

BUSINESS

Paper 9609/11
Short Answer and Essay

Key messages

There are three definition questions in **Section A**. Clear definitions of business terms should be given. These can be found in a variety of reliable sources. The definition should be succinct. One or possibly two sentences is sufficient.

Read all the questions carefully, especially where the stem is long.

Explain is not the same as Analyse. Explain means make a point, then link it to a business situation. The candidate shows that they understand how the theory relates to real business practices.

Analyse means apply the point to a business situation. Explain why the point matters to the business. Develop the explanation using consequences – see specific points in answers below.

Evaluation should be more than a summary of the analysis. Show a judgement; weigh up two sides of relevant analysis and choose which is more important; advise the business what to do and why. This is a vital skill for gaining six Evaluation marks in **Section B**.

General comments

This paper seemed accessible to most candidates and all questions were attempted. This shows good coverage of the syllabus content by centres.

None of the **Section B** questions seemed less or more popular than the other two. Candidates were able to choose at least one of the **Section B** questions which they felt confident to answer.

There was improvement in the skill of Evaluation from many candidates. This pleasing trend should continue being developed within centres.

Comments on specific questions

Section A

Question 1

- (a) **Define the term ‘partnership’.** A good definition was given by most candidates. An example of a common response was ‘*A business formed/owned by two to 20 people with profits and losses shared between them*’. All the points shown in the mark scheme were used by candidates. Some candidates gave an excellent answer which included all of the points in the mark scheme, but it was not necessary to go into this much detail. Candidates should clearly show that the definition is of a partnership. Some candidates’ answers could be interpreted as employees working together on a project. Some candidates confused partnership with joint venture and therefore were given 0 marks for No creditable content.
- (b) **Explain TWO limitations of partnership as a business structure.** Answers to this question were generally good even if the definition given in **part (a)** was not clear. All points in the mark scheme were used. Most candidates clearly separated and explained their two chosen limitations. Some candidates gave a clear explanation of only one of their chosen limitations. There must be some development of the limitation. For example, for the limitation of ‘*profits have to be shared*’, a sound

explanation could be *'this means the partners will not receive the full amount of profit made by the business, which they would have done if they were a sole trader.'* A partial explanation of this point would be *'profits have to be shared between all the partners.'*

Question 2

- (a) **Define the term 'performance-related pay'.** Many different definitions were seen and all the points from the mark scheme were used. Some candidates developed their definition so that it became the answer to **part (b)**. They then repeated this in **part (b)**. The point was rewarded appropriately in both **parts (a)** and **(b)**, but such candidates spent more time writing the definition than they needed to. Stating *'this is pay relating to performance'* is not a definition, it is a repeat of the question. The important points are that PRP is extra pay, a bonus, an addition to their standard pay. This is given for above-average work, performance which exceeds expectations.
- (b) **Explain TWO advantages to employees of performance-related pay.** Some candidates did not read this question properly. Their answers explained two advantages to a business. Sometimes it was possible to reward a partial explanation where the answer began with a link to employees but then developed the explanation for the business. For example, *'Performance-related pay will motivate the employees to work hard. They will produce good products which the business can sell at high prices.'* An appropriate explanation of this point might be *'Performance-related pay will motivate the employees to work hard. They can then take pride in what they have achieved, as well as being paid more money.'*

Question 3

Explain the link between corporate objectives and marketing objectives of a business. This question was challenging for many candidates. Many correctly stated what corporate and/or marketing objectives are. This shows understanding. Some candidates were able to give examples of the objectives such as a corporate objective could be growth and a marketing objective could be increasing sales. An explanation could be that *'a corporate objective of growth might be to sell its products in other countries.'* A marketing objective might be *'to increase sales and sales revenue'*. To gain a mark of 4 or 5, the objectives should be clearly linked, showing how one objective can achieve the other. One way of doing this would be to say that *'the marketing department wants to increase sales by promoting the products online. This might attract more customers from other countries to buy the products. This would increase sales and sales revenue which means that the company has grown.'*

Question 4

- (a) **Define the term 'capital-intensive production'.** This was done well with a concise answer such as *'a production process using more machinery than labour.'* There were many longer answers showing good understanding of this term.
- (b) **Explain TWO possible disadvantages for a business of labour-intensive production.** Candidates understand what labour-intensive production is. They recognise that compared to capital-intensive production it can be slow, quality can be inconsistent, output may be low, workers may have issues that machines do not. These points had to be explained, for example, *'output may be low because employees can make mistakes and completed products may not be fit for sale.'* A common answer was that employees have to be paid. This answer applies to any situation, whether it is capital or labour intensive. Suitable development could be *'the cost of labour can be high due to the recruitment and training needed by new employees'*, or *'higher wages must be paid for the skilled labour needed for labour-intensive production'*.

Section B

Question 5

- (a) **Analyse the benefits for a business of an overdraft as a source of finance.** Candidates showed good knowledge of an overdraft and explained its benefits. Many found it difficult to develop this into analysis. An example of the difference between Knowledge, Explanation and Analysis is given below.

Knowledge – An overdraft is a source of finance where the business can arrange to use more

money than they have in their bank account.

Explanation – This means that the business can quickly borrow money to pay urgent day-to-day expenses such as supplier invoices.

Analysis – As a result, the business will be able to carry on with production, make sales and pay back the overdraft to the bank.

The wording in the question is ‘benefits’ and therefore candidates should try to analyse more than one benefit to potentially earn full marks.

- (b) **Discuss the view that using only financial accounts to measure the performance of a social enterprise may have important limitations.** This was an accessible question. It was pleasing to see a variety of different but correct answers to this question. Some candidates focussed heavily on the benefits of financial accounts but balanced this by explaining the limitations. Some of these answers did not link strongly to a social enterprise, although they did show understanding of this type of business. Other candidates put the emphasis on social enterprises and why other methods should be used to measure their performance. The best candidates linked both these approaches together and produced an extremely strong evaluation.

Question 6

‘The business leaders and managers of a school must have a high level of emotional intelligence if they are to be successful.’ Discuss the extent to which you agree with this view. Candidates often started with a definition of emotional intelligence and many used Goleman’s EI competencies as the structure of their answer. Some answers were applied strongly to a school environment and the application was seen throughout with examples of situations where emotional intelligence is needed. This is a familiar environment to candidates and the application was very good and well developed. Other answers were analysed and evaluated based on the leaders and managers of businesses without applying this to a school. To develop an evaluation, it was best to include other skills which lead to success, e.g. leadership skills, intelligence/subject knowledge, financial management. It is then possible to balance situations where EI is the most important and those where success is only fully achieved with other leadership and/or managerial qualities.

Question 7

- (a) **Analyse how a business might use the internet in TWO elements of the marketing mix.** Candidates are extremely familiar/knowledgeable about the use of the internet and therefore were attracted by this question. The marketing mix is also a popular area of the syllabus and therefore many candidates who chose to answer this question gave very good responses. The most frequently used elements of the marketing mix were promotion and place. Those who chose to focus on price and product seemed to develop an answer based on market research rather than the marketing mix and therefore were not really answering the question. If the point began with market research but then moved into an element of the marketing mix, this was acceptable. An example of this would be that *‘the business uses the internet to research competitors’ products by looking at their websites. The business could then develop their products in a way which would help them to add value, create something better or new and therefore gain competitive advantage’*. This appeared to be more difficult to achieve using the price element. Candidates have extensive personal experience of using the internet and therefore there were many business examples given in the responses. Some points raised in **part (a)** were also used in **part (b)**, which was acceptable as there can be overlap as long as the question is being answered correctly.
- (b) **Discuss the view that traditional retail stores will not survive unless they change their activities to compete with online retailers.** Most candidates interpreted traditional retail stores as being physical shops which customers use to access products. Some candidates referred to traditional retail stores as being old-fashioned stores which sold out-of-date products and used old-fashioned book-keeping methods. This interpretation, for most candidates, did not develop into a good answer to the question. Answers including reference to specific traditional and online retail stores and the benefits and limitations of each type showed good understanding. There were many good evaluative responses to this question based on the relative merits of these benefits and limitations. The best responses recognised that the nature of the products, the location of the stores, the target market and the reputation of the store will have a strong influence on whether the traditional retail stores will survive or need to change. Another evaluative angle was to consider the

short- and long-term survival, taking into consideration that the candidates' generation probably makes more use of online stores and they will have a strong influence on what happens in the future. There were some very interesting and well informed answers to this question.

BUSINESS

<p>Paper 9609/12 Short Answer and Essay</p>

Key messages

- Definitions in **Section A** should be clear and succinct. One or two sentences are likely to be sufficient to accurately and precisely define a business term. Some answers give unnecessary explanation and analysis.
- Explain is the requirement for **Questions 1(b), 2(b), 3, and 4(b)** in **Section A**. To explain is more than making a statement. To explain is to clarify the meaning of a business concept by giving a detailed account as to how and why it occurs or what is meant by the use of a concept in a particular context. Too many answers give little explanation and rely on unexplained statements.
- In **Section B**, answers need to be analytical as well as explanatory. To analyse is to examine and interpret a concept in detail, breaking up a complex whole into its constituent and interrelated parts or elements, identifying relationships, and examining consequences and impacts. Some answers present explanatory statements rather than more dynamic analytical comments.
- Evaluation is more than a summary of one's analysis. To evaluate is to come to a judgement or verdict. It is to weigh up evidence relating to an assertion or view and to indicate the extent of one's agreement or disagreement. A judgement should be supported with reasoned argument and evidence and be based upon what are considered to be the most important factors affecting a judgement. Many answers do attempt some evaluative comment, but such comment is often little more than a summary statement of previous analysis.

