BUSINESS

| Paper 9609/11 |
| Short Answer/Essay |

Key messages

- Candidates are reminded that the 'briefly explain' command for **Questions 1(b)**, **2(b)** and **4(b)** requires enough detail and development to show clear understanding of the concept and its application. A brief statement is not unlikely to do this; nor is extensive writing required. Two or three developed sentences should be sufficient.
- Candidates must make sure that they apply their answer where possible to the business in the question e.g. a hotel or a car manufacturer. This means giving examples of how they operate using terminology such as rooms, guests, tourists or engines, tyres, selling to car dealerships. Without such specific reference, simply repeating 'hotel' or 'car manufacturer' will not count as application and will limit the mark given.
- Candidates should practise analysis, i.e. three stage reasoning: using words like 'because', 'therefore', 'as a result' and 'this leads to'. Some candidates cannot be awarded analysis marks because they make statements or give brief descriptive explanations without fully developing their answer. If it is possible to ask 'why?' or 'so?' after reading an answer, then it probably contains no analysis.
- It is important to attempt some evaluative comment in answers to **Questions 5(b)**, **6** and **7(b)**. This means that candidates develop the counter argument fully rather than just adding a brief comment at the end of the answer. Level 3 and 4 marks can only be awarded if attempts are made to judge or assess the analytical points made and conclude which points are more important or give a level of priority. Such critical comment can be made at any point in an essay. It may involve an alternative business view which challenges the ideas put forward in the essay.

General comments

- Candidates generally showed understanding of the theory. They must recognise that all aspects of the syllabus will be examined over time and therefore should be able to define and give a brief explanation of all the business concepts set out in the syllabus. In this paper there were some significant knowledge gaps – notably in relation to the areas of 'job re-design' and 'micro-finance' which resulted in the production of non-relevant answers.

Comments on specific questions

Section A

Question 1

(a) Most candidates were able to give at least a partial definition of channels of distribution, although some confused the concept with transport methods. Strong answers clearly defined it as the intermediate stages a product goes though from manufacturer to customer and some gave examples of intermediaries such as wholesaler, retailer or selling direct to the customer with no intermediaries.

(b) The most commonly stated factors to consider when deciding on the appropriate channel of distribution included the cost and effect on profits, the time taken and perishability, the control which the manufacturer wanted to maintain and the convenience for the customer. Additionally, some candidates commented on the nature of the market and its location. A significant number of answers then went on to explain why these factors should be considered when deciding on an appropriate channel of distribution. It was necessary to develop this explanation for two factors in order to gain full marks.

Question 2

(a) Most candidates gained 2 marks on this question by referring to changing the job or the tasks to make a job more challenging. Answers which related to altering roles or promoting workers were not showing sufficient understanding of the term job re-design and could not be awarded full marks. Some answers explained the benefit instead of defining the term and could not be awarded any marks.

(b) It was possible to answer **Question 2(b)** correctly even if **Question 2(a)** was incorrect. Many candidates began with the motivational aspect of job re-design and developed the reasoning through to the business benefits of higher productivity, better quality, more flexible workforce or lower labour turnover. Where candidates only explained the benefits to employees, a third mark could not be given as the question concerned business benefits.

Question 3

This question was well answered with most candidates gaining 3 or more marks. Most began by defining ethics, although few gave actual examples of ethical business activities, e.g. reducing pollution, using fair trade practices, paying workers above the minimum wage, not using child labour, recycling, etc. Many answers focused on good reputation, loyal customers or motivated workers. Strong answers defined ethics and then gave two or three well developed explanations of possible scenarios where the business was acting ethically to show how the business would benefit. Some candidates implied that acting legally and acting ethically is the same thing. Acting ethically goes above and beyond the legal requirements and therefore answers relating to 'not getting sued for breaking the law' were not relevant. The disadvantages of acting ethically were not required.

Question 4

(a) Micro-finance was poorly defined by some candidates, many of whom thought it related to borrowing a small amount of money or funding the business uses internal sources. Of those candidates who recognised that the finance was given to people who could not access loans from traditional banks, some also included that this was because they were poor or had a low income and therefore earned both marks.

(b) It was possible to answer **Question 4(b)** correctly even if **Question 4(a)** was incorrect. Such answers related to securing start-up capital, additional working capital or finance to expand. Better answers noted that this finance would not be available to entrepreneurs from traditional banks due to not having the collateral to secure the loan. Comments about interest rates should have been about lower interest rates than commercial banks not the lack of any interest. Similarly, candidates stating that micro-finance does not need to be paid back at all are describing grants, not micro-finance.

Section B

Question 5

(a) This was the most popular question in *Section B*. Strong definitions of marketing and adding value were given by most who attempted this question. Many candidates were able to strongly discuss the role of marketing in convincing customers that a product is more desirable and therefore improving sales. To gain higher marks this should then link to adding value. For example, strong promotion of a brand image allows high prices to be charged without putting consumers off as they believe that the brand is worth the extra money. Similarly, the use of high quality packaging or selling in fashionable high-quality retail outlets would allow a premium price to be charged thereby adding value. Some candidates clearly did not understand the term 'adding value' and merely repeated it throughout their answer after each point about marketing.

(b) Many candidates discussed market segmentation in general rather than specifically in the context of a hotel, e.g. different categories of rooms, appealing to business customers or tourists, or people booking for special events such as weddings. Even where candidates applied their answer to hotels, there was a tendency to not link to profitability. Strong answers recognised that market segmentation can allow price discrimination with the result that some customers pay a high price with a high profit margin whereas other customers pay a lower price, and all available rooms are fully booked. Other answers centred around aiming for a niche market e.g. a themed hotel, which

would therefore be able to specifically target customers and charge higher prices as the only hotel suiting their requirements. For higher marks there should have been evaluation relating to the cost of targeting specific markets or the presence of competition or a change in the economic environment. Thus, the candidate would recognise that market segmentation may not always improve profitability.

Question 6

This was a less popular question than **Question 5** but there were some strong responses. Weaker responses gave a generalised explanation about the importance of location such as nearness to raw materials, the customers or workers, with no direct application to a car manufacturing business. Application could include reference to recognised car brands, parts needed for manufacture or a clear understanding that car manufacturers are likely to sell to dealerships rather than local consumers. Some candidates gave a much stronger analytical response when discussing why location is not the most important factor, leading to success. It was necessary to combine this with analysis of why location is important in order to become evaluative. There were well-reasoned essays on both sides of the argument, either strongly supporting location as a key factor in success or recognising that location is only one of a range of important factors, alongside the strength of management, operational efficiency, product quality or customer satisfaction and loyalty.

Question 7

(a)   This was the least popular *Section B* question although it was accessible to those who understood the theory of Mintzberg's roles of management. Some candidates had clearly learned the concept, but their answers were very theoretical and lacked the analysis of how these roles could be used by a business; a brief explanation of all ten roles could only gain four marks. Good answers chose specific roles and explained their practical application within the business, often focussing on the informational, decisional and interpersonal grouping. Stronger responses linked an explanation of how managers act to resulting improvements in the business and therefore answered the question analytically.

