue – all of the revenue is processed by PB, and the commission becomes a business cost which is the value of 5% of the revenue. Therefore, if a candidates stated that a disadvantage of using a commission payment system is that it reduces PB's revenue, the answer was incorrect. The disadvantage associated with this is that it increases costs, which can also have an impact of reducing profit/profitability of the business. This type of common misunderstanding, which is sometimes misinterpreted outside the business context should be explicitly addressed and become part of the teaching of knowledge and understanding on this syllabus.

(c) There was some misunderstanding over job production in this question. Some candidates confused job production with batch production. Fewer candidates confused it with flow production, but this was still significant.

There were also candidates who focussed on the personalised nature of the products – assuming that all job production is customised, which is not correct. It is an advantage of job production that products can be customised, however not all job production is customised. This sometimes led to answers that did not show any specific knowledge of job production, only of customised/personalised production. The personalisation process of PB is context of the business, not the focus of the question.

The most common correct advantage identified was that it allowed high quality/price products for Kaia to sell. The most common correct disadvantage identified was that it may be more time-consuming.

(d) Candidates must tailor their answer to the specific wording of the question, and this was particularly important for this question. Many candidates thought that this question was about the most likely objective, not the most likely reason for Kaia's objectives to change. This led to answers which were unfocussed and occasionally had no reasons for changing objectives identified.

Any change to the business could be a reason for an objective to change, so there are many possible answers to this question. The strongest responses focussed on the most likely and most contextually relevant reasons. Candidates who used the data to pinpoint issues, like the current objective to break even having been met, PB relocating and being granted an external source of finance gave good, contextually relevant answers and almost always gained full marks for AO1 and AO2.

Other candidates used their knowledge and understanding to remember the reasons why business objectives may change and recited these as pieces of theory. This was credited as AO1, but some of these reasons were difficult to put into the context of Kaia and PB. For example, most resources will state that a common reason for business objectives to change is if a business declines or is facing difficult trading conditions. Whilst this answer is acceptable as AO1 and can be used as a basis for AO3, it is not supported by the context, so it becomes difficult to gain AO2 marks and the top of AO4, which also requires context. The reason why this paper has data is so that candidates can apply their knowledge and understanding to an unfamiliar business context. Therefore, starting with the data will always provide a better and more relevant answer than relying on a remembered list of knowledge.

Since many candidates lost the focus on the actual question, evaluation was relatively rare. The ‘evaluate’ command word, and the wording of this question, requires a judgement – in this case, the most likely reason for Kaia’s objectives to change over the next five years. In the real world of business, if a manager or consultant was asked this question, a definitive response would be required. The same is true here and candidates were expected to make a judgement and state what is the most likely reason. There is no set, correct answer to this question. Any relevant reason could be given and rewarded as AO4, and candidates must be encouraged to give a definitive answer based on their own relevant analysis. Non-committal and vague answers are unlikely to be rewarded.

Evaluation marks can also be awarded for discussion of why it might be difficult, or impossible to make a judgement. For example, the candidate may feel more information is needed, or that a judgement would depend on other factors which might change. This is also good evaluation, and the strongest answers combine a definitive judgement with contextual justification and discussion of why that judgement might change with future variables.

BUSINESS

Paper 9609/23
Business Concepts 2

Key messages

- There is an improvement in candidates using the case material in attempting 'analyse and evaluate' questions.
- The majority of candidates managed to score 'application and analysis' marks on **parts (c)** and **(d)**. Candidates can reach application and analysis with a few well-developed points. A contextualised good chain of reasoning is the basis for 'developed analysis'.
- In **Questions 1(d) and 2(d)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid the repetition of previous points when concluding an answer.
- Candidates are advised to use clear handwriting.
- In calculation **Questions 1(b)(i) and 2(b)(i)** candidates are advised to always show their workings. Use of a calculator should be encouraged.
- Candidates are reminded to be aware of the marks available for each question so that they spend the appropriate time on each question and devote adequate time to contextualised, analytical and evaluative questions, especially in **Questions 1(c), 1(d), 2(c) and 2(d).**
- Candidates are advised that answers requiring the use of context, such as to **Question 2(c),** should integrate the information from the case study instead of just repeating it.
- Candidates should ensure they fully understand the command words.
- Candidates would benefit from practicing 'identify/explain' questions and producing their own list of words/definitions/explanations with examples.

General comments

The case material for both questions seemed well understood. In **Question 1(c)** there was a clear difference between candidates who demonstrated understanding of product differentiation (as in the question) and candidates who interpreted it as different products. Candidates should integrate context in their answer.

Candidates should take note of the following:

- 'Identify' questions such as **1(a)(i)** and **2(a)(ii)** do not need explanation or examples.
- Define the main terms in a question (**Question 2(d)**) - the two knowledge marks could be gained by correctly defining the two terms used in the question, 'business growth' and 'objective'.
- Use the context.
- Identify opportunities to analyse – good analysis is based on a contextualised chain of reasoning. **Questions 1(c) and 2(c)** asked for **two** elements in the answer. The strongest answers had two distinct paragraphs with each demonstrating a contextualised chain of reasoning.
- Identify opportunities to evaluate – **Question 2(d)** required a justified judgement on whether the business should change to flow production. Some otherwise good answers did not answer the question 'should it change' and discussed whether it could change, or discussed in great detail other production methods such as batch production.

There was no apparent evidence of time management being an issue with most candidates. Overall, candidates have a good grasp of business terminology and can express themselves effectively.

Comments on specific questions

Question 1

(a) (i) This question was generally well answered. Common answers were 'to members' or 'mutual organisation'. Less successful answers were too vague, such as 'owned by 2 or more people' – not distinguishing between co-operatives and other types of business organisations.

(ii) A few candidates had clearly understood traditional manager functions, but many appeared unfamiliar with the term. Many candidates described or listed tasks undertaken by managers. There were not many strong answers to this question. Candidates needed to state one of the four traditional management functions, identify what this function involved and why a business needed to have these.

Many candidates just explained that the members of CT shared the functions between the 12 owners, which did not answer the question. Many correct answers gained 2 marks but did not provide sufficient explanation or an example for the third mark.

There is no need for context in answering ***part (a)***. Any relevant example can get an application mark, but application marks can be gained by candidates giving an example from the case.

(b) (i) This was generally a well answered question. Where candidates did not achieve full marks it was often due to answers being multiplied by 100 to give a percentage. Many candidates wrote out the formula before showing calculations – this is something all candidates should be encouraged to do in questions that require calculations.

(ii) Nearly all candidates could correctly identify an advantage of labour-intensive operations. However, few answers defined labour-intensive operations rather than focusing on a benefit. Stronger answers used evidence from the case study – such as customers wanting unique, high-quality products. Candidates who did not score well on this question usually either just provided a definition of labour-intensive operations or suggested incorrect benefits of having labour intensive operations, such as having higher levels of output than capital intensive production.

(c) This question required two methods of primary market research. The best approach here is to provide two distinct paragraphs with one method identified and analysed in context in each paragraph. Many answers provided lengthy introductions about what primary market research is or provided unnecessary conclusions (not required in a question that uses the command word 'analyse'). Common incorrect answers suggested sampling as a primary research method. Common correct answers referenced questionnaires, focus groups and interviews, which were often linked to the use of CTs website or attendance at trade exhibitions for gathering respondents. Some candidates described primary market research methods, rather than stating them – for example 'inviting people to come and give their opinions on the product' rather than just saying 'focus group'. The correct use of key terminology is essential.

Too many answers focused on the use of the method to 'gather information and learn about the market' – this is applicable to all primary market research methods.

(d) Candidates need to make clear their understanding of the terms used in the question by beginning with a brief definition of the terms to gain the knowledge marks.. In this question, the term was 'flow production'. Six out of the 12 marks available were for evaluation. Candidates who did this in context could easily gain at least 5 out of the 6 marks available. For the sixth mark candidates were required to make an overall judgement, in context, such as this particular firm should/should not change. Generally, this was a well answered question. Most candidates knew what flow production was and were able to identify at least two relevant features. Better answers applied this knowledge to the issues that CT faced (high production costs and difficulty getting skilled staff).

More focus needs to be given to judgements. Candidates are often providing a single sentence, with no reference to the case study as an attempt at a judgement. Half the marks on this question are available for a reasoned, evaluative judgement, which needs to be justified and in context. Candidates could improve by giving more attention to this skill.

Question 2

(a) (i) The question was well answered with 'shared profit' or 'owned by 2 or more owners' being the most common correct answers. Some incorrect answers stated limited liability.