General comments

- Apart from answers to **Question 4**, most candidates found the paper accessible. There was evidence of sound understanding of business concepts drawn from all sections of the syllabus.
- It is pleasing to note that more candidates are developing and improving the AO4 skill of evaluation and are accessing the six marks available for this skill in an essay.

Comments on specific questions

Section A

Question 1

- (a) **Define the term 'entrepreneur'.**

Most candidates were able to accurately define the term 'entrepreneur'. Many answers identified the following accurate attributes of an entrepreneur: risk taker – sets up own business – and combines factors of production as relevant descriptive terms.

- (b) **Explain two qualities of a successful entrepreneur.**

This was also answered well. The qualities of an entrepreneur that were most often explained were willingness to take risks, self-confidence, ability to bounce back from failure, creativity/new ideas, and motivating leadership. However, some candidates simply presented statements describing qualities but failed to develop any sort of explanation of those qualities.

Question 2

(a) Define the term ‘overdraft’.

A significant number of candidates struggled to define the term ‘overdraft’. Answers included partial definition such as: bank lends money – short term loan agreement – to be repaid. Many candidates were unable to distinguish between an overdraft and a loan, and very few connected an overdraft to a situation where a bank account reaches zero and an agreed extension of credit is made. Many also mistakenly thought that an overdraft was interest free.

(b) Explain *two* reasons why a business might use an overdraft.

This question was generally well answered. Reasons given for the use of overdrafts included their flexibility, ease of acquisition compared with loans, their immediacy, and their value in meeting short term needs such as paying for suppliers, trade payables, and working capital day-to-day expenses. Weaker responses included those more applicable to loans rather than overdrafts such as starting a business or capital expenditure.

Question 3

Explain why businesses invest in the training and development of employees.

This question was confidently answered by many candidates. Common responses included increased employee motivation, less wastage, fewer mistakes, higher productivity, and better customer service. Strong answers also referred to enhancement of skills and abilities, increased employee loyalty, lower staff turnover and lower staff and recruitment costs. Weaker answers simply described different types of training such as induction but failed to clearly establish a link between business investment in training and development and likely positive consequences.

Question 4

(a) Define the term ‘scale of operation’.

The definition of scale of operation was not well answered. Many candidates scored 0 for this question. Many answers described production rather than scale of operation, and few were able to correctly define the term in relation to the maximum output achieved using available inputs or resources.

(b) Explain *two* factors that could influence the scale of operation of a business.

The requirement to explain two factors that could influence the scale of operation of a business was much better answered. Many identified available capital, numbers and skills of employees, demand, market opportunities, and raw material availability as influencing factors. Strong answers also mentioned factors such as recession, inflation, owner objectives, level of competition and type of market opportunity. Weaker responses, as with other answers in **Section A**, described relevant influencing factors without appropriate and necessary explanation.

Section B

Question 5

(a) Analyse how marketing could be used to add value to a product.

Weak answers to this question often failed to explain the term ‘added value’, and as a result simply explained how marketing could be used for a product rather than explaining how marketing could add value to a product. Weaker answers also often failed to analyse sufficiently, giving answers that were sound on knowledge and understanding and application only. Strong answers explained and analysed how marketing could secure a difference between the selling price of a product and its cost of production. Examples given included the added value of effective promotion, attractive packaging, strong branding and the development of a USP.

- (b) Discuss the view that the setting of effective marketing objectives is the most important factor for the successful launch of a new women's football (soccer) team.**

This section was not so well answered. Most candidates discussed marketing in general and the 4 Ps with very little reference to marketing objectives. The importance of a successful launch of a new women's football team was recognised by many candidates, and relevant references were made to such marketing concepts as promotion, sponsorship, and quality of the product (team players) and place (match venue). Strong answers made effective use of the 4 Ps as an analytical framework. Very few answers addressed the evaluative thrust of the question, and many failed to respond to the question of the most important factor affecting the successful launch of a new women's football team.

Question 6

'In a hospital, managers using a democratic style are more likely to be successful than managers using an autocratic style.'

Discuss the extent to which you agree with this view.

This was the most popular essay question and was answered by the majority of candidates sitting this paper. There were many good answers to this question. These presented a sound understanding of democratic and autocratic managers and applied and analysed that information to the context of a hospital. Strong answers identified a variety of employees working in a hospital and different work-based hospital contexts. The roles of doctors, nurses, and support staff were explained to illustrate how different management styles might be required, as well as appropriate management styles for critical and emergency situations and for more normal medical treatment situations. Strong answers presented some sound evaluation and perceptively argued that no one managerial style is likely to be appropriate in all situations. Some weak answers simply outlined the features of different styles of management and failed to apply or analyse them in an explicit hospital context. Such theoretical responses were awarded very few marks.

Question 7

This question was the least popular of the three essay questions but it was generally well answered.

- (a) Analyse the advantages for a business of debt factoring.**

Most answers demonstrated a sound understanding of debt factoring, and the advantages to a business mainly focussed on the improvement of working capital through the selling of invoices. Strong answers related debt factoring to new and/or small businesses giving access to quick cash and the saving of management time as major advantages.

- (b) Discuss the most important factors for a venture capitalist to consider when deciding whether to provide growth capital for a computer games retailer.**

Strong answers gave sound examples of the role of venture capitalists and identified a range of factors that could affect a decision by a venture capitalist to invest in growth capital for a computer games retailer. Critical factors that were identified and analysed included the strength of the retailer and the business and the potential for growth in the specific business area. Perceptive answers recognised that advantages in technology that had created a strong market for computer games might, in the medium or long term, lead to a decline in that market, and used that assessment to produce a strong set of evaluative comments and conclusions. Weaker answers presented a mainly descriptive set of relevant factors but provided little context and very little evaluation.

BUSINESS

<p>Paper 9609/13 Short Answer and Essay</p>

Key messages

- Definitions in **Section A** should be clear and succinct. One or two sentences are likely to be sufficient. Some answers give far more than a precise definition of a concept and stray into giving too much explanation.
- Explain is the requirement for **Questions 1(b), 2(b), 3, and 4(b)** in **Section A**. To explain is more than making a statement. To explain is to clarify a business concept or topic by giving a detailed account as to how and why it occurs or what is meant by the use of a topic or concept in a particular context. Too many answers present little more than a statement with little explanation.
- In **Section B**, answers need to be analytical as well as explanatory. To analyse is to examine and interpret a concept in detail, breaking up a complex whole into its constituent parts or elements, recognising relationships between those parts, and examining consequences and impacts of those relationships. Some answers present descriptive explanatory statements rather than more dynamic analytical comments.
- Evaluation is more than a summary of your analysis. To evaluate is to come to a judgement or verdict. It is to weigh up the evidence about a view or proposition, or situation, and to declare the extent to which you agree or disagree. Your judgement should be supported by reasoning and be based on what you have considered to be the most important factors in making your choice. Your evaluation could lead you to make a recommendation to a business. Many answers now do seek to include evaluation but often it is little more than a summary statement of prior analysis.

General comments

- The paper proved to be accessible to most candidates and apart from **Question 4(a)**, answers revealed a good understanding of business concepts across the syllabus.
- It was pleasing to note that more candidates are developing and improving the AO4 skill of evaluation.

Comments on specific questions

Section A

Question 1

- (a) **Define the term ‘marketing mix’.**

Sound definitions described the marketing mix as the four key decisions that need to be taken to ensure the effective marketing of a product. The interrelated elements of product, price, promotion, and place were often identified to support the definition. Weaker answers simply described the 4 Ps and made no comment on their relationship to effective marketing.

- (b) **Explain two ways that a business can use the place element of the marketing mix.**

Sound responses prefaced their comments with a clear definition of the place element in the 4 Ps with references to how a product is distributed to consumers. Strong answers explained how place mattered for the customer in providing convenience and how place mattered to a business in choosing a channel of distribution. Weaker responses failed to give sufficient explanation when identifying relevant examples of the place element. For an example, some candidates identified that place could be used by a business to sell through social media but failed to explain why and how this is done.

Question 2

(a) Define the term ‘business stakeholders’.

There were many sound answers to this question. Relevant examples of specific stakeholders were given to support definitions that correctly referred to individuals or groups affected by and interested in a business. Weaker answers often confused stakeholders with shareholders.

(b) Explain two reasons why conflict might arise between different stakeholders.