(b)   Candidates answering this question understood emotional intelligence as a quality of leaders and most gave practical applications of how this works in a business. Many related this to Goleman's four competences and went on to develop analysis relating to the benefits of a manager being emotionally intelligent. Evaluative comments were generally missing or rather brief therefore restricting candidates to Level 2 or low Level 3. Those candidates who recognised that an effective leader must demonstrate a wide range of traits and abilities as well as adapt them for different types of workers and situations were the ones who gained the highest marks. These candidates clearly recognised that emotional intelligence would be used more by a Theory Y manager than a Theory X manager or by a democratic rather than autocratic leader. Others noted that in emergency situations, decisive action would matter more than emotional intelligence.

BUSINESS

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Paper 9609/12
Short Answer/Essay
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Key messages

- Candidates are reminded that a brief explanation in **Questions 1(b)**, **2(b)** and **4(b)** requires sufficient writing to give a clear and comprehensible account of a business advantage or aim. While extensive writing is not required, a simple statement is unlikely to give enough detail or interpretation of an applied business concept.
- Application marks in **Section B** can only be awarded if answers clearly address the context given in a question. In responding to contexts such as car manufacturing, hospitals, and banks, answers must do more than simply place the name of the context before general comment and analysis. Examples should be given of the particular demands of specific contexts using the language and terminology of these business situations such as car production methods, doctor patient relationships in hospitals, and bank customer relationships.
- Analysis marks in **Section B** will be awarded when it is clear that a candidate unpacks the constituent parts of some explanation or evidence and assesses the impact of that explanation or evidence. This requires development and comment. Some candidates give only limited factual explanations of business concepts and situations and miss the opportunity to more fully explain and analyse.
- Evaluation marks can be awarded for answers to **Questions 5(b)**, **6**, and **7(b)**. These marks are awarded when a candidate makes a critical comment about a business concept, theory, or decision. These comments can be made at any point in an essay. This is where the writer makes a judgemental assessment of the value or importance of principles/arguments presented by business theorists or theories. An essay question may well express a particular view. If the candidate is aware of alternative business views or ideas, then using them to assess the validity of a particular expressed view in a question will likely result in the awarding of evaluation marks.

General comments

- Candidates may well focus on areas of the specification that interest and excite them and give less attention to other areas. It is important, however, that a basic definition based level of understanding is established for all the business concepts set out in the syllabus. Failure to do so can lead to the production of non- relevant answers. In this Paper, the lack of knowledge and understanding of workforce planning and price discrimination resulted in lost marks for many candidates.

Comments on specific questions

Section A

Question 1

(a)   The majority of candidates were able to score 2 marks here, as there are many points about a social enterprise which could have been, and were, mentioned. Answers that gave a partial definition simply referred to a social enterprise having a focus on social objectives. Sound definitions also added information relating to the reinvestment of surpluses, the concern or lack of concern for the pursuit of profit, providing jobs and benefits for those with disadvantages, and working in an environmentally friendly or sustainable way. Some answers confused social enterprises with government owned and operated public corporations.

(b)   Sound answers developed information presented in **section (a)** of this question and presented evidence of the distinctive aims of social enterprises. For example, suggesting that the primary aim of a social enterprise could be the provision of jobs for local disadvantaged citizens who might have

difficulty in securing employment in traditional ways. Many answer successfully used the 'triple bottom line' as a framework for identifying the aims of social enterprises. Weaker answers simply repeated statements made in **section (a)** with little or no development or explanation.

Question 2

(a) A good number of candidates were able to score 2 marks for recognising that retained earnings are profits left after deductions and dividend payments and that they constitute a source of finance for a business. However, a lot of candidates thought that retained profit is profit after expenses and tax and failed to deduct dividends. The weakest candidates thought that it is the amount of money that staff keep out of their salary or that it is the same as gross profit.

(b) Most candidates knew what an income statement is and many were able to score 2 or 3 marks. However some answers were rather vague and made simple statements such as 'to see how the firm is doing'. Sound answers suggested that information in an income statement provided opportunities for senior managers to measure and compare business performance over time and with other companies, make decisions and plans for change such as cost reduction, and use the information to support loan applications The weakest candidates thought that this was an HR document showing staff salaries.

Question 3

This question really stumped most candidates and only a handful scored the full 5 marks Workforce planning is concerned with the analysis and forecasting of the number and skills of employees that are required for an organisation to achieve its objectives. Most failed to realise that this is about planning the quantity and quality of employees required in an organisation. Instead many answers interpreted this concept as 'work planning' and focused on timetables, work schedules, and staff motivation. Even where there was an initial accurate definition of work force planning, the discussion of the link with effective organisational performance was not strong. Clearly work force planning is very important as an organisation seeks to respond to such issues as skill shortages, succession planning, retirement projections, and workforce demographics.

Question 4

(a) The vast majority of candidates were able to define product orientation correctly. They were very clear about the inward-looking approach and the fact that the product comes before market research. Weak answers mentioned the product life cycle and advertising techniques and some mixed up product orientation with market orientation.

(b) Many candidates were also able to score full marks on this part of the question and gave very good detail on the advantages of market orientation. Common responses giving advantages of customer (market) orientation included references to reduced risk of product failure, greater possibility of sales and profits, and advantages over competitors through customer loyalty.

Section B

Question 5

(a) Some candidates did not know what price discrimination means and were therefore unable to score marks. They discussed other methods of pricing such as skimming, penetration, and competitive pricing. Of those who did give a correct definition of price discrimination, some gave incorrect examples, the most common being the differential in pricing between first-class and economy-class air tickets which is an example of product differentiation and not of price discrimination. However quite a large number of candidates did understand the concept and were able to cite the examples of seasonal pricing and differentials based on age and on income. Only a few were able to score marks for good analysis by discussing the conditions which must be present for price discrimination to work successfully (such as different price elasticities of demand, the ability to keep market segments separate, and the degree of monopoly power enjoyed) and to explain clearly why the practice results in higher profits.

(b) Sound answers gave examples of the functions of a finance department and an operations department and effectively applied this understanding to the production of a new car such as the setting of a budget by a finance department so that the project did not overspend, and clear direction from an operations department with regard to production costs. However the ways in

which these departments collaborate and the consequences of their failing to do so were not usually included and this question therefore produced rather mediocre marks. There was some reference to the need to involve other departments such as marketing, and this gained evaluation marks but evaluation was not strong in most of the answers to this question.

Question 6

This question on work-life balance in a hospital was a popular question but was also the question that produced some rather weak answers and a lot of candidates scored low marks. This was mainly because there was no understanding of work-life balance with many simply repeating the phrase in the hope that they were making some sense, or focussing only on how a hospital could become more efficient and effective, or hospital staff becoming more motivated. These candidates either wrote an essay on the main theories of motivation or they tried to find ways in which hospital staff could be persuaded to work longer hours e.g. by paying them more. However a number of sound answers correctly defined the concept and clearly analysed why WLB could be an important concern for a hospital in terms of reducing stress, exercising a duty of care, improving morale, and improving patient care. The 'how' of achieving a good WLB was less well done but sound answers suggested that a hospital might examine ways of reducing staff pressures and stress through changing shift patterns, more flexible working, time off in lieu of long unsocial working hours, generous vacations, and employing more staff. Strong evaluative answers discussed the problematic nature of some of these options (such as the cost of more staff) while a few answers made other evaluative points such as suggesting that WLB might be a shared responsibility between an organisation and its employees.