(ii) Some answers to this question lacked clarity. There were some attempts to explain the term, but they were convoluted and unclear, confusing working capital with either start-up capital or capital assets, such as machinery. Where candidates understood what working capital was, they easily gained at least two marks on this question, often through an explanation of the term, the use of a formula to show understanding and references to relevant examples. Use of the term 'liquidity' would have been a good way to demonstrate knowledge and understanding for this question, though this was rarely seen.

(b) (i) This was a relatively simple calculation question. Many candidates wrote out the formula before showing calculations – this is something all candidates should be encouraged to do in questions that require calculations. A common error related to the units being declared in the answers – the numbers in Table 2.1. were expressed as '000s but some candidates did not write their answer in '000s.

(ii) There were some very good answers to this question. Common correct answers related to the weather and how this could impact the growth of crops, increasing/decreasing supply. Such answers achieved full marks with integrating the case study in their answers. Common incorrect answers related to the distribution of finished products to the retailers – the supply of crops was not affected in this case, as the crops were supplied, they just took time to get to the customers. A few candidates stated, incorrectly, that demand would affect supply.

(c) The majority of candidates clearly knew the benefits of product differentiation and could explain the benefits of these to FF in context. Incorrect answers were often relating to other areas of differentiation, such as selling to different segments (market differentiation) or relating it to different products such as selling apples and bananas.

Answers to this question made good use of the case study, referencing the unique features of FF in comparison to others in the competitive market.

Similar to **Question 1(c)**, many answers provided lengthy introductions about what product differentiation is or provided unnecessary conclusions. This is not required in a question that uses the command word 'analyse'.

(d) Candidates displayed a good understanding of business growth. Knowledge marks could be gained by defining business growth with an example of growth such as interna/external growth. This question proved challenging to the candidates. Many candidates were able to explain what business growth was but did not discuss why this was/was not suitable for FF, often focusing on what other objectives may be more suitable and discussing these throughout the answer with no reference to growth as an alternative.

Some answers were very descriptive and only stated how FF could grow, with no development of points to explain how this may/may not impact or affect FF.

More focus needs to be given to judgements. Candidates are often providing a single sentence, with no reference to the case study as an attempt at a judgement. Half the marks on this question are available for a judgement, which should answer the question, of whether or not it is a suitable objective for FF' and be justified and in context. Candidates could improve by giving more attention to this skill. Any judgement should be fully justified and supported by using the context. The strongest answers start with knowledge and analysis but quickly move to evaluation.

BUSINESS

Paper 9609/31
Business Decision-Making

Key messages

- This is a case-based examination in which context is essential to developing answers. Therefore, candidates should read the questions first and then read the case study several times with the aim of identifying relevant context to use for each question.
- Candidates must develop a sound understanding of all terms in the syllabus. This will enable them to define key business concepts/terms, providing a foundation for subsequent analysis and evaluation.
- Time management is essential, and 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.
- The allocation of marks on this paper is weighted towards evaluation, so the emphasis in answers should be on providing a balanced response and making supported judgement focused on the question.
- 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.
- Consider making a brief plan for all 12-mark questions to facilitate more focused answers.
- Include the correct unit of measurement for calculation questions, such as 'percentage' in **Question 3(b)** or 'dollars' in **Question 4 (a)(i)** and **(ii).**
- Limit answers to **Questions 1** and **2** to analysis of two points.
- Candidates should practise applying numerical and written theory concepts across a wide range of case study contexts. This can be best achieved using specimen papers, recent past papers and mark schemes.

General comments

Many candidates found the questions challenging and provided only superficial answers or were unable to explain key concepts. Gaps in knowledge of numerical techniques resulted in a significant number of candidates not attempting **Question 4(a)** and therefore losing four marks. There was evidence of some candidates mismanaging time with incomplete answers to **Question 5** despite using additional sheets to answer earlier questions. However, most candidates restricted their answers to the structured booklet space, and this often resulted in more focused analytical answers addressing one or two points rather than attempting to cover all possible arguments.

Stronger candidates demonstrated a comprehensive understanding of business concepts and developed extended chains of reasoning linking cause and effect. Higher level marks in this case study paper depend very much on the candidate's ability to focus their answers on the circumstances and decisions outlined in the case study. Some of the best answers made links between different parts of the case as well as taking an overview of the business' current position, objectives and future direction. Such an approach results in strong contextual analysis and can provide a basis for making recommendations aligned with the case material. For the 12-mark questions the best answers demonstrated an evaluative approach in each paragraph and included well-focused judgement in the final paragraph which was linked to the business context, thus matching the Level 3 descriptors in the Mark Scheme.

Comments on specific questions

Question 1

*Analyse **two** advantages to WS of using an environmental audit.*

This question required candidates to consider the advantages of using an environmental audit. However, many candidates focused their answers only on the benefits of WS being environmentally responsible and did not show understanding of an environmental audit which was the key concept. Stronger candidates began with a definition of an environmental audit identifying that it would measure the environmental impact of the activities of WS and would usually be conducted by an independent third party. With this definition of the concept good answers then explained two benefits making reference, for example, to how an audit might lead to more effective decision making or identify areas for improvement in the environmental practices of WS. Analysis was developed by considering how environmental improvement could help meet customer expectations and therefore lead to an increase in sales or lead to more efficiency in the use of materials and therefore lower costs resulting in an increase in profits. Weaker answers needed to develop more detailed chains of argument to reach Level 2 for AO3. Ideally, answers should develop analysis of a benefit that identifies connections between causes, impacts and/or consequences of two points.

Context is essential to answering all extended questions and candidates were able to draw on a range of prompts in the case such as independent shoe shops experiencing an increase in demand for recycled shoes or growing consumer awareness of the need for a more sustainable use of resources. Other answers effectively linked an environmental audit to other parts of the case material, for example, linking the impact of improving environmental practices to the need to increase investor returns or as a means of gaining a USP to provide a competitive edge in the highly competitive fashion segment of the market. The best answers integrated analysis and application in the same argument.

A few candidates included analysis of the disadvantages of environmental audits such as cost and devoted valuable time to reaching a supported judgement as to the usefulness of audits. Such evaluative argument was not rewarded by examiners.

To achieve full marks candidates must provide developed analysis of two advantages and for each advantage to be applied to the case context. However, some candidates tried to analyse more than two advantages of using an environmental audit. Although this rarely resulted in a lower mark being awarded for **Question 1**, it is not an effective use of time and is likely to reduce the time available for answering other questions.

Question 2

*Analyse **two** ways that enterprise resource planning (ERP) could improve the efficiency of WS.*

Knowledge is the foundation of all answers and this proved to be a challenging question as many candidates did not understand either ERP or efficiency. Throughout the course candidates should be encouraged to take time to review the syllabus and the guidance it provides. For example, the syllabus identifies that candidates require an understanding of how ERP can improve a business' efficiency in relation to: inventory control, costing and pricing, capacity utilisation, responses to change, workforce flexibility and management information.

Effective answers often started with a definition of ERP as relating to software which integrates information from all business functions, supply, production, marketing and HR. Good answers focused on how ERP could facilitate an improvement in resource management by reducing inventory holding which could lead to a reduction in costs and less waste. This argument effectively linked ERP to efficiency. Context came from making reference to the type of inventory that WS might hold such as leather for making shoes. Many candidates continue to copy large sections of the text into their answers without showing any interpretation of how the text helps to answer the question. This was common for **Question 2** with candidates often repeating most of the following case material 'WS uses different IT systems for managing production, marketing and human resources. Keri, the Operations Director, thinks that the processes needed to produce and market shoes could be more integrated. Greater integration could help to improve the efficiency of WS. Keri has begun to research ERP as a means of achieving this integration.' However, without showing an understanding of the links contained within the text, examiners were not able to reward any skill marks.

Question 3

(a) *Using the data in Table 1.1, calculate the average monthly labour productivity for January to May 2025.*

A significant number of candidates did not know how to calculate labour productivity. Candidates should be encouraged to show method in numerical questions and thus start with the relevant formula which for this question was 'output/number of employees $\times$ 100'. Most candidates who knew the formula gained both marks for this question, however, there were some who overcomplicated the calculation by subtracting the number of employees leaving WS from the average number of production employees given. This was unnecessary and led to an incorrect answer.

(b) *Using the data in Table 1.1, calculate the percentage of output that failed to meet quality standards for January to May 2025.*

Candidates had a good understanding of how to calculate the percentage of output failing to meet quality standard from the data in Table 1.1. Many candidates did not show their working but a simple answer 16.67% was awarded full marks. Candidates should be encouraged to always give the relevant unit in the answer and to round numbers to an appropriate degree of accuracy. There were a few candidates who did not include '%' in their answer and thus gained only one mark others incorrectly rounded 15 000/90 000 × 100 to 16%.