Strong answers recognised that the many stakeholders of a business, internal and external, would have different expectations and requirements. The most common examples given were: the short term aims of shareholders for dividends and the long term aims of owners for investment, the concern of employees for increased earnings and the concern of management for retained profit for business growth, the concern of local communities for limited environmental pollution and the aim of a business to control the costs of production. Weaker response gave only a very general explanation of stakeholder conflict with few, if any, examples.

Question 3

Explain why it is important for a business to have effective human resource management (HRM).

This was well answered. Many candidates made good use of their knowledge and understanding of the role and function of an HRM department, and selected specific activities such as recruitment and selection, training and development, employee health and welfare, and the creation of productive employee working environments to explain the potential impact of effective human resource management on employee and business performance. Such answers often emphasised the impact of HRM activities on employee motivation and morale. Weaker answers simply described HRM activities and did not engage with the requirement in this question to explain why effective HRM is ‘important’ for a business.

Question 4

(a) Define the term ‘published accounts’.

A significant minority of candidates were unable to accurately define the term ‘published accounts’. General answers were given rather than specific reference to financial statements issued annually by limited companies. Strong answers made these references and provided examples such as income statements and statements of financial position.

(b) Explain two limitations of published accounts.

This question also proved challenging for many candidates. Strong answers identified a number of limitations such as limited information, window dressing, poor predictive value, and inability to measure the qualitative value and performance of a business. Weaker answers often gave only one limitation and focussed on less relevant issues such as the time-consuming nature of published accounts and the possibility of revealing financial information to competitors.

Section B

Question 5

(a) Analyse the advantages for a business of a Just in Time (JIT) system of inventory management.

This was a very popular essay question and most candidates were able to identify and explain the essential features of a JIT inventory management system. However, some candidates found it difficult to advance above Level 2 with analysis. An example of how an essay could satisfy all levels is given below.

Knowledge – A JIT inventory system avoids holding high levels of inventory by arranging for supplies to arrive just as they are needed.

Application – Supplies arrive for the production line of a business when needed.

Analysis – As a result, there is no need for significant capital investments in inventory, there is no need for storage facilities, risks of out-of-date inventory are reduced, business costs are reduced and the production process is more efficient. The question asks for ‘advantages’, so at least two should be analysed.

(b) Discuss the importance of operational flexibility and innovation to a multinational car manufacturer.

Strong answers recognised the need for multinational car manufacturers to be flexible in order to respond to consumer demands and to be innovative by incorporating new and improved approaches to the process of production. These answers also referenced the different demands in different countries and the requirement to be responsive to dynamic markets. Examples of real-life car manufacturers were often given to illustrate the importance of operational flexibility and innovation. Evaluative comment focussed on the word ‘importance’ and considered such issues as the importance of other business functions such as finance and marketing compared to the production process and the extent to which particular countries might make different demands of a multinational car manufacturer. Weaker answers revealed only a very general understanding of operational flexibility and innovation, and related analysis to a general business rather than to the specific context of the question.

Question 6

‘The *economic man* theory used by Taylor is the best way to motivate the employees of a customer service call centre business.’

Discuss the extent to which you agree with this view.

This was not a popular question but was well answered by many candidates. The strongest answers demonstrated a sound understanding of Taylor’s theory and compared and contrasted this theory with other motivational theorists such as Maslow, Herzberg, McClelland, and Vroom. These answers provided some very clear contextual examples to illustrate the particular environment of a customer service call centre business. Clearly, some candidates had directly or indirectly experienced the demands of a call centre business. Good quality evaluation sought to review the evidence for the view that Taylor’s theory was the *best way* to motivate call centre employees and often concluded that employees have a range of different needs of which money is only one. Weaker answers treated the question as a general question on business motivation and did not refer to the call centre context at all.

Question 7

(a) Analyse how break-even analysis might help an entrepreneur to make decisions about starting a new business.

Many candidates found it difficult to explain and analyse how break-even analysis could help an entrepreneur start up a new business. Many answers contained only very general statements such as ‘*It could help to understand the financial position of a business*’. Some responses defined break-even as a period of time rather than as a number of units of output. Better answers recognised that entrepreneurs would use break-even analysis as part of a process of research and risk assessment before launching a new business. Break-even analysis would indicate the quantity of a product that needs to be sold to generate sufficient revenue to cover costs over a given period. It would allow an entrepreneur to estimate profit levels at different sales levels. It would allow an entrepreneur to review the impact of setting different price levels and the resulting potential levels of profit. It could inform an entrepreneur of the importance of cost control in order to achieve a lower break-even point for quicker profits.

(b) Discuss the possible challenges for an entrepreneur in starting a new business selling only vegetarian food products.

Strong answers identified the demands made of an entrepreneur in starting any new business but then referred to the distinctive context of a business selling only vegetarian products. While vegetarian diets are becoming more popular in many parts of the world, candidates recognised that this new business might, in the short-term, appeal only to a niche market. This might result in limited demand and problems with a limited supply of vegetarian products. The challenges of finding and targeting a new market, obtaining quality supplies, and not enjoying economies of scale

were identified and analysed as major challenges facing an entrepreneur. Effective evaluation reviewed these challenges and assessed the level of risk in the short and long term, given the growing attraction of vegetarian diets. Perceptive responses also argued that the level of risk associated with these challenges might well depend on the particular circumstances of specific regions, countries, and cultures.

BUSINESS

Paper 9609/21
Data Response

Key messages

- There is an improvement in candidates using the case material in attempting ‘analyse, evaluate and recommend’ questions.
- The majority of candidates managed to score ‘application and analysis’ marks in **parts (c), (d) and (e)**. Candidates can reach application and analysis with a few well developed points. A good chain of reasoning, contextualised, is the basis for ‘developed analysis’.
- In **Questions 1(d) and 2(e)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid the repetition of previous points when concluding an answer.
- Advise candidates to use clear handwriting.
- In calculation questions, **1b(i), 2b(i) and 2b(ii)**, advise candidates to always show their workings out. Use of a calculator should be encouraged.
- Remind candidates 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(b)(ii), 1(c), 1(d), 2(c), 2(d) and 2(e)**.
- Advise candidates that answers requiring the use of context, such as in **Question 2(e)**, should integrate the information from the case study and avoid repetition of the case material.
- Ensure full understanding of the command words.
- Practise ‘explain/definition’ questions and get students to produce their own list of words/definitions/ explanations with examples.

General comments

The case material for both questions seemed well understood. **Question 1** produced some interesting answers, in context, especially in **Question 1(d)**. There seemed little difficulty with understanding the questions set, although some candidates tried to answer **Question 2(e)** by analysing the impact on the stakeholders rather than analysing the *conflicts* arising from different stakeholder aims. It is important for candidates to answer the question in the context in which it is set.

As in previous sessions, candidates should make full use of opportunities to:

- use the context
- identify opportunities to analyse – good analysis based on a contextualised chain of reasoning
- identify opportunities to evaluate – **Question 1(d)** required a justified recommendation for improving the morale of *production workers*
- answer the set question – **Question 1(c)** only asked for two disadvantages and **Question 2(d)** only asked for two methods.

Candidates have a good grasp of business terminology and are able to express themselves effectively.

There was no apparent evidence of time being an issue for most candidates.

Comments on specific questions

Question 1

- (a) (i) Candidates could define 'buffer inventory' with some candidates concentrating on the 'buffer' part and not defining 'inventory'. An answer such as 'the minimum level of stock required to meet orders' would get full marks.
- (ii) Most candidates managed to score two marks by explaining the two elements of 'internal economies of scale' and a third mark for an example. The explanation should refer to a reduction in *average/unit* costs, not a reduction in costs as this would be incorrect.

There is no need for context in answering **part (a)**.

- (b) (i) Many candidates failed to differentiate the (net) profit margin from the gross profit margin. Where a question asks for profit margin, this refers to the net profit. One mark was awarded for the correct gross profit margin. Some candidates correctly calculated the (net) profit but did not use this figure to calculate the *profit margin*. Candidates received one mark for the correct profit. It is good to see the majority of candidates showing their workings.
- (ii) Most candidates could explain two ways to increase the profit margin. Context is required when answering this question, for example, QF is achieving economies of scale so unit costs are decreasing; if revenue does not fall, then the profit margin would increase.
- (c) Many candidates managed to score the application marks with good, developed analysis of the disadvantages of holding a high level of inventory in context. There were a number of disadvantages that could be stated but the question only asked for two. More than two disadvantages is a waste of time and can lead to 'bullet point' answers rather than developed analysis.
- (d) It is very encouraging to see some candidates score full marks. Those candidates demonstrated developed chains of reasoning and concluded with a justified recommendation. Many candidates demonstrated good knowledge of financial and/or non-financial motivators, in context, and scored good analysis marks but failed to reach a balanced recommendation, which was required for the evaluation marks.