Question 7

(a) All candidates knew what objectives are and most were able to distinguish between corporate and departmental objectives. Weaker candidates confined themselves to describing what some of these objectives might be, and were rewarded, but better answers addressed the question and considered their importance to the success of a business. Sound answers recognised the importance of the links between corporate and departmental objectives and provided evidence and analysis of how specific departments (for example HRH and workforce planning might support corporate objectives) are vital to organisation success

(b) Strong responses to this question applied some general concepts of objective change specifically and convincingly to the context of the banking sector. There was a recognition that banks have the potential to significantly affect the health of an economy and businesses, and that regulation and interference by external bodies, notably governments might be necessary (for example to stimulate an economy and/or to make more loan capital available to new businesses or existing SMEs). Weaker answers did not explain or analyse the particular context of banking and consequently presented a very simple, general, and descriptive discussion of why business objectives might change over time.

BUSINESS

Paper 9609/13
Short Answer/Essay

Key messages

Candidates are reminded that a brief explanation in **Questions 1(b)**, **2(b)** and **4(b)** requires sufficient writing to give a clear and comprehensible account of a business advantage or aim. While extensive writing is not required, a simple statement is unlikely to give enough detail or interpretation of an applied business concept.

Application marks in Section B can only be awarded if answers clearly address the context given in a question. In responding to contexts which are specific such as international airports and business leaders or more general business scenarios, answers must do more than simply writing the name of the context before making general comment and analysis. Examples should be given of the particular demands of specific contexts, using the language and terminology of these business situations, such as the complex qualities demanded of a business leader or the particular demands of managing the various activities and functions of a new international airport.

Analysis marks in Section B will be awarded when it is clear that a candidate unpacks the constituent parts of some explanation or evidence, and then assesses the impact of that explanation or evidence. This requires development and comment. Some candidates give only limited factual explanations of business concepts and situations and miss the opportunity to more fully explain and analyse.

Evaluation marks can be awarded for answers to **Questions 5(b)**, **6**, and **7(b)**. These marks are awarded when a candidate makes a critical comment about a business concept, theory, or decision. These comments can be made at any point in an essay. An evaluative comment in the first paragraph of an essay can be just as significant as one made in a summary last paragraph. An early evaluative comment can support more frequent evaluative references and lead to an essay that becomes evaluative throughout. Evaluation is where the writer makes a judgemental assessment of the value or importance of principles/arguments presented by business theorists or theories. An essay question may well express a particular view such as the one presented in **Q7(b)**. If the candidate is aware of alternative business views or ideas then using them to assess the validity of a particular expressed view in a question will result in the awarding of evaluation marks.

General comments

Candidates may well focus on areas of the specification that interest and excite them and give less attention to other areas. It is important, however, that a basic definitional level of understanding is established for all the business concepts set out in the specification. Failure to do that can lead to the production of non-relevant answers. Some candidates were unfamiliar with the business concepts related to **Questions 3**, **4** and **5(b)**.

Candidates need to ensure that they take time to carefully to consider the precise demands of questions in Section B. While there may be a general level of knowledge and understanding about an area of the specification referred to in a question it is very important that the specific demands of a question as determined by a context or an expressed view are also addressed. If questions are not accurately interpreted then it is possible that very general and marginally relevant essays are written.

Comments on specific questions

Section A

Question 1

(a)   The majority of candidates were able to score at least 1 mark by referring to the 4Ps but many did not recognise that the 4Ps is a framework that assists managers to make decisions that can lead to the effective marketing of a product or service.

(b)   Sound answers identified and explained specific features and characteristics of successful products such as quality, availability and competitive advantage. They then went on to consider the importance of the other constituent parts of the marketing mix (price, place, and promotion) in supporting and sustaining product performance. Weaker answers simply concentrated on the features of a product and failed to recognise the important links with the rest of the marketing mix.

Question 2

(a)   The majority of answers correctly defined induction training as a business training programme for new employees to provide an awareness of the systems and practices of the business and so prepare them for their role and responsibilities in the work place.

(b)   Most candidates responded confidently to this question and presented sound examples of the potential benefits of employee training to a business. Common points made included reference to business advantages. Examples included: employees with relevant and up to date skills, more motivated employees, increased production/performance, more staff retention, and a more flexible and adaptive business. A small number of candidates misread the question and limited their answer to a continued explanation of induction training. Candidates are reminded to take a little time and thought to ensure a correct interpretation of the question.

Question 3

A number of very sound responses to this question identified the relevance of stakeholder theory, which suggests that business employees have both rights and responsibilities. A starting point for acknowledging these responsibilities is the contract of employment and many answers focused on the components of a typical contract of employment. Those answers that were awarded 4/5 marks for effective explanation of employee responsibilities demonstrated a sound understanding of contracts of employment but often went further and discussed issues such as observing ethical codes of conduct and respecting and supporting organisational values. Comments on the importance and significance of these employee responsibilities to a business were well rewarded.

Question 4

(a)   A significant minority of candidates were unable to accurately define economies of scale, i.e. the reduction of unit costs resulting from an increase in the scale of business operations. Some partial answers referred to only one of the two factors of cost reduction and increased scale while others strayed into section **(b)** territory by giving an example such as the ability to bulk-buy without providing an accurate definition of the concept.

(b)   Many answers were able to explain and distinguish between purchasing, technical, financial, marketing and managerial economies of scale that might well occur as a result of increased scale of operations. However, a number of candidates were unable to make explicit the link to scale and consequently produced some very general information concerning business economies which did not really address the question. Some candidates explained only one economy of scale which suggested either a misreading of the question or a lack of specific knowledge and understanding of this section of the syllabus.

Section B

Question 5

(a)   Question 5 was the most popular essay question. In section **(a)** sound answers clearly identified and described the differences between the collection methods of primary and secondary market research. They then gave applied examples and analysed why primary research could be more useful to a business. Factors such as relevance, currency, and the potential for competitive advantage were presented. Answers that were less strong provided little application or examples of the concepts and gave little emphasis to the business use of the two concepts.

(b)   Sound answers demonstrated a good understanding of focus groups and discussed the advantages and disadvantages of using them to collect marketing information about a new product. Factors such as cost effectiveness, quality, and representativeness of information collected were often discussed. Some candidates had little understanding of the role of focus groups and incorrectly suggested that they were an in-house inter-departmental group of workers focusing on a business problem.

Question 6

This question required candidates to examine the uses and limitations of cash flow forecasting in a specific business context. Sound answers addressed the view expressed in the question most effectively by initially examining the value and limitations of cash flow forecasts generally. The importance of cash flow forecasts for the financial management of a business was established plus reference to limitations such as assumptions made in the forecasting. The specific context of a new international airport was then examined with the capital investment and complex operating management challenges affecting cash flow management. Strong answers recognised that the context of a new international airport suggests a significant degree of uncertainty about potential income and expenditure flows and hence questions the realism of cash flow forecasts. Weaker answers were unable to identify examples of business issues associated with the specific context and consequently did not move beyond level 2 marks.

Question 7

(a)   Most candidates were able to define self-actualisation in the context of Maslow's Hierarchy of Needs model of motivation. However, weaker answers simply described each part of the Maslow model in considerable detail with little focus or analysis of the final stage of self-actualisation. Such an approach did not lead to any significant discussion of methods that might be used to support employee self-actualisation. Sound answers analysed Maslow and suggested that self-actualisation might well depend on lower-order needs being satisfied but more was required. Methods, such as career development, job enrichment, leadership/responsibility and opportunity provision were suggested as additional management methods.