(c) *Evaluate the best approach for WS to improve the performance of its production employees.*

Candidates demonstrated good understanding of a range of different approaches to improving the performance of production employees and frequently linked their strategies to motivational theorists such as Taylor and Herzberg to provide theoretical support. However, although analysis was often evident, many candidates could improve their answers by making more effective use of the data in the case. For example, many candidates focused on a strategy of increasing the pay of employees without noting that employees were already paid 10 per cent more than the industry average which strongly suggested that pay might not be the main issue. Balancing arguments could also have been developed by considering how an increase in pay would impact costs which could lead to a judgement about the likely impact on profitability even if there were an improvement in employee performance.

Question 4

(a) (i) *Using the data in Table 1.2, calculate the average seasonal variation for Quarter 4.*

As there are eight marks for calculations on Paper 3 it is essential that candidates learn all relevant formulae and techniques and practise applying those techniques. A significant number of candidates did not attempt this question. Of those that did there were a wide range of attempts with some candidates mistakenly adding all seasonal variations together to find an average. The correct answer could be found by adding together the two seasonal variations for Quarter 4 shown in Table 1.2 and then dividing by two to give an answer of $0.67 m. As in all numerical questions candidates should be encouraged to give the correct units which in this case were dollars and millions.

(ii) *Jon has calculated the trend for 2025 Quarter 4 as $21.41 million.*

*Using your answer to **(a)(i)**, calculate forecast sales for 2025 Quarter 4.*

Many candidates were not able to calculate the forecast sales with nearly 30 per cent omitting this question completely. This question required candidates to combine the information in the question stem with the candidate's own answer to **Question 4 (a)(i)**. Only a few candidates calculated the correct answer of $22.08m. However, as the own figure rule applied to this question there were candidates who gained two marks for adding their incorrect answer from **Question 4 (a)(i)** to $21.41 million.

(c) *Evaluate whether time series analysis is sufficient to allow WS to make decisions to achieve its marketing objective.*

Candidates found this a challenging question with few candidates showing understanding of time series analysis and with most answers just focusing on discussing changes to the marketing mix in isolation. Stronger candidates started their answer by defining time series analysis as a quantitative technique using past data to make predictions about future variables, such as sales, and that this could therefore help WS make decisions about whether changes to elements of the marketing mix were required to achieve the marketing objective.

Candidates should refer to their answer from **Question 4(a)** as this provides relevant context. If an error is made in the calculation, a candidate may still be rewarded with application and analysis if there is a correct interpretation of the relevance of the figure calculated.
The focus of this question is the skill of evaluation, which is assessed independently of other skills, except for Level 3 which requires context. Since half of the marks available in this question are for evaluation, it is reasonable for half of the response to be targeted towards this skill. Candidates often made no judgement about the usefulness of time series analysis or other factors that might influence decision making. Evaluation when present tended to be simplistic with most candidates only noting that a weakness of time series analysis is that it is just a quantitative technique and does not take account of qualitative factors. Stronger answers argued that extrapolating trends from past data does not take account of external changes that could affect those trends such as a financial crisis causing recession or the entry of a new competitor selling shoes into the market. Given that there was strong competition in the fashion and leisure markets the marketing decisions of competitors would likely have a significant impact on the future sales of WS.

Question 5

Evaluate the most effective method WS could use to improve investor return.

There were a significant number of superficial answers to this question indicating that candidates had only limited knowledge about the factors influencing investor returns or that time management was an issue resulting in candidates having insufficient time to develop answers. A few candidates produced only a plan for their answer without having time to fully write up their ideas. Plans were given reward for knowledge and application where appropriate.

There were some strong answers that understood that investor returns were linked to dividends and the market price of WS shares. This knowledge provided the foundation for making links to the profitability of WS as a key factor in determining investor returns. Candidates then gave analysis of methods of improving profitability such as making changes to the price of WS products. Good answers made effective use of the case material by, for example, referencing the planned investment in ERP or considering which segments WS should focus on to increase sales. Table 1.4 included data on investment indicators and ratios to give candidates some context for answers, but most candidates ignored this data whilst others misinterpreted the information. A common mistake was for answers to assert that WS had not paid any dividends to shareholders in 2025 when in fact Table 1.4 only showed that there had been no change in dividends paid between May 2023 and May 2025. The best answers concluded that as there had been a significant increase in operating profit and this could support an immediate increase in dividends paid to shareholders or that those profits could be used for investment in ERP to improve efficiency resulting in further increases in the share price of WS.

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Business Decision-Making

Key messages

- Read the questions first and then read the case study several times with the aim of identifying relevant context to use for each question.
- Define key business concepts/terms to provide the foundation for subsequent analysis and evaluation. It is essential that candidates develop a sound understanding of all terms in the syllabus.
- The allocation of marks on this paper is weighted towards evaluation, so the emphasis in answers should be on providing a balanced response and making supported judgement focused on the question.
- Consider making a brief plan for all twelve-mark questions to facilitate more focused answers.
- It is often appropriate to make use of numerical data in answers and this provides a quick and effective means of developing context and is useful as support for evaluative comment. For example, evaluation in **Question 4(b)** can draw on the dividend cover as evidence of the affordability to PAIR of increasing dividends paid to shareholders.
- Include the correct unit of measurement, for calculation questions, such as ‘percentage’ in **Question 3(b)** or ‘times’ in **Question 4(a)**.
- 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.
- Limit answers to **Questions 1** and **2** to analysis of two points.

General comments

Most candidates attempted all questions and appeared to have time to develop detailed answers. Many candidates used additional answer booklets to extend their answers to some or all questions. However, most candidates were guided by the structured booklet space as to how much to write, and this often resulted in more focused answers which addressed a number of key points. This usually resulted in more effective analysis than those candidates who attempted to cover all possible arguments.

Many candidates demonstrated good understanding of a wide range of business concepts. Stronger candidates made effective use of the case material and developed extended chains of reasoning that showed cause and effect. Higher level marks in this case study paper depend very much on the candidate’s ability to focus their answers on the circumstances and decisions outlined in the case study. Some of the best answers made links between different parts of the case as well as taking an overview of the business’ current position, objectives and future direction. Such an approach results in strong contextual analysis and can provide a basis for making recommendations aligned with the case material. For the 12-mark questions the best answers demonstrated an evaluative approach in each paragraph and included well-focused judgement in the final paragraph which was linked to the business context thus matching the Level 3 descriptors in the Mark Scheme.

Weaker answers did not show understanding of the business concepts and often provided only superficial answers. In particular there were many answers that did not show an understanding of quality assurance or the scope of Research and Development (R&D). Some candidates still copy large sections of text without interpreting what the selected data shows.

Comments on specific questions

Question 1

Analyse two benefits to PAIR of contingency planning.

Many candidates did not demonstrate an understanding of contingency planning. Answers frequently developed chains of reasoning focused on the benefits of planning in general such as ensuring that a firm had the right resources at the right time. Some referred to the idea of having a 'plan B' but only better answers fully understood that contingency planning enabled effective crisis management. Good answers used the context of the battery fire to reflect on how contingency planning could have enabled PAIR to respond more quickly to the crisis and analysed how that could help protect the reputation of the business and limit the potential loss of sales due to the fire. Others recognised that the process of contingency planning could help reduce the probability of a serious battery fire or could have prepared PAIR more effectively for other major external shocks such as the pandemic.

Candidates need to understand that no judgement or counterbalancing points should be made for a question requiring analysis of two benefits. A few students devoted valuable exam time to commenting on the limitations of contingency planning. Such argument was not rewarded by examiners.

Some candidates tried to analyse more than two benefits of contingency planning. Although this rarely resulted in a lower mark being awarded for **Question 1** it is not an effective use of time and is likely to reduce the time available for answering other questions.

Question 2

*Analyse **two** benefits to PAIR of its organisational structure.*

Most candidates provided a definition of organisational structure to start their answer making reference to characteristics such as chains of command and spans of control. Many answers recognised that a flat organisational structure may lead to greater delegation from managers to subordinates due to the wider span of control. Delegation was then linked to employees having greater empowerment with the result that they might be more motivated with positive outcomes for productivity and product quality. Some simplistic answers asserted that a flat structure meant that all workers were on the same level and this was therefore democratic. This ignored that even in a flat structure there will still be layers of hierarchy. Argument often assumed that a flat structure meant was a democratic form of organisation and that there would be discussion of key decisions. There was little scope to reward such simplistic comment.