Question 2

- (a) (i) This question was well answered. Candidates demonstrated good knowledge of the term 'primary sector'.
- (ii) Most candidates scored two marks by explaining the term 'market' and scored the third mark by either giving an example or developing their explanation.
- (b) (i) The majority of candidates achieved full marks, demonstrating a good understanding of cash flow calculations. Some candidates did not include the negative sign but were awarded one mark for the correct figure.
- (ii) Once again most candidates achieved full marks for the correct figure. \$ or millions were not required for full marks.
- (c) Most candidates identified one use of the cash flow forecast but not all could put this in context.
- Answer the set question in context.
- (d) Candidates demonstrated knowledge of two methods of recruitment but some confused recruitment with selection. In this question, context was less used than in other questions, limiting marks achieved to 2 + 2.
- (e) Many candidates demonstrated good knowledge of stakeholder aims. However, candidates did not appear to read the question carefully and failed to recognise that the question asked for '**conflicts** between the aims of **two** ...stakeholders'. They generally scored four or six marks.

Cambridge International Advanced Subsidiary and Advanced Level
9609 Business November 2021
Principal Examiner Report for Teachers

Few candidates developed their analysis to make a justified judgement and hence failed to achieve evaluation marks. Most candidates included context in their answers.

BUSINESS

Paper 9609/22
Data Response

Key messages

- The context should focus answers on the most relevant elements to be used. A Business examination requires the majority of knowledge to be applied to a scenario and in this examination clear data is given about each business to enable this.
- There is a difference between a definition and an explanation. Definitions require brief but accurate responses that are clear and unambiguous. An explanation, on the other hand, requires more depth and candidates should find ways to show good understanding beyond a pure definition.
- The knowledge required to answer a question should be identified clearly and used in the response. For example, in **Question 2(c)** candidates needed to clearly use a below-the-line method of promotion, not just any method. Likewise, in **Question 1(c)** leasing was used as a source of finance and needed to be analysed as such.
- Developed analysis is about developing a chain of analysis and is a fundamental skill in responding to higher mark questions. Candidates often give an effect, reaction or impact of something without taking it any further. For example, in **Question 2(c)** candidates needed to analyse below-the-line promotion methods. It is not enough to state that the chosen method may increase sales; candidates needed to go further and show what the end effect on the business might be in terms of customer loyalty and/or profit.
- Both of the 11-mark questions on this paper required the skill of evaluation. This is about answering the question, which, in these questions, required a recommendation. There are three stages to a good evaluation: making the recommendation, developing it, often in terms of different perspectives or what the judgement 'depends upon', and then justifying why it is the right recommendation. Too often candidates try to gain evaluation marks by repeating what they have just analysed and not using any evaluation skills.

General comments

The two pieces of data provided fairly contrasting evidence for candidates which allowed them to develop their application within context.

Snappy Box (SB) was a small sole trader, whilst AB is a larger company. The context was important for candidates to choose the most appropriate elements to analyse and evaluate, and without context answers were generic and lacked the depth required.

The wording of the questions is important so that candidates can tailor their responses to both the context and the relevant section of the specification. For example, in **Question 1(c)** leasing was being used as a source of finance, not as a way for SB to increase revenue.

Comments on specific questions

Question 1

- (a) (i) Many candidates quickly defined the term 'fixed costs' as costs that do not change. However, not all candidates could identify that fixed costs do not change based on output/production. This is an essential piece of knowledge to fully define the term.
- (ii) The easiest way to start explaining a profit margin is to use the formula or an explanation of the formula. Those candidates who used a profit margin formula showed that they understood the relationship between profit and revenue.

An explanation requires more than a definition and in this question, candidates needed to show good understanding of the term. One of the most obvious ways of doing this is to identify a use of profit margin data, such as a comparison between businesses. An alternative would be to explain two different types of profit margin. Those candidates who showed this good understanding were awarded full marks.

- (b) (i)** This question required slightly more understanding of the price elasticity of demand formula because candidates had to rearrange the formula to find the change in quantity demanded, not just a standard elasticity calculation. This caused difficulty for some candidates who showed a less than perfect understanding of the formula.

There were some of the normal difficulties, such as inverting the formula, and candidates were rewarded where their working was shown, even if the final answer was incorrect. Candidates should always be encouraged to show each step of their working so that the examiner can award 'own figure rule' (OFR) marks whenever possible.

It should be noted that the price, in this case, was being reduced by 10 per cent with an elasticity of -4 . Therefore, the quantity demanded would increase by 40 per cent. Where candidates simply wrote 40 per cent, the answer was deemed correct; however, to be sure a candidate should make it clear that the complete answer is an increase of 40 per cent (+ 40 per cent).

- (ii)** This question requires a 'use' of price elasticity of demand data when making pricing decisions. Therefore, an answer 'to help Ralph make a pricing decision' (which was a common answer) is not enough to be able to award any marks as it is simply repeating the question.

Likewise, an explanation of what price elasticity of demand is or how it is calculated is not what the question asked for and could not be rewarded. Many candidates wasted time and effort repeating the formula which had already been rewarded in the previous question.

The easiest response to this question was to use the answer calculated in **Question 1(b)(i)** or the elasticity of -4 and explain how Ralph could use this. In other words, Ralph should decrease his price to gain more quantity demanded and make more revenue because the PED is elastic. This type of response could very quickly gain all of the available marks.

Unfortunately, many candidates did not refer to the elasticity and stated that if the PED was elastic, Ralph should reduce his price and if it was inelastic, he should increase his price. It is essential that the data is used to answer the question and not give a purely theoretical response.

- (c)** Most candidates knew what job production is and some used their first few sentences to explain this. However, the question specifically asks for an advantage and a disadvantage, and time would have been better spent starting with this.

Good responses used the data to decide which advantage and which disadvantage to focus on. For example, Ralph would be able to make individual frames to fit any photograph which would be a unique selling point. This advantage can then be analysed as to the impact on Ralph and SB. By starting with the data, candidates' responses are likely to be rooted in the context and can be specific to SB, not just generic.

- (d)** This question was specifically about sources of finance and some candidates missed this essential part of the question. A common incorrect response was to analyse how Ralph could lease out his machine to gain \$400 a month income. This was a misunderstanding of the data since Ralph is planning to lease the machine and pay \$400 a month. Candidates must fully read the data and understand the focus of the question before trying to answer.

Although the question asks candidates to make a recommendation of one or the other sources of finance, a good response must analyse both possibilities. This could be an advantage for both options or an advantage of one and a disadvantage of the other. However, candidates who only focussed on one option could not effectively evaluate and come to a reasoned recommendation.

Question 2

- (a) (i) The term 'objective' was generally well understood, and most candidates could quickly define the term as something a business is trying to achieve.
- (ii) When explaining a legal structure, it is essential to differentiate it from other legal structures. For example, what differentiates a private limited company from unincorporated legal structures (such as a sole trader or partnership) is the ability to sell shares, whereas the differentiation from a public limited company is that the shares are not publicly traded. These two elements define the structure.

To give a good explanation, candidates needed to give another feature of a private limited company, such as limited liability. A good response could quickly gain all of the marks in a sentence or two.

- (b) (i) Whenever a calculation question has four marks associated with it, there will be a number of stages involved in the calculation. Too many candidates found one of the percentages and left their answer at this point. Again, it is a feature of candidates not always fully reading and understanding the data given. Candidates should always set out their calculations carefully so that the examiner can follow their logic and award as many marks as possible.
- (ii) There are a number of routes to a correct answer in this question and whichever route candidates used, they needed to provide a clear method showing how the answer was gained. Many candidates had calculations, but it was difficult to follow their working. If the answer was correct this did not matter, but if the answer was wrong, then it became difficult for the examiner to follow their chain of thought and award process marks.

Some candidates calculated the profit of one standard and one advanced service and did not multiply this by the sales figures. This mistake could have been avoided by careful reading of the question.

- (c) Most candidates understood promotion; however, not all could correctly identify below-the-line methods. Above-the-line methods could not be rewarded.

Again, the data should have led candidates to choose appropriate methods for Auto Bike as opposed to generic methods that might have been suitable for any business.

One of the most common methods that candidates chose to use was promotional pricing. This is a reasonable method of below-the-line promotion as long as it is clearly analysed as a promotional method and not a pricing strategy. Candidates who just analysed the effects of lowering price were considered as not answering the question. The focus needed to be on the promotional aspects of the methods, not just simply reducing price.

- (d) Many candidates spent time in their answer explaining the current payment system used at Auto Bike. This was unnecessary and wasted valuable time in the examination.

The most common way to answer this question was to analyse two different payment methods for the mechanics at AB and then to come to a recommendation over which one is more appropriate for the business. However, some candidates only analysed one payment method, and this required a more in-depth or two-sided analysis of the method and made evaluation more difficult to access.

The most common method used was performance-related pay and there was plenty of opportunity to relate this specifically to AB and its mechanics. Where candidates gave a purely generic response, this led to superficial analysis without any impact on the mechanics or the business as a whole.