(b)   Strong responses recognised the challenge presented by the view that the ability to motivate is the most important quality of an effective business leader. Such a view could well be challenged in the first paragraph of an essay, leading to a strong evaluative approach. Strong answers recognised that theory and practice suggest that motivation is important for both employee performance and productivity. Reasons for this were presented and analysed. However, these answers also recognised that effective business leadership is also concerned with providing vision and strategic direction. Weaker answers were attracted to the concept of motivation and simply described motivational theorists and different styles of leadership without addressing the question in any meaningful way.

BUSINESS

Paper 9609/21 **Data Response**

Key messages

Encourage candidates to use the context, presented in the case studies, to support their responses.
Candidates should take time to read through the case study and highlight relevant issues.
Advise candidates to read the questions carefully, especially part **(c)** questions which ask for advantages and/or disadvantages. For example, **Question 1(c)** asked for two disadvantages only.
Candidates should show full working of calculations in **(b)(i)** questions.
Identify what analysis and/or evaluation is appropriate to a question. Practise these skills.
Candidates can apply and analyse with a few well developed points
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 **Questions 1(c)**, **1(d)**, **2(b)(ii)**, **2(c)** and **2(d)**.
Advise candidates that questions requiring the use of context, such as **Question 2(c)**, should integrate the information, from the case, in their answer.
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 appeared well understood. There seemed little difficulty with understanding the questions set although some candidates tried to answer **Question 2(d)** by writing about motivation rather than emotional intelligence

Teaching tip: Evaluation requires good, contextual analysis first

As in previous sessions, candidates should make full use of opportunities to:
   use the context
   identify opportunities to analyse – good analysis based on a chain of reasoning
   identify opportunities to evaluate – e.g. **Question 2(d)** required a comparative discussion of mainly non-financial motivation methods.
   answer the set question – e.g. **Question 1(c)** only asked for two disadvantages.

There was no apparent evidence of time being an issue with most candidates. On the whole, candidates have a good grasp of business terminology and are able to express themselves effectively.

Comments on specific questions

Question 1

(a) (i)   Candidates responses on this part shown good knowledge of 'brand'. Some candidates failed to illustrate 'brand distinguishes/differentiates a product from similar products' for the second mark.

(ii)   This part is well attempted. Most candidates gained two marks for 'leaving the business' and 'the proportion/percentage/rate' though fewer candidates gained the third mark for the 'time frame'.

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

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(b)(i) Most candidates scored full marks. Those candidates who scored two marks for the 'maximum inventory level' and 'buffer inventory level' failed to identify the 're-order quantity'.

(ii) Many candidates managed to gain the knowledge mark for a use of an inventory control chart but failed to explain the use of the chart to RBP. Most of candidates scored one mark.

(c) Many candidates were able to gain the knowledge and Level 1 analysis marks for two disadvantages of holding a high level of inventory. Some candidates managed to analyse the two disadvantages related to RBP such as costs of warehousing and changing tastes and fashions to gain the application marks. Those candidates were also able to contextualise at least one of these disadvantages in their analysis. This part was well attempted and full marks awarded to those candidates.

(d) Many candidates had a good understanding of emotional intelligence (EI) and were able to list some advantages to a business. Some candidates were able to contextualise the benefits for RBP to develop a one-sided argument about the importance of EI in context. However, few candidates were able to provide a two-sided argument of EI in order to evaluate the importance to RBP of Maya having a high level of EI. Some candidates wrote about motivation methods without linking these to EI. It is encouraging to see some candidates give a justified evaluation, based on arguments, of the importance of EI, in context, to score full marks.

Question 2

(a)(i) Most candidates scored a mark for identifying the use of a name or logo but failed to illustrate a benefit for the franchisor such as a royalty/licence fee/percentage of profits etc.

(ii) Many candidates scored two marks for risk taking and setting up or managing a business. Some candidates managed gave a quality required by an entrepreneur for the third mark.

(b)(i) Many candidates correctly calculated the forecast closing balance at the end of Month 2 of $15 000. Candidates who arrived at a different answer but showed their workings attracted marks for identifying the correct data/method.

(ii) Many candidates managed to gain the knowledge mark for identifying a use of cash flow forecasting. Application marks could have been gained, for example, by explaining how it could help Palesh to get the franchise from CW.

(c) Candidates showed a good understanding of market research and many candidates were able to identify that Palesh conducted primary market research rather than secondary market research and were able to contextualise and analyse an advantage of this. However, the disadvantage was not as well contextualised and hence the analysis, for the disadvantage, remained at Level 1. It is encouraging to see some candidates scored full marks. A few candidates discussed the outcomes of the research rather than the method. Overall candidates' performance on this question was satisfactory.

Answer the set question.

(d) This was a well attempted question both in terms of knowledge and contextualising to CW. There were good examples of how job rotation and different methods of payment would work in the business context and these were often developed to show the benefits to the business and the employees. Some candidates were able to present two-sided arguments. A few candidates managed to conclude with an evaluative recommendation based on the given arguments of one or more motivation methods, in context, and scored full marks.

BUSINESS

Paper 9609/22
Data Response

Key messages

- The data is included on the exam paper to give candidates a context within which to answer the majority of the questions. Without using context, candidates are unlikely to gain high marks on the paper because the responses will be generic. Some candidates approach analytical and evaluative questions by responding with a response which is not targeted towards the business in the data. In the real world of business, generic 'textbook' answers would not help the business to achieve its objectives because the context is not taken into account. A successful candidate will tend to have a complete knowledge of the elements of the syllabus. They will then use the context to choose the most appropriate elements to analyse and evaluate in their answer. For example, on **Question 1(c)**, there are many generic advantages and disadvantages to using the internet for promotion. However, only a few are particularly relevant for OC and it is going to be easier for candidates to analyse these relevant advantages and disadvantages than ones which are mainly irrelevant.
- An examination is made up of a series of instructions with a command word. Each command word should elicit the correct response form a candidate. Therefore, centres should practice with their candidates how to respond when given each of the command words.

On this paper the command words used were:

- **Define** is a simple repetition of a learned piece of knowledge, no explanation or application is required. A good definition (learned from a textbook) is usually a sentence with nothing else required. Vague, imprecise, or unfocused definitions will not receive both marks.
- **Explain** is used to show knowledge and application. Therefore a candidate should be clear that they know the term or concept and then apply their knowledge. Where a business or stakeholder is referred to in the question, for example **Questions 1(b)(ii)** and **2(b)(ii)**, the answer must be applied to that specific business. Where the question does not refer to a specific business or stakeholder then the answer should be applied to any generic business, as in the case of **Questions 1(a)(ii)** and **2(a)(ii)**.
- **Calculate** requires a series of processes using numbers to be carried out. Candidates should show each process and make their final answer clear to the Examiner.
- **Analyse** requires candidates to show knowledge, apply it to the data given and then show the effect, consequence, reaction or impact on the given business or stakeholder.
- **Evaluate**. This requires candidates to show knowledge, application with good analysis and then come to conclusion. Whilst it is possible to evaluate throughout a good answer, showing the skills of evaluation for each point that is made, the most common way to show evaluation is through a judgemental conclusion at the end of a response. However, this can only be rewarded is it is based on a good set of arguments.