Many answers argued that with fewer layers of hierarchy vertical communication could be more effective leading to a more responsive business to external changes. Most candidates also made comment on the benefits of using a matrix structure for Research and Development. Weaker answers could generally demonstrate understanding that a matrix structure could produce better results as skills from different departments were brought together. However, only stronger answers developed context, for example, the use of a matrix structure could be linked to the successful innovation of the automated cleaning robots with improved features referenced in the case or that the development time of the Delbot was reduced to 18 months as a result of using a matrix structure.

To achieve full marks candidates must provide developed analysis of two benefits with each benefit developed in context of the business. Some candidates were unsure of the meaning of organisational structure, and these answers often tried to develop multiple chains of argument to little or no effect. Having a good understanding of all terms from the syllabus is essential to provide the foundations for subsequent analysis.

Question 3

(a) *Using the data in Table 1.1, calculate the labour productivity for 2024.*

Most candidates correctly calculated labour productivity as 2100 units. A correct answer without working was sufficient for two marks. However, candidates should be encouraged to include method in their answer, for example, by stating the formula as labour productivity = annual output/number of employees.

(b) *Using the data in Table 1.1, calculate the labour turnover of production employees in 2024.*

There was a good understanding of how to calculate labour turnover with most candidates able to state the correct formula and extract the relevant data from Table 1.1 to correctly give an answer of 4 per cent. A few candidates lost a mark by not identifying that this was a percentage figure. Candidates should be encouraged to always include the correct unit of measurement in their answers.

(c) *Evaluate whether the decision to introduce quality assurance is likely to be beneficial for PAIR.*

This question required an understanding of quality assurance and its usefulness to PAIR. Answers were often structured by first defining quality assurance as being an approach to quality which makes employees responsible for quality rather than relying on inspection of quality standards by a quality inspector at the end of the production line. Weaker answers were unable to distinguish between quality control and quality assurance and only referred to the benefits of improved quality.

There were a range of different benefits that candidates analysed which linked to a good understanding of the process of quality assurance. For example, some candidates argued that making employees responsible for quality could result in improved motivation due to the increased challenge at work and the need for training employees to acquire the skills to take responsibility for quality. Balanced argument was provided by considering the cost of training and this was occasionally linked to comment on the liquidity of PAIR and other plans the business had making demands on its cashflow. Other candidates made effective use of the data which showed a reduction in productivity in 2024 compared to 2023 and a small increase in the percentage of output failing to meet quality standards. This was taken by most candidates as evidence of the failure of quality assurance. However, some very strong answers argued that it could take time to train employees and embed a culture of taking responsibility for quality. They also noted that the increase in the percentage of output failing to meet quality standards was for the whole of 2024 but that QA was only introduced in June of 2024. Such a thoughtful and balanced interpretation of case material resulted in the award of full marks to those candidates.

Candidates should note that the two analysis marks can be gained by any one developed chain of analysis about the usefulness of quality assurance to PAIR. Many candidates attempted to give far more analysis than necessary, and it was common for analysis to make up more than half the response, despite being worth only one sixth of the total marks.

The focus of this question is the skill of evaluation, which is assessed independently of other skills, except for Level 3 which requires context. Since half of the marks available in this question are for evaluation, it is reasonable for half of the response to be targeted towards this skill.

Question 4

(a) *Using the data in Table 1.2, calculate the dividend cover for 2024.*

A significant number of candidates did not attempt this question. Of those who gave an answer there were many different equations used with many calculating dividends as a proportion of operating profit and thus achieving no reward. The correct formula of dividend cover being equal to profit for the year divided by the dividend paid was only stated by a minority of candidates. Some of those candidates used the figure for operating profit rather than calculating the profit for the year first but by showing their working they were rewarded with two marks on the own figure rule.

Candidates should be encouraged to learn all financial ratios included in the syllabus and to practice applying them to a variety of case-based data.

(b) *Evaluate whether PAIR should increase dividends to shareholders in 2025.*

Many candidates started answers by repeating information from the case highlighting that there were five shareholders and that Kaarina owned 70 per cent of the shares. However, frequently the relevance of this information was not shown and as such was not rewardable with application marks. Candidates typically recognised that four shareholders wanting an increase in dividends was, in itself, a reason for increasing dividends. However, some of these responses could offer no further insight into the decision. Better answers developed a balanced response which considered the relative importance of different factors in this decision for example contrasting the relatively poor liquidity of PAIR shown by a current ratio of 0.8:1 against the significantly increased dividend cover in 2024 of 7.14 times suggesting that profits could easily cover higher dividends. Other factors in the case were used by the best candidates to reach a final conclusion, for example arguing that PAIR's plans for expansion would best be facilitated by retaining profit for investment rather than paying dividends to shareholders. In contrast other strong answers argued that increasing dividends now would lay the foundations for a successful public offer of shares being considered by Kaarina.

Many candidates misunderstood the question and turned it into a discussion of whether PAIR should become a public limited company. This approach frequently failed to show how this decision could be linked to whether or not dividends should be increased.

Question 5

Evaluate the importance of Research and Development (R&D) to PAIR's future success.

There were a significant number of candidates who thought that R&D was entirely about market research. This led to extended description of primary and secondary research with analysis of the importance of PAIR understanding its market to increase its market share or enable expansion in international markets. These answers gained no reward as there was no understanding that R&D involves scientific research and technical development and is therefore about innovation of products and production processes. Understanding key business concepts is essential to successfully answer all questions. Other candidates made no comment on R&D and just analysed other factors influencing the success of PAIR. These answers also received no reward of marks.

Candidates who understood the concept of R&D were usually able to draws on the case material to develop effective analysis in context. For example, a common chain of reasoning was that PAIR's market leadership in country F was a direct result of its ongoing development of better autonomous cleaning robots resulting from its above average investment in R&D.

Balance is an important attribute of the best answers, and this was shown by candidates who argued that R&D is expensive and does not guarantee success. Candidates often focused on the opportunity cost of R&D which could include having less finance available to expand production or successfully introduce quality assurance.

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Business Decision-Making

Key messages

- Candidates should be familiarised with the method of assessment and the mark scheme grids for the 8 and 12 mark questions.
- There is also a published list of agreed financial formulae to be used in the syllabus. Teachers should familiarise themselves with these as some, such as ‘ARR = average profit/average investment × 100’, are different to those used in the ‘old’ syllabus.
- Candidates should be supported to demonstrate their understanding of written and numerate business concepts across a wide range of case study contexts. This can be best achieved through the use of recent past papers and mark schemes. Teachers should advise candidates to spend the first 10 minutes of time allowed reading the case study and trying to understand the nature of the business activity the firm is engaged in and who their customers are. They must also consider potential threats and opportunities presented by the internal and external business environment.
- It is important for candidates to return to the relevant sections of the case before answering each question, as the text includes ‘signposts’, to assist candidates in keeping their responses focused.
- Knowledge marks are for relevant business concepts or points that answer the question. However, candidates should show a precise understanding of the key concept in the question, before explaining advantages, disadvantages or impacts.
- Application marks can only be achieved if the information from the case is used to support answers. It is not enough just to mention the name of the case study company or products, or to copy out sections of the text.
- Answering questions in order is the best approach, as it allows a detailed picture of the business to be developed. The booklet style paper makes it easier to keep to time and return to an answer if candidates want to add further development.
- The use of financial analysis, such as ratios and other calculations, will need to be used in the later parts of the questions, including an explanation of the implications of results for the business or project in question. An approach that relates calculation data and results from different parts of the case should also be used. Candidates should consider to what extent the business is successful from the point of view of different stakeholder groups.
- A good evaluative answer includes judgments throughout and a well-supported judgement clearly in context and conclusion at the end.
- Candidates should read the wording of case and questions carefully and ensure that the precise question is answered.

General comments

This was an accessible case study based on a company manufacturing and selling toilet paper, made from sustainable materials. WCP also has other social objectives, as 50 per cent of profits are donated to help improve sanitation in developing countries. There was evidence that some centres had studied the assessment model in detail and prepared candidates effectively. As a result they knew what to expect in terms of skills and how to structure responses in the 8 and 12 mark questions. This includes the need for two developed points in 8 mark questions and clear ‘in context’ evaluation in 12 mark questions. However, there is significant room for improvement, both in candidates’ understanding and use of theory concepts, as well as structuring answers that address the exact question. Common errors are described later in this report, to help teachers support candidates.

The best answers demonstrated excellent understanding of AS/A Level Business concepts. These candidates used data and information from the case study to support their responses. However, there were also answers that reflected a more general approach, sometimes moving away from the specific question and required concept. Higher-level marks in this case study paper depend on the candidate's ability to focus their answers on the business concepts, circumstances and decisions outlined in the text.