BUSINESS

Paper 9609/23
Data Response

Key messages

- When providing knowledge-based answers, such as for **part (a)(i)** and **(ii)** questions, candidates should ensure definitions do not repeat the terminology used in the question – for example, when describing ‘flow production’, the candidate should ensure the words ‘flow’ and ‘production’ are not used, as this will not be awarded any AO1 marks.
- Candidates should read the command words and phrases carefully when formulating answers. A number of candidates were unable to access the higher marks due to not providing what was requested (see **Question 1(a)(ii)**).
- Candidates should take time and care to provide structure to their answers. Writing a page for a 2 or 3 mark answer is a waste of valuable time, as is an 11 mark answer which provides many individual knowledge points but is not structured appropriately to access AO3 marks for analysis.
- Case data provided is vital for answering questions. Generic answers will not allow candidates to access the developed analysis or evaluation marks. When a question states the name of a business or stakeholder, the candidate must provide specific data from the case. **Question 1(c)**, for example, relates to Obi (the sole trader) and his choice of Van A or B. The candidate must explicitly use, within their answer, the data provided in order to access developed analysis and evaluation.
- Analysis must show the impact, effect or consequence on the business or stakeholder identified. Good or developed analysis must, however, link this initial impact to a final effect. There must be a clear chain of analysis shown. **Question 1(d)**, for example, requires the candidate to identify an influencing factor on a source of finance. Many candidates do not show how having fixed repayments, for example, may influence cash flow forecasting for the business itself or in context. This leads to candidates only achieving limited analysis.
- Evaluation questions require candidates to provide a judgement. **Question 2(d)**, for example, requires candidates to evaluate the benefits of CSR as a business objective, which requires candidates to clearly judge whether the benefits of CSR outweigh the drawbacks or external contributing factors, or which was the most influential benefit to the business (SC). Candidates must first have developed the analysis to provide a base for the judgement of the benefits to SC and clearly provide a rationale for their answer.

General comments

The case material for both cases seemed to be generally understood and was used well to provide evidence for context. Answers to **Question 1** had a substantial amount of context used throughout. In some cases, however, candidates tended to list the vast majority of the relevant context rather than analysing it.

Question 2 seemed to highlight the difference between those who understood the difference between market segmentation, market research and sampling methods and those who did not. It is important to understand the distinctions between different elements of the specification.

Comments on specific questions

Section A

Question 1

- (a) (i)** Most candidates had no problem with defining a sole trader, with many candidates providing exemplar answers. However, there was some ambiguity in answers which did not specify the simplest element, which is one owner. These questions do not intend to trick the candidate, and an

answer which highlighted one owner and unlimited liability would have been sufficient for full marks.

- (ii) A key term in this question was to **explain the difference**. A surprising number of candidates failed to read the command word and simply highlighted the definitions for both. Candidates could have easily shown the difference by stating that 'profit' is the difference between the two key terms.

- (b) (i) This question required an understanding of the difference between price and cost. Many candidates, however, failed to read the question carefully and calculated the profit for one van only. While the candidates were therefore credited with marks for calculating total costs and total revenues, the final answer was incorrect.

This shows the importance of setting out the working/method. If a candidate has shown the process in their answer, marks can be awarded even if the final answer is incorrect.

- (ii) This question is specifically asking for a factor that affects demand, not supply. Many candidates either did not understand or did not realise the difference, and therefore a significant number of answers failed to receive marks.

Factors that affect demand are those which cause the demand curve to move, not the supply curve, and are generally factors that the business cannot control. The most common answers included competition from Obi's previous employer and any references to the income levels, as higher income families are more likely to use removal services as it could be considered a luxury.

- (c) This question focused on the decision making process and the factors that influence it. While many candidates were able to provide developed analysis to this question, evaluative answers were generally weak and undeveloped, often due to a lack of structure to the answer. Weaker answers were those which focused on listing the many factors that could have been analysed or those which failed to make any comparisons or impact on the business.

This question calls for the candidate to select the most important issues for a sole trader, such as cost information and reliability issues, and a good answer would have compared the strength of each of the vans in relation to the other.

A significant number of answers decided at the start that one van was best, and did not reference why the significant factors were better than the other option. As the question specifically asks about both vans, candidates must analyse both vans in order to make a considered decision and recommendation.

- (d) The reason why **part (d)** was the 8 mark analysis question was due to the fact that the author anticipated that the answer to **1(c)** would be used for this question.

One important element to this question is the fact that the source of finance is not the focus of the question. Weaker answers lacked context or had not fully read and understood the question. Factors affecting sources of finance are the focus. Many candidates therefore answered the wrong question (with a focus on which source of finance would be suitable) and were only awarded marks due to their analysis further on in the answer which highlighted the affecting factor.

As the question directly references Obi and the new van, generic answers which did not reference sole traders and vans missed out on the higher level marks. There were many opportunities for application, with references to sole trader being the most applicable, along with the actual cost of the vans themselves.

Question 2

- (a) (i) It is important that candidates are able to accurately define and explain the key elements of flow production, making a clear difference between elements of job and batch. A common definition identified the continuous production of identical products. A simple and straightforward definition was one which identified two key elements – identical products and continuous production. Too many candidates made reference to 'batches' of products, which were not awarded marks as this is using key terms from batch production.

- (ii) The most common way of answering this question was to define market segmentation, which many candidates did correctly. However, a significant number of candidates were not clear on the psychographic element and confused it with general demographic data or simply copied the text from the case, which does not show understanding. Full marks were generally awarded to those candidates who identified a use for the psychographic data.
- (b) (i) This question was generally well answered with most candidates both knowing the appropriate formula and identifying the correct figures. A common error occurred when candidates tried to use the varieties of candy as the content, which produced some incongruous results. Occasionally, a response showed a mistake in the calculation of one of the profit figures, and where the candidate had set out their working clearly, the correct working was rewarded.
- (c) Primary market research methods refer to the way in which information is gathered from source. A sizeable minority of candidates focused on sampling methods, which relates to how to select the respondents, which was not the question asked. This shows the importance of reading the question carefully and planning an answer to ensure it meets the requirements of the question. Luckily, many candidates then mentioned a primary market research method in their answer which allowed them to access marks. However, due to the fact that the answer was not focused, marks for developed analysis were lost.
- (d) As the question asks for ‘corporate social responsibility’ as a business objective, there needed to be a solid base for the answer – candidates needed to show an understanding that CSR refers to the Triple Bottom Line, or the environment and the society, in addition to profits. Many candidates assumed that the examiner would accept vague and implied knowledge, and only mentioned the environment OR society, which does not show understanding of the term.

Those who started their answer with a simple definition ensured there was no ambiguity and were then able to analyse any relevant point they chose.

There were many areas within the data that candidates could use, and, as in case 1, candidates needed to be selective in their approach to using information. Those who were selective and focused their analytical arguments on these areas were often able to access the higher levels with ease and come to a reasoned judgement as to the benefits.

A strong evaluation either prioritised or ranked the benefits to SC of CSR as a corporate social objective or discussed the benefits in relation to the external environment. Those who focused on the drawbacks of CSR needed to include this into the chains of developed analysis. If drawbacks were analysed without any reference to the benefits, marks were not awarded as this was not the focus of the question.

As always, the quality of the argument and evaluation is more important than the actual judgement made.

BUSINESS

<p>Paper 9609/31 Case Study</p>

Key messages

- Candidates need to be able to demonstrate their understanding of business concepts across a wide range of case study contexts.
- Candidates are advised to spend the first 15–20 minutes reading the case study to understand what business activity the company is engaged in, who their customers are, and the challenges and opportunities presented by the internal and external business environment.
- It is important to return to the relevant sections before answering each question, as the case studies contain ‘signposts’ to assist candidates in keeping their responses appropriate.
- Knowledge marks in each question are for relevant concepts or points. However, candidates must ensure that they show an understanding of the key concept in the question before explaining advantages, disadvantages or impacts.
- Answering questions in order is the recommended approach, as it allows a detailed picture of the business to be developed.
- Financial analysis, such as ratios and other calculations, need to be used in the later parts of answers to allow explanation of what the results or changes mean for the business or project in question. An integrated approach, which relates financial calculation from different parts of the case, should be used. Candidates should also be encouraged to consider to what extent the business is a financial success, or otherwise, from the point of view of different stakeholders.
- Candidates need to further develop the important skills of application, analysis and evaluation.
- A good evaluative answer includes detailed application as well as judgments throughout and a well-supported conclusion at the end.
- Candidates should read the wording of the case and questions carefully before writing each answer and when completing their final conclusion to ensure that the question has been appropriately addressed. This is especially helpful in the **Section B** essays where longer answers sometimes lose focus on the question and the context of the case.

General comments

There was a wide spread of marks for this paper. Strategic management remains challenging for candidates, especially the area of strategic implementation. Candidates need to consider the use of these techniques and be able to answer questions in context.

There was evidence that centres had prepared candidates effectively and as a result they knew what to expect, both in terms of the skills to be demonstrated and how to structure responses. The best answers demonstrated excellent understanding of business concepts and used data and information from the case study to support their answers. High marks in this paper depend very much on candidates’ ability to focus their answers considering the business successes, challenges and future options, as outlined in the case study. The ability to demonstrate broad, accurate subject knowledge is essential.