General comments

Both contexts were reasonably well understood with candidates grasping the fundamental elements of both businesses. OC, as a large mainly internet based business, provided candidates with the opportunity to show their knowledge of a large businesses. NN was a very small business and provided a very different context which again allowed candidates to use a different context to apply of their knowledge.

Candidates often had a good base of knowledge to use to answer the questions, could apply it to the data in most questions and had some skills of analysis. However, the analysis was often not taken far enough, with candidates giving superficial answers. Good analysis (which leads to good arguments) is the basis of high marks in **Questions 1(c)**, **1(d)**, **2(c)** and **2(d)** on this paper.

Comments on specific questions

Question 1

(a) (i) To define 'computer aided design' requires a candidate to avoid using the words 'computer', 'aided' and 'design'. A tautological answer (one that uses the words in the question to try to answer the question) will never be rewarded because it shows little knowledge or understanding. Any syllabus term can be asked as a definition and as such, centres should prepare candidates to respond in a non-tautological way. In this question, a good answer defined the idea of 'computer aided' (for example 'using software') and then defined the idea of 'design' (for example 'to create a product'). Many candidates gained both marks, but almost by chance by writing unnecessarily long answers which attempted to say the same thing as many times as possible.

(ii) 'Mass customisation' was a relatively poorly understood term. Many candidates saw the 'mass' and assumed this was a question about 'mass production' and therefore ignored the 'customisation' element. Other candidates seemed to understand that this gave the firm the ability to tailor the product to the customers' needs but ignored the 'mass' element.

(b) (i) Most candidates understood which figures were used to calculate the current ratio (possibly because the word 'current' appears in the table), but often the figures were not used in the correct way. There are a limited number of calculations required for the AS Level examinations and candidates should be well prepared to apply what they know of the formulae to the figures given in the data.

(ii) The answers to this question were often lacked context. If the question refers the candidates to the data (or a stakeholder of the data), then it must be used. In this case the question was about how this data might be useful to a potential investor in OC. Therefore the data must be referred to so that the answer is in the specific context of OC. An answer which simply states that it would be useful to see if the business is profitable is not in context. It is relatively simple to develop this answer using the figures in Table 1 to explain that OC has increased its profitability from 10% in 2015 to 15% in 2016 which would show a potential investor that the business is more profitable.

There were many different pieces of data that could have been used in Table 1, including the answer to **Question 1(b)(i)** and therefore many possibly answer that would have been rewarded. Good responses did as the question asked them to do and only explained one way which then did not waste time trying to go through all of the data.

(c) Most candidates had a good knowledge and understanding of how the internet can be used to promote a business. However, many candidates simply did not contextualise their answer, leading to maximum of half marks for this question. The knowledge and analysis must be focused on OC to gain full marks. This should be practised in centres to make sure that knowledge and analysis is taken as far as required and based on the given business.

(d) Again, candidates had a reasonably good knowledge of private and public limited companies, although too many candidates thought that a public limited company was owned by the government. Relatively few could apply their knowledge and be selective about which points were most appropriate to OC.

Where a question asks candidates to evaluate (or discuss or recommend) there is likely to be scope for a two-sided argument. In the case of this question there are benefits and drawbacks to OC of changing from a private limited company to a public limited company and candidates needed to analyse both sides and come to a judgemental conclusion over whether the decision was correct or not.

Those candidates who did manage to give a series of arguments often had little idea of how to evaluate the decision of OC's owners. In an evaluative question there will always be scope to come to a judgement and centres should practise this skill based on contextual arguments.

Question 2

(a) (i) Inventory was generally a well understood term and most candidates gained marked on this question. The difficulty, for some candidates, was in where to stop their answer. There were occasions where candidates wrote two or three paragraphs in response to this question, writing everything they knew about inventory, often having gained both marks in the first sentence. This is wasted time which would be better spent on the longer questions. Centres should focus on short, precise definitions that show a full understanding of the term.

(ii) Again, the term 'sole trader' was well understood and most candidates gained a good number of marks on this question. Where no marks were gained it was often because a response did not distinguish between a sole trader and another type of business ownership. One of the most obvious aspects of a sole trader is that it is owned (not necessarily operated) by one person. This combined with aspects such as unlimited liability, continuity etc. explain the term. However, without the aspect of a single owner the term could be confused with a partnership which shares many of the same characteristics.

(b) (i) This calculation required the combination of a number of pieces of data to come to the correct answer. It also requires knowledge of costs and profit. Where candidates did not gain full marks, they often made a mistake within the process of coming to an answer. For candidates who clearly showed their stage by stage thinking, marks could be awarded before and after mistakes have been made. However where a candidate simply writes their attempt at an answer, or does not set out their working in a logical and legible order, no reward can be made because we do not know where the figures have come from. Centres must prepare candidates to show all of their working so that wrong answer may still gain marks on calculation questions.

(ii) The key to this question is that the advantage is to Nathan. Simple knowledge of cost-based pricing is not enough to answer this. By reading the data, candidates should be able to identify aspects of Nathan's business which would benefit by using a cost based pricing. Aspects such as the fact that this is a simple pricing strategy and Nathan needs to concentrate on repairing computers, or that it gives Nathan flexibility to price many variants of computers with different repair needs, can lead to good answers. Candidates who focused on the needs of Nathan usually gave good answers as opposed to those who explained everything they knew about cost-based pricing.

(c) There are two basic ways to improve cash flow. One is to increase the money coming into the business (or the speed with which it comes in) and the other is to reduce the amount of money going out of the business (or the speed with which it leaves). Based on the data given, there were a number of practical methods that candidates could have analysed. To give a good answer to this question required candidates to understand the type of business that Nathan is running. For example, candidates often recognised that Nathan could arrange credit with his suppliers. However, relatively few identified the suppliers as being the large electrical retailers and most candidates did not recognise the risk that the retailers would take in giving credit to a 'one-man' business such as Nathan. Good analysis must be in context and must be specific to the business and stakeholders involved in the data.

(d) Candidates engaged well with the context for this question and most gained half marks or more. The most difficult skills that were not always shown on this question were selectivity and depth. There is not enough time (especially as this was the last question on the examination) to go through each aspect of each potential employee in the required analytical depth. The trick is to be selective over which aspects of their employability are most important for Nathan. Where candidates analysed the most important aspect of Katy's suitability and then analysed the most important aspect of Sahdat's suitability and then compared the two to come to a judgement, the result was an excellent answer. However, weaker responses tried to tackle many aspects about Katy, each with too little analytical depth, and then many aspects of Sahdat and then come to a weak judgement that was not backed up by good arguments. Two arguments containing good analysis (in this case one for Katy and one for Sahdat) will always be enough for an 11 mark question and allows for evaluation based on this.

BUSINESS

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Paper 9609/23
Data Response
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Key messages

- There is a difference needed when approaching a definition question and a 'briefly explain' question. The definition can be a learned piece of knowledge, but the explanation requires some application and understanding. An example (that is not repeated from the case) is an excellent way to show this.
- Good application and analysis is the basis for the marks in **Question 1(c)** and **2(c)**. This requires the candidate to show the effects on the business or stakeholder step by step. Do not jump to the end effect (for example on profit) without exploring all the steps in between.
- Evaluation must be based on good analysis. However, that does not mean it must come at the end of the response. Candidates will often deal with one point at a time but never show how this point helps them to formulate an answer to the question. Good analysis is like building up a jigsaw, piece by piece. Good evaluation is about showing how the whole picture is developing and this can be done after each of the main pieces has been covered. The very best responses are ones where the candidate has already shown evaluation on more than one occasion before the conclusion is written.
- An examination is made up of a series of instructions with a command word. Each command word should elicit the correct response form a candidate. Therefore centres should practice with their candidates how to respond when given each of the command words.