Good analytical and evaluative answers make links between different parts of the case as well as taking an overview of the business' current position, objectives and future direction. When a decision is required, such as whether to finance a takeover using long term bank loans, in this case, candidates should do more than just quoting from the case study text. They should analyse the advantages and disadvantages of choices in the specific firm context. Candidates should also be encouraged to consider alternative views, such as, in this case, WCP should consider the option of converting to a plc.

Teachers can help to improve candidates' performance in the important skills of application, analysis and evaluation, by supporting them in working through past papers and assessing answers using published mark schemes. Candidates who are familiar with the structure of the mark scheme, for instance in knowing that there are no evaluation marks in **Questions 1** and **2**, will not waste time writing a conclusion to those questions. The importance of recognising the 'command' words and answering the exact question asked should be understood. Using time effectively is key to good results in the Business Decision-making paper.

Comments on specific questions

We Care Products (WCP)

Question 1

Analyse two ways the external influences referred to in lines 8–12 may impact on WCP.

This question was well answered by some candidates, who showed a good understanding of external influences on business and their potential impact. Responses needed two well-developed points and the best candidates split their answer clearly into two sections, one developing each point. Application marks were often gained by linking the cost rises caused by inflation for ethically sourced raw materials with the need to increase price of the toilet paper. The high income consumers were sometimes thought to be less price sensitive, although the elastic PED (–1.2) suggests otherwise. Analysis points were then built, such as falling sales, revenue and profit due to consumer 'trading down' to less expensive products, due to both inflation and higher interest rates. Stronger candidates also observed that these external influences would affect all firms, not just WCP.

Question 2

Analyse two possible effects on WCP's efficiency of an increase in its scale of operations.

This question was quite well answered by some candidates who showed a good understanding of increasing scale of operations and the link with greater or lesser efficiency. However, some candidates missed the focus on operations and focused instead on marketing, which only gained marks if there was some link with efficiency, such as marketing economies of scale. Responses needed two well-developed points and the best candidates split their answer clearly into two sections, one for each point. Application marks were generally gained by suggesting that the increase in scale caused by the takeover of GC may lead to economies of scale, for instance purchasing resources for paper cleaning products. Alternatively diseconomies of scale, such as the HRM approaches are so different and this may take time to resolve and be more costly in the short term. Analysis points were then built, such as how this might lead to decreasing or increasing average costs, thus impacting efficiency in production and profitability.

Question 3

(a) Using the data in Table 1.2, calculate the operating profit margin for WCP in 2025.

Many candidates correctly calculated 14.29%, but some lost a mark for not including %. One mark was also available for the correct formula.

(b) Using the data in Table 1.2, calculate the gearing ratio as at 30th April 2025.

Many candidates correctly calculated 62.50%, but some lost a mark for not including %. One mark was also available for the correct formula.

(c) Evaluate whether WCP should finance the GC takeover with long-term bank loans.

Most candidates made reasonable attempts at this part of the question, but some mis-read the question as ‘evaluate whether WCP should take over the GC company’. Many candidates explained bank loans as a relatively ‘quick’ method of finance and also that gearing may be important in a bank’s decision as to whether to grant a loan.

Application marks were typically gained by explaining the impact on TC of the ratios calculated in **3(a)** and **3(b)**, including the relatively high and increasing gearing and stable profit figures. Analysis points included how WCP may struggle to obtain the finance due to high gearing and also the risk posed by high interest rates, in terms of high repayments required. This would lead to less profit for WCP and the charitable cause. Alternative views, mentioned in the body of the answer, such as the possibility of alternative sources of finance, such as crowdfunding or the possibility of converting to a plc often received lower level evaluation marks.

Higher-level evaluation marks were gained by candidates who balanced advantages and disadvantages of the bank loan method with alternatives, clearly in the context of WCP. Stronger candidates also questioned the ‘urgency’ of the takeover, as the plc route would take much longer and be more uncertain than a bank loan.

Question 4

(a) Use the data in Table 1.1 and Table 1.2 and assume no other changes. Calculate the expected revenue for the year ended 30 April 2026 if WCP increases promotional spending from $2.5 million to $3 million.

Some candidates carried out this calculation correctly, $23.94 m, with correct units needed for full marks. A few more gained 1, 2 or 3 marks for a correct formula, partial calculation or incomplete units.

(b) Evaluate the most important element of a new marketing plan for WCP to sell its toilet paper through supermarkets.

Some candidates used the answer to **4(a)** or relevant figures from the tables in their responses. This was an accessible marketing question that required candidates to consider the possible differences between WCP’s current marketing approach for online sales with the approach that may be needed for selling to and within supermarkets. There were many possible approaches, including elements of the marketing mix, the importance of market research and use of elasticity data. Application marks were easily gained by making comparison between the current on-line and customer relationship marketing, aimed at high income customers and the broader approach needed for the supermarket environment. Many candidates highlighted the likelihood of much more competition on supermarket shelves and the need to sell in smaller quantities. Analysis marks were gained by developing these points, for example the potential costs of mass market promotion and the impact that supermarket margins may have on revenue and costs and profit available for expansion and charitable causes. Evaluative points such as discussion about the necessity of finding supermarkets whose customers might be interested in the social objectives of WCP (product and promotion) as well as higher levels of income (price) were ways of gaining lower level evaluation marks, within the body of the answer.

Higher-level evaluation marks were gained by candidates who balanced the importance of several elements and added comments about the possible unreliability of elasticity data as this related to online sales. Some candidates also questioned whether sufficient market research had been done into supermarket customer profiles and whether the extra cost of promotion needed would be justified, in the short or even the long term.

Question 5

Evaluate the most important factor Aldin should consider before changing the HRM approach at GC if the takeover goes ahead.

Many candidates showed a good understanding of the differences between soft (WCP) and hard (GC) HRM and there were clear signposts in the case to help them. Application marks were typically gained by comparing the WCP approach, valuing and developing employees with GC’s approach, more focused on production targets and cost cutting via the use of flexible contracts. Stronger candidates observed that this may reflect the different nature or management view of employees (Y versus X) in the two companies. Analysis marks were gained by developing these points, for example in observing that big changes would be needed to bring GC's HRM in line with WCP and that this would prove extremely costly, both in terms of wages and probably extra training needed. These possible implementation costs could lead to lower profits and lower charitable donations. Alternative views, such as whether immediate change might be needed, as the companies are in different countries were ways of gaining lower level evaluation marks, usually at Level 1.

Higher-level evaluation marks were gained by candidates who balanced both sides and reached an overall conclusion as to whish would be the most important consideration and also whether the 'softer HRM approach may be viewed as an important part of the social and ethical approach of the WCP company. Stronger candidates took a short run/long run view and commented on time taken in implementation. Also, what would be the main advantages and disadvantages of introducing soft HRM to GC. Some candidates also offered evaluative points in relation to GC employees and whether they may welcome or resist the culture change. Likewise, the GC management are accustomed to a 'hard HRM' type approach, will it be easy for them to accept?

BUSINESS

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Business Strategy

Key messages

- Candidates are reminded to take time to read each question carefully.
- It is important to show detailed knowledge of what the question is asking.
- It is vital that candidates demonstrate knowledge and understanding (AO1) relating to the key focus of each question. If a response does not score any marks for AO1, then it cannot receive any marks for AO2, AO3 and AO4.
- To earn all three AO1 marks for **Question 1**, a candidate could define HR strategy and different types, such as soft HRM and hard HRM.
- No application is rewarded if it is not linked to an assessment objective such as knowledge to ensure context. Candidates should not just repeat the case.
- When there are numbers/data/statistics in the case, students are advised to use them to show context rather than the use of language, such as high or low.
- It is advisable to focus answers on a small number of aspects – two or three is typically sufficient. This allows time to develop better chains of reasoned analysis. Higher-level analysis requires a chain of reasoning and a balanced argument that is also developed.
- Application is an important part of this paper as it allows for the two marks of application **and** higher marks of analysis (seven and eight) as well as higher marks of evaluation (six and seven) when used in context of these answers.
- **Question 1** was generally completed well as candidates found the discussion of different HR strategies accessible.
- **Question 2** required students to advise on approaches to business strategy such as SWOT, blue ocean, force field, decision trees, PEST, and core competence.
- Candidates are advised to structure their answers clearly. Two or three distinct points clearly analysed in context is sufficient.
- Contextual evaluation remains a key differentiator at the top level. Candidates should ensure their judgements are not only explained but rooted in the specific case material.
- Evaluation requires candidates to specifically answer the question. For example, **Question 1** required candidates to show the impact of the HR Strategy and whether it was positive or negative, while **Question 2** required candidates to 'advise' on an approach RR could use such as SWOT or blue ocean.
- To allow for full marks for evaluation, candidates are also advised to discuss two separate evaluative judgments or to have a 'depends upon' approach after their judgment has been discussed.