It is also important for candidates to read the questions carefully and show judgment when required. Better evaluative answers made links between different areas of the case study and took a strategic overview of the business. When a comparison and choice are required, such as whether to change the direction or structure of the business, candidates should do more than just quoting information and data copied from the case. There should be an attempt to analyse the advantages and disadvantages of choices for the company. Candidates should also be encouraged to consider alternative views, such as, in this case, weighing up the desirability of diversification into a different market.

Candidates should be reminded that there are no evaluation marks in **Question 1** and that evaluation marks are conditional on application marks. The importance of recognising the ‘command’ words and answering the

exact question asked should be emphasised. Candidates should also carefully consider both optional questions in **Section B**, as there was occasional evidence of a choice being made and then changed which lost the candidate valuable time.

Comments on specific questions

Section A

Question 1

This question was reasonably well answered by candidates, who showed a good understanding of the concept of privatisation and the potential advantages to FF. Application marks were generally gained by linking the drive for efficiency in the new profit driven organisations to more efficient utility supplies and fewer interruptions. This, in many cases, led to analysis marks gained by outlining advantages such as more reliable production, better quality, higher sales and, in some cases, a healthier workforce due to clean water. However, some candidates misunderstood the question and thought that FF were taking over electricity and water supplies or even that FF was being privatised. Candidates who had misread the question and included disadvantages to FF did not receive credit for this part of their answer. Candidates who did not show knowledge of privatisation, i.e., changing from state/government ownership to private individuals/shareholders, did not gain any marks.

Question 2

- (a) (i) Most candidates correctly calculated capacity utilisation at 96.25(%)
- (ii) Many candidates correctly calculated a \$1 increase in contribution per unit. Others gained 2 marks for the correct new contribution of \$21.
- (b) Many candidates showed good knowledge of total quality management (TQM) in terms of all employees taking responsibility for quality, aiming for zero defects and the importance of the notion of internal customers. Quality assurance, i.e. checking for quality at every stage, was also valid as part of TQM. Application marks were generally gained by linking TQM with fewer defects and rejected glasses frames leading to analysis in terms of better quality, reputation and increased sales. On the other side of the argument, many candidates suggested that TQM may not solve supplier problems unless FF looks for new suppliers and external problems, such as electricity and water supply, are also addressed. This generally led to conclusions and evaluation as to the extent to which problems may be solved by TQM in the short and long term and what this may be conditional upon, including cooperation from the workforce.

Question 3

Information in the case suggested centralised decision making and one-way communication at FF. The focus of the question was on improving communication between line managers and employees, but this could also be interpreted as senior managers and supervisors. Many candidates suggested more employee involvement and consideration of their ideas, training, decentralisation, meetings and noticeboards and also more discussion of targets.

The introduction of teamwork was also picked up from the case and developed to encourage communication between the team leaders and their members. Analysis marks were gained by most candidates, who explained how and why methods such as decentralisation and the resulting increase in delegation could improve communication and interaction between the two groups, and how this could benefit the company in terms of reducing demotivation and labour turnover. Better responses also suggested limitations of methods to improve communication, such as the need for training in the case of decentralisation, but also the possible unwillingness to change established methods of working and interactions. Many candidates achieved low level evaluation marks by suggesting what might be the most effective method. Stronger responses suggested that major change would be needed in management style and that this might be an obstacle to change.

Question 4

- (a) (i) Many candidates correctly calculated 3 years 11 months or 3.92 years. Many others received one mark for identifying that payback would occur within 4 years.
- (ii) Some candidates correctly calculated 0.49 per cent and many received one or two marks for a partially correct calculation. Typical errors were not deducting the original investment, not dividing by 4, or using 10 instead of 10.2 as the original investment.
- (iii) Many candidates calculated the NPV correctly as (0.9804) and allowance was made for rounding figures after multiplying by the discount factors. Some candidates set out the calculation correctly but needed to include the minus sign.
- (b) There was plenty of information in the case and from the calculations to balance an argument for and against the investment. Generally, the calculation suggested 'no' and application marks were gained using figures, such as nearly 4 years payback compared to 4 years lifespan, 0.49 per cent ARR compared to a target rate of 5 per cent and negative NPV. The case suggested reasons to support the investment and application marks were gained by referring to advantages of this type of technology, in design and manufacture, and the possibility that FF may be 'left behind' by competitors. Analysis marks came from developing the application into implications for FF in terms of efficiency, revenue and profit. Many candidates achieved low level evaluation marks for a simple supported judgement, but stronger responses speculated as to whether the printers may last longer than four years, but also whether the technological rate of change could cause them to become obsolete earlier.

Question 5

There was some evidence of candidates being confused between the product development process and product development as one section of Ansoff's matrix. However, many responses correctly identified parts of the process such as research, prototypes and testing. These could easily be applied to the new metal glasses frames in terms of whether they would meet the needs of consumers and be comfortable, durable and practical to produce on a large scale. Analysis marks were gained by balancing the cost, including time, of developing the new frames against the financial benefits of a successful addition to the product range. Some candidates also suggested that, without following the process, an unsuccessful product and subsequent losses were more likely. Many candidates achieved low level evaluation marks for a simple supported judgement, but better responses suggested that the usefulness of the product development process may well depend on time, skills, competitor responses and other external factors such as incomes.

Section B

Question 6

This was the most popular of the option questions. Candidates could gain knowledge marks by showing understanding of the techniques, but also of the place of strategic choice in the strategic management process. Many candidates showed good knowledge of Ansoff, force field and decision trees, and were able to apply these to the case using the information given, for instance product/market development and the comparison of EMV figures. Analysis marks came from explaining how the techniques could be used to make the decision, including different ways of weighing up factors for and against the decision. The strongest responses evaluated the techniques, including their limitations, throughout the answer and included a final conclusion as to the best technique or combination of techniques at the end. It was also often concluded that strategic choice techniques would not be effective without strategic analysis and strategic implementation.

Question 7

This was the less popular of the option questions, often chosen by candidates who appeared to have limited knowledge of the strategic management part of the syllabus. A few candidates showed good knowledge of change management techniques, such as how managers might deal with employees who resist change through keeping them involved and project champions. However, many focused instead on the changes that team working would bring about and occasionally culture change, which was a valid approach. Some candidates misunderstood the focus of the question as the need to change management techniques, but made some relevant points, gaining some knowledge and application marks. Analysis marks were gained by explaining how the change to team working may be promoted and managed, as well as how resistance may be overcome. The best responses evaluated the change management techniques, including why they may

not work, throughout the answer and considered the challenges in this complete culture change for FF in a final conclusion. The management of FF, it was also suggested, may find this change undesirable and difficult to support.

BUSINESS

Paper 9609/32
Case Study

Key messages

- Generic answers may demonstrate understanding of relevant business concepts and appropriate analysis, however, to gain all the marks available candidates need to provide evaluative answers using the case material to demonstrate application.
- Good analysis shows the steps that link the initial action to the final effect on the business. Many candidates need to demonstrate a clear chain of analysis by making the links between the initial factor and its impact on the business clear.
- Evaluation is a higher order skill and often differentiates the strongest answers. Evaluation requires a candidate to weigh up and compare their analytical chains of reasoning by evaluating the relative merits of competing arguments. Making a judgement is always a good route into evaluation and candidates who come to a reasoned judgement are rewarded with higher level marks.
- Candidates should practise applying numerical and business theory across a range of contexts. This can be achieved by studying past papers and using mark schemes to provide guidance of indicative content.
- There were many candidates who gained full marks for their calculations. Some candidates did not attempt one or more of the calculations. Knowledge of all ratios and how to apply them is essential.

General comments

Paper 3 includes a case study based on a single business. Candidates need to read, understand and use the case material to answer the questions on the paper. Candidates are advised to read the case study and consider the questions before starting to plan their answers. Timing is also important and candidates should be aware of the number of marks for each question and therefore the amount of time they should spend on each one.

Some candidates needed to develop their understanding of the range of business concepts and techniques. Most were able to give effective answers to some questions but needed greater knowledge and understanding to develop appropriate chains of argument. Some candidates needed a closer focus on the questions set.

For questions of 12 marks or more, concise answers which provided balanced argument and supported judgement were highly rewarded. Focusing on a limited number of key points frequently achieved higher marks than responses that tried to cover all conceivable issues. This approach resulted in limited development of analysis.

Section B continues to challenge candidates. **Section B** requires candidates to demonstrate their analytical and evaluative skills. Whilst many candidates offered effective and relevant analysis; a much smaller number offered in-depth evaluative comment. Evaluation needs to be based on good analysis and application. However, that does not mean it must all come at the end of the response. Candidates will often deal with one point at a time, they then need to show how this point helps them to formulate an answer to the question. The very best responses are ones where the candidate has already included evaluation on more than one occasion before the conclusion is written.

Comments on specific questions

Section A

Question 1

Some candidates began their response by copying or paraphrasing parts of the case that provide a brief history of the business. These introductory summaries lacked focus on the question and rarely added value to answers.

A more focused approach is to give a clear definition of decentralisation such as delegation of authority to managers. This approach makes it more likely that the remainder of the answer addresses the specific question.