On this paper the command words used were:

- **Define** is a simple repetition of a learned piece of knowledge, no explanation or application is required. A good definition (learned from a textbook) is usually a sentence with nothing else required. Vague, imprecise, or unfocused definitions will not receive both marks.
- **Explain** is used to show knowledge and application. Therefore a candidate should be clear that they know the term or concept and then apply their knowledge. Where a business or stakeholder is referred to in the question, for example **Questions 1(b)(ii)** and **2(b)(ii)**, the answer must be applied to that specific business. Where the question does not refer to a specific business or stakeholder then the answer should be applied to any generic business, as in the case of **Questions 1(a)(ii)** and **2(a)(ii)**.
- **Calculate** requires a series of processes using numbers to be carried out. Candidates should show each process and make their final answer clear to the Examiner.
- **Analyse** requires candidates to show knowledge, apply it to the data given and then show the effect, consequence, reaction or impact on the given business or stakeholder.
- **Evaluate**. This requires candidates to show knowledge, application with good analysis and then come to conclusion. Whilst it is possible to evaluate throughout a good answer, showing the skills of evaluation for each point that is made, the most common way to show evaluation is through a judgemental conclusion at the end of a response. However, this can only be rewarded is it is based on a good set of arguments.

General comments

Both contexts were reasonably well understood with candidates grasping the fundamental elements of both businesses. JS, as a large business aimed at the industrial market provided candidates with the opportunity to show their knowledge this type of context. PP was a very small, local business and provided a very different context which again allowed candidates to use to apply their knowledge.

Candidates often had a good base of knowledge to use to answer the questions, could apply it to the data in most questions and had some skills of analysis. However, the analysis was often not taken far enough, with candidates giving superficial answers. Good analysis (which leads to good arguments) is the basis of high marks in **Questions 1(c)**, **1(d)**, **2(c)** and **2(d)** on this paper.

Comments on specific questions

Question 1

(a) (i) To define the term 'industrial market' requires the candidate to cover the two piece element of the term; 'industrial' and 'market'. Candidates could very easily gain both marks with a generic, learned answer. Some candidates mixed up industrial markets with the secondary sector.

(ii) 'Lead time' was a relatively well understood term. However many candidates could not offer a full enough explanation to gain all the marks. The lead time is the time from the start of a process to the end (often in terms of ordering and production). Many candidates gave answers which showed a vague understanding of this concept but could not fully explain it. An example will often help a candidate to show that they really do understand a term and can explain it fully.

(b) (i) Most candidates understood which figures were used to calculate the profit and those candidates who gained full marks tended to work through each stage of the calculation to come to the correct answer. Where mistakes were made and the candidate had shown the process, some marks could be awarded. However, there were some candidates who made mistakes and came to profit figures which were so wrong that they should have noticed. Candidates need to take care when calculating figures; check their work and if an answer looks wrong, then the chances are that a mistake has been made.

(ii) The problems associated with allocating fixed costs was not a well understood topic and candidates struggled answering the question. Many picked up marks through some knowledge of the issues surrounding categorising costs as being fixed, but in most cases this was unintentional. This is an area of the syllabus where centres should look to improve candidate understanding.

(c) Most candidates had a good knowledge and understanding of Computer Aided Design (CAD) and could give some basic analysis of the advantages of CAD but often this analysis was not taken far enough. Some candidates gave more than two advantages which is a waste of time in the examination. Also, some candidates tried to gain marks through the analysis of disadvantages. Again this is wasting precious time in the examination. Centres need to instruct candidates to follow the instructions in the questions and provide the level of detail required in their analysis rather than making irrelevant or too many points.

(d) Most candidates had some knowledge of payment methods that JS could be used and most could form some basic analysis of the methods that were chosen. A good answer often chose two payment methods. It then analysed, in context, how these could be used by JS and the positive and possible negative effects this method may have on the workforce and business. Finally, the best responses then evaluated which of the chosen methods would be most suitable.

Many candidates did not attempt to evaluate the suitability of the methods chosen. Some candidates also tried to cover too many payment methods when trying to answer the question. Any evaluation question on this paper can be answered by looking at two arguments and then making evaluative judgements about these arguments (often choosing which is the most suitable or appropriate or better argument). Where candidates try to cover more, the depth is often missing or candidates lose time which would be better spent later in the examination paper.

Question 2

(a) (i) Unique Selling Point (USP) was generally a well understood term and candidates often gained full marks with a simple sentence. However, many candidates wrote more than is needed for a two mark definition. Centres should work with their candidates to make sure that definitions are accurate, precise and dealt with quickly.

(ii) Like many 'briefly explain' questions, this term includes two separate aspects; 'internal' and 'growth'. To explain the term requires both aspects to be covered. In this case, most candidates could explain what growth is but less knew that this was using the firm's own resources in such ways as increasing sales, introducing a wider range of products or investing in capital items. Again an example (not quoted from the data) can help to explain the term.

(b) (i) The most common mistakes, whenever questions about elasticity are asked, are that candidates get the formula the wrong way round and/or do not know how to correctly calculate a percentage change. Both of these mistakes were common and centres need to practise these calculations with candidates.

(ii) Whatever the result that a candidate gains form a calculation question, if that answer is used with confidence in the following question then it can become a useful piece of data. Therefore, candidates who did not use their answer to **Question 2(b)(i)** were missing an easy opportunity to have some context in their answer to this question. Generic answers where a candidate shows knowledge of the use of PED calculations that would be relevant to any business will only achieve a low mark on this question. Once it is applied to the actual business (in this case PP) then the answer can gain all the available marks.

(c) A good answer to this question starts with the context of PP and Navpreet and then analyses an advantage and a disadvantage that is relevant to the data. Many candidates started by showing their knowledge of mortgages and then analysed in a generic way the advantages and disadvantages. This approach can only be rewarded with half of the marks available because the answer must be specific to PP and Navpreet.

(d) Candidates knew a great deal of promotional methods and many looked at more than three methods in an attempt to gain the marks. To write an in-depth answer where enough analysis is used to develop an argument candidates must be selective over which are the most appropriate or suitable methods for the business, in this case PP. The aspects of the data, such as the local market, limited cash flow and the shop on the main street all combine to make some promotional methods more suitable than others. Good analysis and evaluation come from using the context in this way.

BUSINESS

> **Paper 9609/31**
> **Case Study**

Key messages

Candidates should practise applying theory concepts in a range of case study contexts. This can be achieved through the use of recent past papers and mark schemes. Advise candidates to spend the first 15–20 minutes of time allowed reading the case study and that they return to the relevant parts before answering each question.

Questions should, ideally, be answered in order, so that the candidate builds a picture of the business. This also makes it more likely that candidates will take a broad, strategic approach to their chosen Section B optional question.

The use of financial analysis, such as ratios and other calculations, should also be supported by an explanation of the implications of results or changes for the business or proposed project in question. An integrated approach, that relates financial calculation from one part of the case, should also be analysed in the context of the company finances overall.