General comments

This paper was accessible to candidates. Many candidates demonstrated an understanding of a wide range of business concepts. Stronger candidates made effective use of the case material and developed extended chains of reasoning that showed relevant links to the RR case study.

Candidates who organised their answers with set paragraphs for each strategy or approach, analysing each with a chain of events along with a detailed counterargument and a final paragraph or two answering the question specifically in detail and in context accessed the higher-level marks. Only two issues/strategies/approaches were needed if discussed in proper detail and context.

The time allocated for this paper proved to be reasonable and enough for candidates to achieve high marks.

Lower-end results did not answer the question directly. In **Question 1**, for example, many candidates described HR strategy features but struggled to evaluate their impact on RR's performance. Similarly,

Question 2 was sometimes misread, with candidates focusing on marketing or HR strategy advice rather than the approach to business strategy.

Comments on specific questions

Question 1

This was a very accessible question that allowed candidates to engage with a range of business and HR concepts such as zero-hour contracts and permanent contracts. However, many candidates struggled with the requirement to evaluate the impact of the HR strategy. Several focused on what strategy was used rather than linking it directly to performance indicators such as profitability, labour turnover, or customer satisfaction.

Most candidates achieved two or three knowledge marks. Definitions of HR strategy, hard and soft HRM, and flexible contracts (e.g., zero-hour contracts) were commonly and accurately given and most utilised. Some responses also included motivational theories or terms like 'labour turnover,' these were all part of HR strategy and warranted for this question. These concepts also allowed the candidates to easily analyse the case. However, a few candidates defined key terms from the case such as the acid test ratio, which was not relevant as this question is specific to Human Resources (HR).

The majority of the candidates achieved at least one application mark by referring to contextual evidence such as redundancies, reduced customer satisfaction, or increased labour turnover. Better responses made consistent reference to specific years and percentages as well as showing an increase or decrease in these statistics.

Many candidates were able to explain the effects of the HR strategy, such as the impact of redundancies on staff morale or customer service. Stronger answers created two-sided chains of reasoning – for example, flexible hours improved efficiency which increased profit, but lack of job security may have harmed motivation leading to lower productivity and revenue. However, some answers simply described the effects without linking them to the impact on the business itself instead discussing the impact on employee wellbeing only.

Level 1 analysis is achieved when a candidate identifies a single cause or impact on the business from the HR strategy applied. For example: 'Zero-hour contracts reduce costs.' While this shows basic understanding, it lacks the depth needed for higher-level marks. At this level, only one link in the analytical chain is present.

To achieve Level 2, candidates must build on their initial point by forming a clear chain of reasoning that connects cause to consequence. For example: 'Zero-hour contracts reduce costs, which leads to increased profit margins.' If a candidate presents multiple points like this, each with a developed chain – they can be awarded up to 6 marks for analysis. Three distinct points, each fully developed, are typically sufficient to reach the top of this Level 2.

Level 3 analysis can be achieved in one of two ways; The first is through a balanced argument – where a candidate presents a fully developed point and then introduces a counterargument, also supported by a clear chain of reasoning. For example, 'Zero-hour contracts reduce costs, which leads to increased profit margins. However, these contracts are temporary and may lower motivation which may lead to lower efficiency and lower profit margins.' The second approach is through multi-strand analysis, where two related ideas are logically linked to show broader impact. For example: 'Flexible working hours can reduce absenteeism and boost morale, which together enhance customer service and drive repeat sales.' Whether through counterbalance or linked effects, both approaches demonstrate the depth of reasoning required for full 8-mark analysis responses.

For evaluation, many candidates struggled to directly answer the question. Some candidates did not directly answer the 'impact' question, instead drifting into suggestions for future strategies, which were not creditable. Others gave vague judgments such as 'the strategy had a big impact' without supporting evidence or showing what this impact is such as positive or negative. A few candidates gave excellent Level 3 evaluations, linking customer satisfaction, staff motivation, and financial loss explicitly to HR decisions in context.

Level 1 evaluation means candidates have made a judgement. In other words, they have answered the question by showing the impact of the HR strategy – positive or negative, good or bad, with a simple reasoning. Level 2 evaluation required further explanation supporting the candidates' judgement. If this explanation was written in context, then Level 3 evaluation would be awarded.

Many strong candidates missed marks specifically here as they did not write the evaluation in context, or they did not continue their answer with another evaluative judgement or evaluative comment such as 'depends upon' in context. Therefore, there were many strong scripts which received 6 out of 7 evaluation marks as they were only awarded one Level 3 evaluation.

Time to complete this examination was not an issue for candidates. This assertion can be made as fully written answers for both questions were seen in most student responses. Written answers to **Question 1** were generally longer than **Question 2** responses which means some candidates spent longer and found HR strategy easier to discuss.

There were only a few candidates that received zero marks in this question. This shows that this question was accessible to many candidates.

Question 2

This question required candidates to identify and apply strategic planning approaches (such as SWOT, Blue Ocean Strategy, Ansoff Matrix, etc.,) to develop a new business strategy to improve RR's performance. This is a forward-looking question where candidates need to advise RR on the most appropriate approach.

However, a significant number of candidates misread this question. The most common issue was that many focused entirely on the phrase 'against its competitors' and ignored the central requirement to evaluate strategic approaches. As a result, candidates discussed marketing strategies (such as pricing, promotions, or new menu ideas) or general business advice instead of identifying or analysing a business strateg y development approach. This meant they did not answer the question asked and therefore could not be awarded any marks. These were classified as Not Answering the Question (NAQ).

Many candidates were able to define at least one appropriate approach such as SWOT, PEST, Blue Ocean Strategy, or Force Field Analysis. Definitions were usually clear and concise with many in-depth explanations which meant they easily achieved two to three marks. The most common definition or most easily explained approach was SWOT.

Contextual understanding was often demonstrated well by stronger candidates. The best responses used relevant details about RR's recent losses, Mario's skills as a chef, or the local restaurant competition (for example, 57 nearby restaurants) to apply their chosen approach meaningfully.

Candidates' responses included explanations on the approaches and their advantages and disadvantages while linking these to relevant points in the case which meant they would achieve AO1 and AO2 marks. Many candidates had difficulty displaying the impact of these tools on RR. This meant lower marks generally for analysis (AO3).

Stronger responses analysed the benefits of an approach such as SWOT or PEST, for example, blue ocean will help RR create new menu items which will increase cost of product development.

However, a chain of analysis was not commonly observed. Counterarguments were also rare, which meant few candidates were able to be awarded Level 3 analysis.

Level 2 analysis would show an approach that describes its impact on the business with a chain such as 'blue ocean will help RR create new menu items which will increase cost of product development. This will decrease profits.'

To reach Level 3 analysis, candidates needs to either explain a counter argument or give a multi-strand analysis, such as a chain of impact comparing blue ocean to another approach. An example of this would be 'blue ocean will help RR create new menu items which will increase cost of product development. This will decrease profits. However, blue ocean will allow RR to create a USP through the new menu items increasing revenue and profitability.' This is Level 3 analysis as it provides a chain of analysis of the benefits and a chain of analysis of the disadvantages.

Candidates generally found it very challenging to analyse the effect of these tools on the business. There were notably lower analysis marks in this question compared to **Question 1**. Candidates who understood the question generally offered well-developed chains of reasoning, explaining how the chosen approach could help identify opportunities, assess risks, or evaluate RR's internal strengths and weaknesses. For instance, a

Blue Ocean strategy linked to vegan menu differentiation was a popular and effective choice when fully analysed.

Evaluation was more accessible in **Question 2** than in **Question 1**. The command word ‘advise’ encouraged candidates to provide a justified recommendation. Stronger responses explained why their chosen approach (e.g., SWOT or Blue Ocean) was most appropriate for RR and offered a “depends upon” or contingency factor in context, such as Mario’s experience level or the need for effective market research.

Level 1 evaluation requires candidates to answer the question on the most appropriate approach and provide a simple reason why it is appropriate. Level 2 evaluation requires candidates to explain this point further. An example of this can be ‘The most appropriate approach is PEST as it outlines the most important features of the external environment. This means it can look at demographics and create products to match the needs of the target market.’

If candidates add context to their level 2 evaluation this will allow them to achieve the higher marks of level 3 evaluation. An example of a level 3 evaluative judgement can look like this ‘The most appropriate approach is PEST as it outlines the most important features of the external environment. This means it can look at demographics and create products to match the needs of the target and make profit. This will allow RR to reach its target profitability of 30%’.