Many candidates were able to make valid points about a decentralised organisational structure and identify relevant benefits. Candidates who scored well for this question typically identified at least two benefits such as making local decisions that more accurately reflect local conditions and giving more time for directors to focus on strategic issues.

Good responses used information from the case to support their points. For example, decentralised decision making could provide empowerment to managers, which would help the operations manager who said that they had insufficient authority. Good answers linked this to improving motivation and potentially reducing the problem of high labour turnover.

In a minority of cases, candidates' answers were theoretical and were not applied to the context. In relation to analysis, candidates were able to access Level 1 marks relatively easily. Candidates then needed greater depth to achieve Level 2 marks by demonstrating more extended chains of reasoning. Candidates were able to explain simple links between local decision making and responsiveness to customer needs. However, most candidates provided only simple chains of reasoning, with limited cause and effect.

Some weaker answers lacked a clear understanding of decentralisation and tended to consider it to be identical to democratic leadership. These answers focused on the benefits of discussion and consultation within an organisation.

Candidates should always stay focused on the question. Some answers included disadvantages as well as benefits. Analysis of disadvantages of decentralisation were not required and received no credit.

Question 2

The calculations in this question proved challenging with many candidates unable to identify relevant formulae. A significant proportion of candidates did not attempt one or more of the calculations for **Question 2(a)**.

- (a) (i) A common error on this question was to not express ROCE as a percentage. Many candidates did not state a correct formula and/or could not calculate capital employed. Candidates need to practise calculating ratios from a range of data to get used to the different elements of capital employed.
 - (ii) The formula for gearing was not well known and some candidates did not attempt this question. Learning ratios is critical to success on this paper and candidates should understand how to express their results: for gearing, answers should be a percentage.
 - (iii) Many candidates correctly calculated the current ratio.
- (b) There were a significant number of candidates who incorrectly thought that a plc is owned by the state. Most candidates identified access to finance as the key benefit of becoming a plc. However, few answers considered the issue of conversion from the point of view of Omar and his family. This was necessary for the highest marks. Good responses contrasted the need for finance against the possible loss of control of the business for the family. The best responses made effective use of their answers to the calculations commenting, for example, on the relatively high gearing as a barrier to raising further finance for expansion or whether the ROCE was sufficient to attract shareholder investment. Evaluation was lacking from most answers as recommendations when

made were often not supported. Good answers included a balanced argument and reached a supported conclusion.

Question 3

For this question, candidates were required to recommend a marketing strategy. Most candidates understood that reference to the marketing mix was essential. However, weaker answers treated each element of the marketing mix in isolation and thus frequently provided a disconnected series of tactics, which were unlikely to maximise the chances of business success. There were many examples of an uncoordinated approach with different elements of the mix in conflict with each other.

Answers needed to refer to business to consumer selling. Many candidates answered as if AC was still targeting industrial market customers rather than households. Better answers recognised the prompts in the text about the significance of pricing and suggestion that the products did not need to be as durable. Good answers made effective use of the information in Table 2, for example, linking pricing to the large number of competitors and questioning whether the current promotional activity would be suitable given that 75 per cent of consumers use the internet to purchase fitness equipment. Some very good yet concise answers focused on just two elements of the marketing mix, which was sufficient to demonstrate an understanding of the need for a coordinated approach. For example, candidates linked cost of promotion through the internet to enabling AC to set lower prices.

Question 4

- (a) (i) This question was accurately answered by many candidates, but a significant minority inverted the equation.
- (ii) Many candidates were only able to partially answer this question. It was common for answers to calculate the amount of substandard output each month but not to complete the calculation of the monthly cost.
- (b) Many candidates were uncertain of the meaning of Total Quality Management (TQM). However, candidates were often able to access some of the marks for their general understanding of the importance to the business of controlling quality. Stronger candidates recognised that TQM involves a focus on quality throughout the organisation and that it would mean that quality inspectors were no longer required. Good answers gave an accurate definition and understood that TQM gives employees responsibility for quality; this was then linked to the current problems faced by AC of unmotivated employees, a lack of empowerment and high labour turnover. Counter arguments were often based on the cost of training employees. A few answers also observed that the culture of the business might make the introduction of TQM difficult.

This question emphasises the critical importance of candidates having a good understanding of business terms from the syllabus. Knowledge provides the foundation for developing an applied analytical answer.

Question 5

In general, candidates demonstrated an understanding of the economic environment and used the data from Appendix 1 to develop their answers. However, some candidates found it difficult to move beyond simply repeating the data in Appendix 1 without offering any interpretation or development. These answers could not be rewarded with knowledge marks. Better answers defined key economic influences and developed reasoning of how changes might affect AC. Good context made links between the data in Appendix 1 and other information from the case, for example, how a reduction in the unemployment rate would impact the labour turnover at AC.

Less developed answers tended to miss links in their chains of reasoning. For example, candidates frequently recognised that a rise in real GDP could result in higher sales but did not explain why or needed to extend their argument to consider the impact on profit. The best answers provided in-depth analysis of the consequences of economic growth, made links to household incomes and the demand for luxury goods and services such as fitness equipment and gym membership.

There was some confusion regarding the data on the annual growth of GDP. Most candidates did not understand that real GDP was forecast to increase throughout the forecast period. Candidates typically stated that GDP was decreasing in 2024 and that demand would therefore decrease. In fact, the data indicated a slower rate of growth of GDP in 2024.

Section B

Question 6

This was the more popular question. Although answers were significantly better than those to **Question 7**, it still proved a difficult question. Candidates continue to find essays on strategic decision making challenging. Some candidates were unable to identify any of the strategic choice techniques in Appendix 2 or link how the data could reduce risk when choosing a growth strategy. Although some answers defined techniques such as Decision Tree Analysis and Force Field Analysis, they treated this question as an evaluation of which option the business should choose. These answers needed to comment on the usefulness of choice techniques in reducing risk. Only a small number of good answers kept their focus on how using choice techniques could help ensure better decisions that reduce risk to the business when making important strategic decisions.

Good responses demonstrated an understanding of the choice techniques in Appendix 1 and used the data to develop chains of reasoning that linked to the issue of risk. There were some simple links that could be made such as Option 2 having a higher chance of success. More sophisticated answers calculated the net returns for each option using the decision tree data but also considered which option maximised the minimum outcome – this suggested that Option 2 was less risky as a profit could be made whether it was successful or not. Better answers also included some evaluation of the reliability of the strategic choice techniques; an estimation of future outcomes as a key feature of both Decision Tree Analysis and investment appraisal, and that Force Field Analysis can be subjective. Evaluation was also developed by some candidates through noting that other techniques were also important and that strategic analysis prior to decision making was also critical.

Question 7

Candidates found this to be the most difficult question on the paper and marks were very low, with many candidates unable to demonstrate any knowledge of relevant business concepts.

Some candidates misread the question and focused on the type of corporate culture present in AC rather than considering whether developing a change culture was important to the successful implementation of Option 2. These answers were limited to lower-level knowledge and application marks. Some answers gave lengthy descriptions of different cultures such as power and role. These answers typically gained some application marks but much of the analysis was misdirected. Candidates should take careful note of the exact wording of questions before answering to ensure that answers remain focused and relevant. Other candidates focused on how to implement Option 2 but did not comment on any aspect of change culture. These answers did not address the question and gained few if any marks.

Good answers analysed how a culture of change would reduce resistance to change and make responding to a dynamic environment more effective. The best answers made effective use of the case material within their analysis and evaluation. For example, they considered problems currently faced by AC such as high labour turnover which might threaten the implementation of Option 2. A few strong answers provided effective evaluation by questioning whether a culture of change was necessary as many existing employees would not be affected by the diversification.

BUSINESS

<p>Paper 9609/33 Case Study</p>

Key messages

- Candidates should avoid simply repeating case material. They should aim to use the data to inform their answer.
- Practise calculating and analysing answers for use in extended responses.
- Candidates should read the questions carefully to understand the exact demands of the question being set.

General comments

The paper discriminated effectively and a wide range of marks were awarded. Candidates found two of the numerical questions challenging with a high proportion of candidates omitting **Question 2(a)(ii)** and **Question 4(a)(ii)**. There was no evidence of timing problems for candidates. The strongest responses demonstrated a good understanding of the broad range of topics that were tested. There were some good examples of well-focused responses where candidates had read the question carefully and knew how to meet the demands of the question. In **Section B**, many candidates chose to answer **Question 6** rather than **Question 7**.

The strongest responses were able to direct their responses closely to the demands of the questions and provide only relevant and detailed arguments using the case study to answer the questions fully.

There were a few excellent responses that were well structured and focused consistently on the question and made judgements based on the analysis made earlier. Some candidates would have benefitted from using the case study in a more sophisticated way rather than relying on copying from the text. In terms of evaluation skills, some candidates were able to provide a balanced argument and clear supported judgement. In some exceptional cases, demonstrating high levels of evaluative skill, candidates were able to appreciate that decisions made would be dependent on certain conditions or variables.