A good evaluative answer includes detailed application with judgments throughout and a well-supported conclusion at the end. Candidates should read the wording carefully and return to the exact question before writing their final conclusion to ensure that it is addressed. This is especially important in the Section B longer essays where candidates sometimes lose focus on the case context and the question.

General comments

Candidates produced a wide range of responses and levels of performance, with total marks ranging from 1 to 80. The mean mark was 41%. There was evidence, in a few cases, of poor time management, leading to unfinished final answers.

There was evidence that some centres had prepared candidates fully and effectively. Better responses demonstrated excellent understanding of AS/A Level Business concepts and used evidence from the case study to support their answers. In contrast, there were some answers that reflected a more general approach, much less focused on the case study and more based on generic 'text book' knowledge and analysis. Success in this case study paper depends very much on the candidate's ability to root their answers firmly within the circumstances and events outlined in the case study, as well as demonstrating the essential subject knowledge.

It is also important for candidates to read the questions carefully and show judgment when required. Better evaluative answers link different parts of the case together and take a strategic overview of the business, its current position, objectives and future plans. When a comparison and choice is required, such as between investment plans, candidates should do more than just quoting from the case. There should be an attempt to analyse the advantages and disadvantages of each option firmly in the specific company context. Candidates should be encouraged to consider alternative views. For example, in this case, arguing that international expansion may be too challenging and uncertain for this type of business.

Centres can improve candidates' performance in the important skills of application, analysis and evaluation, by encouraging them to work through past paper 3 examinations and assessing answers using published mark schemes. The importance of answering the exact question asked should be emphasised, as fine focus saves time and is key to good results in the case study paper.

The area of strategic management remained challenging for candidates, especially the use of these techniques to answer questions in context. Centres can improve candidates' understanding by introducing the concepts from Section 6 of the syllabus early in the second year of the course, integrating them with the A Level functional subject matter.

Comments on specific questions

Section A

Question 1

This question was well answered by many candidates, who showed good understanding of takeovers and possible disadvantages of horizontal integration in this case. Application marks were generally gained by linking horizontal integration in the B2B delivery service market with diseconomies of scale, the chosen methods of finance and possible competitor and government response. In many better answers, this led to analysis marks around the consequences of higher costs and potentially lower profit. Candidates who focused on disadvantages to employees and managers, in terms of possible job duplication and losses, were only awarded marks once this was linked with drawbacks to KKS, such as uncertainty leading to lower productivity and unreliable deliveries. Candidates who had misread the question and included advantages of the takeover did not receive credit for this part of their answer.

Question 2

(a)   Only a minority of candidates performed this calculation correctly, with many receiving two or three marks for a partially correct answer. The most common errors were omitting the new share issue or loan from capital employed, or working out current gearing before the takeover.

(b)   Many candidates performed this calculation correctly, but a few calculated the difference as –$1m or did not do the final part of the calculation.

(c)   This question was about the usefulness of the accounting data provided in Appendix 1 to KKS's stakeholder groups. Most candidates correctly identified a number of different stakeholders, but a few confused stakeholders with shareholders or talked about the company in general terms. .Application and analysis marks were gained by use of figures from the appendix, for instance comments on gearing and profit margins and their uses to shareholders, managers and the bank, or employees who may be seeking pay rises or bonus payments. Evaluation marks were less commonly earned, with just a few candidates identifying that this data is of little use to groups such as customers and the local community, but also the possibility of inaccuracy and window dressing.

Question 3

This question required candidates to consider the usefulness of a marketing plan to the success of expansion through Option B, which was to enter the C2C delivery market segment. Throughout a significant proportion of the cohort, there was evidence of some lack of understanding of the difference between B2B and C2C delivery and how the markets are different. However, there was enough information in the case for candidates to produce reasonable responses. In most cases answers went beyond the '4Ps' marketing mix outlines and referred to marketing objectives and budgets. Application marks were generally gained by reference to 'C2C small market segment', 'weak competition' and in some cases decision tree data. This usually then led to analysis marks for the chain of reasoning as to how these factors would impact marketing issues such as pricing and promotion. Better candidates also linked marketing planning with on-going monitoring of the success of the expansion. Only a few queried what success in this context may mean. Evaluation marks frequently came from consideration of relative importance of a marketing plan against other factors, e.g. a plan is not a guarantee of success and depends on the quality of market data.

Question 4

(a) (i)   Many candidates drew the decision tree correctly, using the given data. Most candidates received at least 2 marks for an attempt if the diagram was not completely correct.

(ii)   Better candidates carried out this calculation correctly, arriving at the correct answers. However, many candidates did not deduct the amount of the initial investment, arriving at answers of 41m and 55m which were incorrect.

(b)   This part of the question was well answered, even by some of those who had not correctly performed all previous parts of the diagram and calculations. There was plenty of information in the case, other than the figures, for candidates to use to gain application marks and support arguments for and against each of Option A and Option B. Typically costs, probabilities and outcomes from the decision tree were used, as well as comparing the competitive environment, potential market growth and profit margins in the segments. This led on to analysis in the comparison of the likely advantages and disadvantages to KKS in the short and long term. Evaluation typically focused on supported decisions either way, reliability of forecast probabilities and data, the importance of other factors such as changing market conditions and sometimes questions such as 'is not investing in either option a wiser decision?'

Question 5

This question was quite well answered and most candidates demonstrated an understanding of the role of HRM and the difference between a 'soft' and 'hard' approach, with many also weighing up the advantages and disadvantages of the current KKS HR policies. There was also good knowledge and application shown of the proposed changes, such as clear job description, less job rotation and management by objectives. However, some candidates did not pick up on implications of the change to more formal communication or the implications of focused training decided by supervisors. Better candidates analysed both advantages and disadvantages to KKS of the measures, usually in terms of efficiency. However, some answers focused on impacts on employees, so gained fewer marks. Evaluation marks were relatively easy to gain, usually by making judgements as to which of the changes should/should not be adopted, or commenting on the challenges of changing from a 'soft' to a 'harder' approach.

Section B

Question 6

This was the most popular choice of the **Section B** questions, chosen by 67% of candidates. It was pleasing that most candidates who answered this question were able to identify strategic analysis techniques, such as SWOT, PEST, Boston Matrix, Porter's Five Forces and core competencies, as well as link these with items in Appendix 3 with the techniques, gaining application marks. A few candidates attempted to apply the Boston Matrix to this case, but some became confused due to the 'single service' nature of KKS. Better candidates gained all the analysis marks available. These required reasoned chains of discussion as to how useful the items in Appendix 3 could be to help make the decision. For instance, the 20% market growth in parcel delivery market was an opportunity but there was also the threat of this attracting new competitors. There would be both short and long term impacts on KKS. Once again, in this session there were a few candidates who adopted a general, theoretical approach to strategic analysis, with very limited application and some low level analysis. There were also responses confusing strategic analysis with strategic choice techniques and these scored very few marks. Evaluation marks were gained by most candidates via limitations of techniques and data, judgements as to the sufficiency of the data and other information which would be useful, such as PEST factors. Better answers included evaluation of techniques and data throughout the answers followed by a supported conclusion. Other parts of strategic management, most commonly strategic choice, were often mentioned in analysis and evaluation. This was perfectly valid as these would be used to make the decision to enter the market in country Y.