Candidates are required to provide another Level 3 evaluative judgment or evaluative comment to achieve the full marks on this assessment objective. Here is an example of a level 3 evaluative comment ‘It depends upon the competitive market that RR is present in to assess which approach would give us the most appropriate strategy. RR has 57 competitors and 67% local market shops; blue ocean would be an appropriate strategy as it works better with competitive environments because it aims to reduce competition by creating innovative and new products in the market.’

Candidates are always advised to read the question carefully and allow better structured answers for better focus. Furthermore, candidates need to ensure they are defining in detail when discussing concepts. Candidates need to ensure that when analysing they are focusing on an impact on the business. They should then take this further with counter arguments to their points or multiple strands of analysis. When evaluating, candidates need to answer the question first, and then ensure they are explaining their point while supporting their answer by linking relevant points from the case.

BUSINESS

Paper 9609/42
Business Strategy

Key messages

This is the final paper in the A Level business qualification, and it requires a comprehensive knowledge of the syllabus and the assessment objectives (AOs). All of the AOs must work together to provide a full and relevant answer to each question, unlike some questions on Papers 1, 2 and 3, where only certain skills are assessed in certain questions.

Questions on this examination never have a 'right' answer. Although the mark scheme contains some of the most common points that candidates make, any relevant answer is rewardable up to and including full marks. The aim of the examination is to put candidates in the mindset of a real business consultant and to answer questions that could be asked in the real-world of business. It is expected that no two answers will be the same, despite giving candidates the same context and question. Candidates can choose which parts of the context to focus on and which parts of the syllabus to use. This gives a freedom to candidates that is not always present in other examinations and is a chance to take a risk and show their entrepreneurial skills as well as demonstrate the AOs.

Both of these questions require each of the assessment objectives (AOs) to be demonstrated.

- Candidates must show specific knowledge (AO1) of the terms and concepts referred to in the question. For example, in **Question 1**, the knowledge must be taken from the approaches to developing business strategy. Any knowledge from the syllabus about these approaches was relevant and could be used and developed. The simplest way to demonstrate this knowledge was to use a definition, but this is not required. Knowledge can also be developed by using the relevant approaches within the answer, showing how elements of the approach link together. It is vital that candidates demonstrate knowledge and understanding relating to the key focus of each question. If a response does not score any marks for AO1, then it cannot receive any marks for AO2, AO3 and AO4.
- Application (AO2) is about using the data from the timeline and appendices in an appropriate way. It is not about repeating the data. For example, in **Question 1** if a candidate defines 'SWOT analysis' then they should give an example of how this has been demonstrated in the data, probably by referring to the context of the SWOT in the appendix. Candidates should attempt to put themselves in the position of a business consultant and answer the questions from this perspective.
- Too often, candidates attempted to analyse (AO3) every piece of relevant theory, especially in **Question 2** about marking strategy. Depending on the route taken to answer the question by the candidate, some of the theory from the syllabus can be ignored or becomes irrelevant. The best responses were not the ones that comprehensively covered everything, but the ones that chose the most important pieces of theory and focussed on these.
- Candidates should not be afraid of coming to a judgement. In the world of business, decisions need to be made, and the best responses give clear judgements that follow on from the arguments used. Good evaluation (AO4) should also include different perspectives on that judgement, or things that might need to be known before a better judgement can be made. It is far better to come to a judgement, but state that it may change if other data becomes available, than to remain neutral and not answer the question set.
- Timing was an issue, and some candidates spent too long on **Question 1**, leaving only enough time for a brief outline answer to **Question 2**. A good answer can pull elements or strands together so they can be strategically analysed and evaluated. Candidates who focus in this way are far more likely to be able to produce a good answer to both questions.

General comments

The context was well-understood, and candidates seemed to be able to apply their answers well to QA.

There is no right answer to either question on this examination. Candidates can choose what knowledge and understanding to use, what context to base this upon and how it is analysed and evaluated. Those candidates who attempted to cover every piece of theory and every entry in the timeline and appendices ran out of time and gave very superficial answers.

The focus of this examination is to assess the skills of knowledge (AO1), application (AO2), analysis (AO3) and evaluation (AO4) within each question. Candidates make their own choice as to which evidence they provide as their answer. Responses could be vastly different and yet still be awarded full marks.

Comments on specific questions

Question 1

This question asked candidates to evaluate the usefulness of the approaches used by QA to develop its business strategy between 2021 and 2024. The syllabus lists the approaches to develop business strategy and any of these could have been used as AO1 knowledge and understanding points.

There was some confusion with a few candidates who did not recognise the approaches. In this case the candidate often simply evaluated QA's strategy, which led to an unfocussed answer. Relevant points were often made, especially in relation to the SWOT analysis, but it was difficult to come to a justified judgement that answers the question through this approach.

The best responses were where candidates took the approaches specifically used by QA between 2021 and 2024; SWOT analysis, Ansoff's matrix and decision trees. The product life cycle was also credited as this can be used as an approach to develop business strategy, despite not being listed as an 'approach' in the syllabus. However, no reference had to be made to the product life cycle to gain all of the marks.

Analysis should have been focussed on the approach itself. For example, the advantages and disadvantages of using SWOT analysis. However, candidates often wasted time analysing the data within the approaches, such as the bullet points in the SWOT analysis. This was the context that could be applied to the analysis, not the focus of the analysis.

The top marks for AO3 analysis are for 'strategic analysis'. This is where a candidate does not just provide a chain of analysis about what is good or bad about an approach but instead combines the advantages and disadvantages into an overall analysis of the approach and/or combines the analysis of more than one approach. For example, the best answers did not look at SWOT, Ansoff and decision trees in isolation, they analysed the usefulness to QA of using all three of these approaches together. This is at the heart of strategic analysis and shows a higher level of analysis that doing each of the three separately. It is also a quicker process as fewer chains of analysis need to be used, allowing more time to focus on AO4 evaluation. This skill is shown by relatively few candidates and is a key differentiator of the very best candidates.

Evaluation, at its core, is about answering the question. In this case, the question asked about the usefulness of the approaches. Therefore, a good evaluation gave a judgement about how useful the approaches were, either as a whole or separate judgements for each. Again, the strategic nature of this examination means that a combined judgement is likely to be more highly rewarded than individual judgements as this provides a better answer to the question. Candidates should be encouraged to be definitive in their judgements and avoid words like 'can', 'may, and 'might'. If a management consultant was employed to evaluate the usefulness of the approaches used by QA, then the business would expect a clear, explicit answer to the question, not a vague and non-committal response. The same is true here and candidates should aim to give a definitive answer. Examiners are not looking for a 'right' answer, so any judgement that is backed up through knowledge and understanding, context and analysis can be fully rewarded.

The highest level of AO4 evaluation is for contextual evaluation. This is because the candidate has been asked about a specific context or scenario. So, the justification of that judgement must be specific to the given business, in this case QA.

Question 2

Candidates tend to have good knowledge and understanding of marketing and this was occasionally a hindrance in this question. Marketing strategy encompasses a huge amount of knowledge and understanding and some candidates felt the need to cover every point from the syllabus, as opposed to focussing on what was most appropriate/important for QA in their current situation. Demonstrating deeper knowledge of a select few concepts is always better than giving a wider range of superficial knowledge. A candidate could mention every section of marketing strategy and still not achieve all of the AO1 marks. By focusing on the most appropriate areas, better explanation can be given, leading to developed knowledge and understanding of those areas and a better chance of gaining all of the AO1 marks.

The aim of this question is to give candidates complete freedom in how to approach their answers. Any answer can be relevant. The examiner is looking for the demonstration of skills, not specific points to reward. Candidates are welcome to take a risk and advise the business to do something different and not necessarily in line with its previous strategy. As long as the advised strategy is applied to the context, analysed strategically and has justified evaluation, then any answer can gain full marks.

The most common answers focussed on the marketing mix (4 Ps) and candidates often went through each of these, analysing the benefits and costs of changing each. This led to long answers with many analytical points, but lacking the depth of strategic analysis. The best responses combined all four elements and analysed them as a whole. This then becomes a truly coordinated marketing strategy and is what the question asked for. This also led to shorter analysis, leaving more time for in depth evaluation which is often a key differentiator of the best responses.

Evaluation in this question is slightly different from **Question 1**. In **Question 1**, the judgement required was about the ‘usefulness’ of the approaches used. However, in this case the candidate has been asked to ‘advise’ QA. Therefore, the evaluation should be justifying why this is the best advice/strategy ‘for the future success of QA’. Candidates need to stand by their advice and justify why they are giving the best advice. It does not matter if the examiner agrees with this advice or not, as long as it utilises good knowledge and understanding, is applied to the context and based on strategic analysis, any relevant justification can be fully rewarded.

Centres should encourage candidates to take risks in these questions and be creative within the confines of the syllabus and context.