It would be useful for candidates to give some thought to the questions being asked and to plan their responses before writing. This would not only provide focus for their response, but candidates are likely to also reflect on the most relevant and accurate material to include in their answers. It was pleasing to see that lines of analysis are being developed in most cases, but some candidates find it difficult to develop evaluative points as their answer progresses. Some good answers build effective chains of argument, but their final judgement lacks support. Candidates should ensure that they include an overall decision in questions that require one to be made, ensuring that they provide support for it.

Comments on specific questions

Section A

Question 1

Whilst it was clear that many candidates understood the key concept, it was also clear that other candidates did not have any relevant or accurate knowledge of exchange rates and therefore found it difficult to access any marks.

Many candidates did analyse, as required, one opportunity and one threat; however, a small minority only did one impact, or identified two opportunities or two threats. In many cases, stronger responses were able to correctly identify, apply and analyse one opportunity and one threat of appreciating exchange rates and were

therefore able to access many of the marks available for these skills. A common point for an opportunity was that WSC would benefit from cheaper imports, which could lead to lower prices or higher profit margins. In the context of the case study, candidates commonly recognised that a threat would be the spices being more expensive to foreign customers and that this could lead to a fall in demand. A key to providing good answers is to build extended analytical chains to access Level 2 marks for analysis. It was common for candidates to only score in the Level 1 band for analysis for basic or undeveloped lines of analysis.

Question 2

It was common for candidates to be awarded marks for at least one of the three calculations they had to perform. Many candidates were able to demonstrate their understanding of the calculation and method, resulting in the right answer. When answering numerical questions, the majority of candidates state formulae and lay out their work clearly; this enables them to secure process marks even if mistakes are made.

- (a) (i) The majority of candidates understood how to calculate the dividend yield ratio and gained full marks. However, some candidates clearly misunderstood the calculation, including the requirement to express their answer as a percentage.
- (ii) Many candidates found this question challenging. Common mistakes for not achieving marks included using the wrong formula, for example dividend/share price and share price/revenue, which indicated a lack of understanding of the formula required to calculate dividend cover ratio accurately.
- (iii) A large proportion of candidates scored highly on this question. Those who knew the formula for the return on capital employed were able to access the data and perform the correct processes without error. Many candidates demonstrated a methodical approach by stating the formula and then providing the correct workings and final answer.
- (b) Candidates generally were able to access knowledge and application marks relatively easily for identifying relevant factors in recommending whether existing shareholders should take up the offer to buy more shares in WSC. Good answers used results from **Question 2(a)** and considered the positive and negative impacts on existing shareholders of taking up the rights issue. Better answers were able to analyse the data and provide analysis of other factors that were important in making the recommendation. Most were able to write balanced answers contrasting, for example, the relatively low gearing compared to the dilution of control.

Weaker answers tended to repeat data from the case without developing any analysis of the data and its relevance to the question. Some candidates did not focus their analysis on existing shareholders, and considered the points of view of potential shareholders, and did not write specifically about the Cole family. In some instances, candidates did not make a clear recommendation, and other recommendations were not well informed by the analysis.

Most candidates demonstrated good exam practice producing answers with knowledge of factors affecting the decision to buy shares, a range of analytical points that were in context, and some supported judgement. However, the quality of what was written in terms of depth and accuracy was an issue.

Question 3

This question proved to be an effective discriminator, especially in terms of Level 2 analysis marks and evaluation marks. Most responses indicated that candidates understood the concept of lean production and as a result came up with relevant points. However, many did not develop their points in enough detail and many responses were generic and not in the context of WSC. Weaker responses often struggled to demonstrate understanding of lean production or the techniques used.

Many candidates were able to define lean production accurately, and identified and explained lean production techniques, commonly Kaizen and just-in-time inventory management. Most candidates were also able to apply sufficiently to the case that indicated inefficiency, such as inventory wastage and labour turnover.

The demand of the question was whether lean production techniques would be sufficient to improve efficiency at WSC. Although many candidates were able to provide some effective analysis of how different lean production techniques can lead to increases in efficiency, in other cases the links were general and not focussed on efficiency but on increasing business performance generally.

Most candidates attempted some evaluation of whether lean production techniques would be sufficient in improving efficiency, but often evaluation was basic and unsupported. Stronger responses were able to justify the extent to which lean production techniques would be sufficient to improve efficiency. Some of the best responses considered factors that the improvement would depend on, such as effective relationships with suppliers. In terms of sufficiency, strong responses were able to recognise that factors other than lean production could also improve efficiency, such as improving motivation to reduce labour turnover.

Question 4

- (a) (i) The majority of candidates were able to calculate the payback period correctly. However, a significant minority did not understand the concept of cumulative cash flow or did not calculate it correctly.
- (ii) This proved to be a challenging question with relatively few candidates achieving full marks. There were several stages to the calculation, including discounting cash flows, adding them up and deducting the capital cost, so a methodical approach was essential. Common errors were in discounting the cash flows incorrectly, or not at all, and in not deducting the capital cost.
- (b) Candidates found this question to be comparably accessible as **Question 2(b)**, which also involved making a recommendation. Many candidates were able to gain all knowledge and application marks relatively easily, along with Level 1 analysis and Level 1 evaluation marks. Better answers included reference to the investment appraisal results in **Question 4(a)** and other information from the case, including rising demand for ready meals in Asian markets and the positive reaction to ready meals in focus group tasting sessions. This approach allowed analysis of multiple factors including the risk associated with the project and the level of competition that WSC could face.

In some cases, however, candidates did not develop their analysis to consistently achieve Level 2 and therefore more detail is needed to develop a longer chain of reasoning in points. Evaluation marks were often in the Level 1 band with many candidates making a simple judgement as to whether the project should go ahead.

Better responses recognised and developed factors that the decision could depend on, including the affordability of the project and the accuracy of the investment appraisal data. The best answers were able to provide a balanced analysis and evaluation.

Question 5

The question was an effective discriminator, especially in terms of analysis and in particular evaluation. Many candidates were able to accurately define, or show an understanding of, marketing strategy, including reference to marketing objectives, the marketing mix and marketing budget. Many candidates took the approach of applying each of the elements of the marketing mix to WSC. However, weaker responses were not able to effectively analyse the impact of the proposals they made, but instead described the suggestions.

Better answers included analysis of each recommendation for a marketing strategy, which typically involved the elements of the marketing mix. Effective analysis included linking the suggestions for the marketing strategy of the ready meals project to the benefit or suitability of the strategy, including how it would lead to increased customer satisfaction and product differentiation. Stronger responses were able to methodically analyse multiple aspects of a marketing strategy and access marks in Level 2. It was more common for candidates' analysis to be awarded Level 1.

Evaluation marks were rarely awarded in Level 2. It was more common, even for relatively stronger responses, to be awarded Level 1 marks for evaluation. This was because the justification of a suitable marketing strategy was often limited in detail. Some candidates recognised the importance of an integrated

marketing strategy, but there was often a lack of recognition of other important factors such as the sufficiency of the marketing budget to achieve the marketing objectives, the actions of competitors and the influence of the external environment.

Section B

Question 6

This was the more popular of the two **Section B** questions. The key to this question was whether the information in Appendix 1 was sufficient for the directors of WSC to make the strategic choice between the two growth options. Candidates typically took the approach of defining strategic choice and giving examples of strategic choice techniques, which they went on to apply to WSC. It was common for candidates to gain knowledge and application marks relatively easily. However, in terms of analysis, many candidates did not focus on *how* the strategic choice techniques would be helpful in making the choice between Option A and Option B.

Weaker answers simply repeated the information in Appendix 1 without analysing its usefulness or sufficiency. In this way, many candidates did not focus on the exact demand of the question. It was more common for candidates to focus on which option was better.

Evaluation marks were commonly awarded for critiquing the strategic choice techniques, which included points such as the accuracy of the data, the lack of detail provided and a focus on quantitative data. Better answers focussed directly on the extent to which the data in the appendix was sufficient in helping the directors to make the strategic choice. Stronger responses were able to provide evaluation points throughout their response as well as a conclusion at the end of their answer.

Some candidates wrote about strategic analysis techniques instead of strategic choice techniques and scored no marks for this approach. A few candidates thought that the question required a judgement as to which strategy WSC should choose. This was unnecessary and frequently led to misplaced analysis of the role of strategic choice techniques as a focus of the answer.

Question 7

Candidates who answered this question found it challenging. Candidates were able to gain some marks for a correct understanding of corporate planning and were able to analyse some benefits of undertaking corporate planning. Many answers were relatively theoretical with only some reference to WSC. Evaluation was typically brief and commonly focussed on keeping the plan up to date and ensuring the accuracy of the data in the plan.

Better answers were able to apply elements of a corporate plan, such as setting objectives and deciding strategies, to WSC. Application points tended to include reference to WSC's core competency in producing spices and to the highly competitive fast food market. However, it was not common for analysis to focus on the importance of the corporate plan.

Many candidates who attempted this question were able to make at least some brief concluding comments, but often provided no support for the judgements made. Evaluation points made were often general and marks for this skill were consequently low. Good evaluation, which was rarely awarded, included points throughout the answer and at the end.