BUSINESS

Paper 9609/43
Business Strategy

Key messages

For the A level Business qualification candidates are assessed across four assessment objectives.

AO1 Knowledge and understanding

For this objective a candidate needs to demonstrate knowledge and understanding of business concepts, terms and theories. One of the best ways to do this is to show knowledge from the specification area that is being examined. For example, when asked about Enterprise Resource Planning, a concise definition should be given. It is vital that candidates demonstrate knowledge and understanding relating to the key focus of each question. If a response does not score any marks for AO1, then it cannot receive any marks for AO2, AO3 and AO4.

AO2 Application

For this objective, candidates are expected to apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts. It is important to use the information in the case material as a guide and to quote from the case material where necessary, this is especially important in **Question 1** where you are reflecting on what has happened and have the case material and appendices to use.

AO3 Analysis

For this objective, candidates are expected to then analyse business problems, issues and situations by:

- Using appropriate methods and techniques to make sense of qualitative and quantitative business information.
- Searching for causes, impacts and consequences.
- Distinguishing between factual evidence and opinion or value judgement.
- Drawing valid inferences and making valid generalisations.

This is an opportunity to identify an issue, consider its impact on the business, both positive and negative, and potentially offer an alternative route of action. This is especially important in question two where candidates are expected to offer ideas on approaches to business strategy.

AO4 Evaluation

For the final objective, candidates need to evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation. This is an important skill for candidates to develop, but usually the most difficult. Good candidates will evaluate at least two different approaches to the strategy presented to gain Level 3 marks.

General comments

It is important to remember that any content from the strategy sections of the functional areas in the syllabus can be examined in this paper. This year, **Question 1** focused on Enterprise Resource Planning software from the operations strategy section. As has been in previous years, this question was reflective on how they system had supported the business and required the use of the timeline and data in the appendices. This means that **Question 2** remained the forward-looking question where an approach to business strategy was needed to analyse the two options proposed at the end of the case study. This is inherently harder with application as the appendices are what has happened in the past and not really relevant when answering this question.

This session focused on City Top Honey (CH). This was first started as a hobby but soon the business grows and scales up operations to not only process its own honey but also act as an importer and distributer of honey products from around the world. As part of its growth and management the business had decided to implement an Enterprise Resource Planning (ERP) system to help its operations run more smoothly once it has grown. As such, the appendices then covered the key areas of ERP – capacity, error management, inventory control, and workforce planning/scheduling. Looking to the future, the business had two proposals – to sell more of existing products or develop new products in new markets – lending itself to Ansoff's Matrix to aid strategic planning.

In **Question 2** candidates were not constrained by any particular approach and while the case had been written to fit with Ansoff's matrix, candidates could have discussed any of the eight approaches listed in the syllabus as a way to approach the future business strategy. It should be noted that even with this free choice a good approach would still be to focus on two or three of these to ensure comprehensive analysis and evaluation can be explored for each one.

Comments on specific questions

Question 1

In **Question 1** candidates had to evaluate the implementation of Enterprise Resource Planning on the operations of CH. There were plenty of elements of operations strategy that the ERP had affected and candidates could have used to support their analysis including:

- a much larger factory that needs co-ordinating
- capacity utilisation that has gone up to 90 per cent and the benefits that may bring to average costs
- complaints had decreased from supermarkets
- daily cost data is provided
- increases in product range managed in their inventory control part of ERP
- the problems with the Manuka honey inventory
- problems with the worker scheduling
- the use of dynamic pricing
- increased economies of scale identified by the ERP software.

There was no expectation for candidates to use all of these points but what they should have been doing is selecting the elements of the ERP that have worked and analysing how the software has had a positive impact on operations, then contrasting this with the areas where a negative impact has been seen. In doing this, they would then have been able to make a more informed judgement as to whether the software had been beneficial.

For AO1 candidates needed a clear and comprehensive definition of what ERP is and how it works. A lot of candidates only provided a simple explanation and it was clear that some candidates did not know what ERP was.

For AO2 candidates had a wealth of information in the timeline and appendices to draw upon, but it should be noted that the application must be used in the analysis that follows to be awarded. Candidates who just restated the case study material throughout their answer did not gain AO2 marks. Candidates should be advised that they do not need to re-tell the story from the case study Candidates should aim to use the parts of the case study that are relevant to the points they are making.

AO3 marks are for analysis and in this question the candidates should have been analysing the advantages and disadvantages of ERP in the context of its impact on CH and its operations. The most logical way to do this is to build up an argument that looks first at where ERP has worked and the benefits it gained. For example, if discussing the improved capacity utilisation then a discussion on how average costs should fall and what CH could do with lower average costs would have given a detailed analysis of the positive aspect of ERP. To balance this, candidates needed to then choose an area where ERP has not been so successful and the impact this has had on CH – the inventory control was a good example here as analysis could have extended to say if it was really an ERP problem or an external supplier problem. To gain full marks for analysis there needs to be a fully balanced argument for both the positive and negative aspects that covers two areas of ERP, many candidates just picked one aspect that was successful and another that was not successful.

For AO4 it is important that candidates answer the question, with some supporting evidence. This question required an assessment of whether ERP had supported the operations strategy of CH. Once that step was completed, candidates should then have gone on to support their judgement and put that judgement in context to get to Level 3 AO4.

Weaker answers simply restated the case material or offered up alternative operations strategies the business could use – for example, lean production or Kaizen. These are not the focus of the question.

Question 2

Question 2 is the forward-looking question that focuses on what CH should be doing in the future and they had two options open to them, selling more of existing products or developing new products. As in previous years, the aim is not to develop and write a strategy for one of these options but to analyse and evaluate the approaches to business strategy listed in the syllabus. That list is as follows:

- blue ocean strategy
- scenario planning
- Core competence framework
- SWOT analysis
- PEST analysis
- Porter's five forces
- Ansoff matrix
- force field analysis
- decision trees.

This year, candidates were not given an approach to start with so they had free choice to discuss which approaches would work for these strategies. As in previous years, there is no expectation for candidates to cover all nine of these. It is recommended that candidates choose two or three approaches and then analyse them before making a recommendation.

A fundamental misconception still seems to be that candidates must complete the SWOT/PEST/matrix themselves, when in fact what they must do is consider the approach and its usefulness in developing strategy. The question does not ask them to choose between the new products or exiting markets, however, many candidates answered as if this is what they should do and unfortunately would not have scored highly as a result.

AO1 was generally well done by all candidates. This was achieved by identifying one of the approaches and giving a definition of how that approach worked. Candidates who gave multiple examples easily secured the 3 marks available for this.

AO2 is much harder to achieve in this question as the only direct application is of the two strategies proposed by Emilio and the Board of Directors. Candidates needed to explain how the approach chosen (Ansoff/Porter/SWOT etc.) would help support the development of one or both of the proposals. Because many candidates misinterpreted what they should be doing, this was often not present, and the application marks could not be awarded.

Analysis in **Question 2** is still not being developed enough as candidates are prioritising naming as many approaches instead of being selective and in depth about just two or three. It is important to remember that candidates are not being asked to design the strategy to help the business develop more products or sell more to existing markets. Therefore, there is no need to carry out a SWOT or PEST analysis, or identify the five forces. Instead, the focus should be on how the approach can help or hinder the proposals, considering the advantages and disadvantages of the model rather than how it is implemented. A good candidate will discuss how a SWOT, for example, will help support the new product but may struggle to help the option to sell more products and the marks come from the development of this argument. If they did this for two of the approaches this would be enough to reach eight marks for AO3.

The question required candidates to recommend an approach to use; therefore, candidates had to pick the most appropriate approach. Those candidates who suggested they use a mix of two or more approaches were not actually answering the question and received zero marks. When making the final choice candidates should support their judgement with evidence as to why this is the most appropriate approach and develop this in context to get to Level 3. Some candidates are doing this but to gain the full marks they would need a second strand of evaluation. One way to do this was to bring in at this point that other methods could support the development of the strategy, at this point marks could be awarded for the use of multiple approaches.

Weaker answers referenced what had happened in the past from the timeline which were not relevant to the future as a lot of these had happened three to four years ago. Others simply gave names and definitions of the approaches with no link to the future.

There were still issues with this question not being completed or finished. This could still be down to poor time management, with too much time being given to **Question 1**. This may have also been exacerbated this year by candidates who did not understand what ERP was so struggled to answer that question, leaving less time to complete **Question 2**.

The paper is 1 hour 15 minutes long, so spending 15 minutes reading and planning then 30 minutes per essay will give candidates the best possible chance of finishing their response. By sticking to the analysis of two or three areas/strategies in each question this should keep answers succinct and enable candidates to meet the time demands of the assessment.