Question 7

This question was chosen by 33% of candidates and marks were generally lower than **Question 6**, largely due to candidates' lack of confidence in applying strategic implementation in this context. It was pleasing that most candidates who answered this question could identify aspects of strategic implementation, such as corporate planning, control of resources, change management, corporate culture issues and contingency planning. However, few responses considered that this expansion would only affect a few existing higher level employees, rather than all employees of KKS in Country X. This made analysis about the usefulness of 'project champions' less valid than points about the need to control resources, recruit staff, and look at the appropriateness of existing KKS marketing for Country Y. Similarly, candidates struggled to identify how KKS could use contingency planning in this context. A few better answers suggested that there may be sudden unexpected market changes in country Y due to PEST factors. Evaluation points made were often general and marks for this skill consequently low. Good evaluation in this question could have considered the large number of changes KKS are working on currently and the skills or preparedness of directors to handle all these.

Cambridge Assessment
International Education

BUSINESS

Key messages

- Candidates should read questions carefully to ensure that their answer is focused on the question requirements.
- Candidates should use information from the case to provide context to answers. Copying parts of the case does not demonstrate knowledge or application.
- When performing calculations, candidates should clearly identify the appropriate unit of measurement.
- Candidates should define key terms in their answers.
- Candidates should develop chains of argument and evaluation in their answer to **Section B**.

General comments

Candidates produced a wide range of responses and levels of performance, with total marks ranging from 0 to 83. The mean mark was 32.4 per cent.

There was evidence that many centres had prepared candidates fully and effectively. Some candidates demonstrated excellent understanding of Business concepts and used evidence from the case study to support their analysis. In contrast, many candidates were unable to define key concepts and consequently developed analysis that was unfocused. Success in this examination depends very much on the candidate's ability to base their answers within the context of the case study, as well as demonstrating the essential subject knowledge.

It is also important for candidates to read the questions carefully and show judgment when required. Better evaluative answers link different parts of the case together and take a strategic overview of the business. When a comparison and choice is required, such as in considering strategies for improving employee performance, candidates should attempt to analyse the advantages and disadvantages of each strategy firmly in the specific company context.

The area of strategic management remained challenging for candidates due, in part, to the weighting given to evaluation marks. It is therefore important to structure answers with the aim to make evaluative comment in each paragraph when answering **Questions 6** or **7**. Centres might consider introducing the concepts from **Section 6** of the syllabus early in the second year of the course, integrating them with the A Level functional subject matter.

Comments on specific questions

Section A

Question 1

This question requires an analytical response in context and is typically accessible for most candidates. However, this proved to be a challenging question with many candidates demonstrating limited understanding of budgets and variance analysis. Weaker responses gave only a vague definition of budgets and/or variance. Information from the case study was frequently repeated without any interpretation offered of its significance. Better answers provided a clear definition of terms and then developed analysis of the limitations of budgetary analysis in deciding the future of factory Q, using Appendix 1 and other case information to support their answer. For example, some good answers questioned whether the poor performance of factory Q was a consequence of the old machinery and noted that the factory made a

positive contribution to head office overheads. Evaluative comment is not required in **Question 1**. However, those candidates making judgements often demonstrated a higher level of analysis in their answers.

Question 2

This question proved to be accessible to candidates.

(a) (i)   A relatively high number of candidates did not attempt this question. However, the overall performance of candidates was good with a significant proportion achieving five or more marks. Candidates benefited from showing clear method in their answers and were therefore able to gain marks, even where the final profit figure identified was incorrect. Although many candidates were aware of how to calculate price elasticity of demand, most were unable to use the concept to calculate the forecast sales. Candidates should be encouraged to practise using concepts such as PED in a variety of contexts.

(b)   This question was in a number of parts. Candidates were required to comment on how senior managers and one other stakeholder group might make use of accounting ratio analysis with reference to information in Table 2. A few candidates did not comment on any accounting ratios and only analysed accounting data in very general terms. Better answers defined one or two ratios and explained how senior managers could make use of the information. For example, identifying that although the current ratio was low, it indicated that ADP did not face liquidity issues. Some candidates made effective links between different ratios such as the gearing and liquidity ratios to suggest that senior managers could use the information to support ADP raising finance from the banking sector if required. The best answers also explained the usefulness of accounting ratio analysis to stakeholders such as shareholders and made evaluative comments. A common approach was to question the reliability of the data and whether accounts had been window dressed. An alternative approach was to consider what other information stakeholders might need to make effective decisions.

Question 3

This was one of the most challenging questions on the paper. Very few candidates appreciated the importance of sales forecasting as part of marketing planning. Many candidates simply ignored the reference to sales forecasting or the reference to marketing planning contained in the question. Thus, their answers were incomplete. Better answers defined key terms and then used case information to explore the role of forecasting in marketing planning. Some candidates recognised that forecasting would be difficult as ADP were new to the US market but commented that forecasts were necessary to inform decisions about elements of an integrated marketing mix. There was some very general analysis of each element of the marketing mix by candidates and this tended to result in unfocused answers. When considering marketing planning, it is often advisable to focus on key elements of the marketing mix rather than attempting to analyse all elements.

Many candidates drifted from the focus of this question on the role of forecasts in marketing planning and devoted extensive analysis to the importance of other functional issues such as research and development or production planning. These candidates did not answer the question.

Question 4

(a) (i)   The majority of candidates were familiar with labour productivity and could give an accurate equation for its calculation. These candidates were typically awarded full marks as they used the data correctly. A common error was to invert the equation and therefore no marks were awarded.

(ii)   Nearly 50 per cent of candidates did not know how to calculate the wastage rate and 4 per cent of candidates offered no answer at all. Many used the wrong equation with a significant number of candidates calculating the absenteeism rate instead. In the case study there are usually 14 marks available for calculations, It is therefore essential that candidates practise using ratios and other formulae identified in the syllabus

(b)   Candidates suggested a wide range of strategies for improving employee performance. Some candidates made very general suggestions, showing understanding of strategies but not providing any context. Better answers started by identifying potential problems in ADP's country Z factory and then suggested remedies. Case material was often used to good effect; for example a common focus was on working conditions at the factory and the lack of safety equipment. This led

to suggestions that better equipment would result in a more motivated employees – this was often supported by reference to theorists such as Maslow. However, only the better answers specifically analysed how a more motivated workforce would result in an improvement in employee performance. Although there were many good strategies suggested, only the best answers commented on whether or not the suggested strategy would improve employee performance without increasing unit costs. This aspect of the question was often overlooked and many candidates focused on the need to increase pay without considering the impact on unit labour cost.

Question 5

Candidates found this question difficult. For some it was a lack of knowledge of lean production techniques. For others there was no explicit or implied understanding of operational efficiency. A few candidates wrote at length about how to improve operational efficiency without referring to any lean production techniques and occasionally candidates reproduced their answer to **Question 4(b)**. These answers gained few marks. Other candidates correctly identified operational problems from the case study such as the high level of inventory and then explained how lean production techniques such as JIT manufacturing would address the problem. Good answers offered evaluative comment such as recognising that JIT would require ADP to overcome the problems currently experienced with suppliers. Kaizen, zero defects and TQM were often correctly explained and linked to operational efficiency. However, there was misunderstanding of the meaning of simultaneous engineering in most of the answers that mentioned it.

Section B

Question 6

Appendix 2 contained relevant information relating to Prahalad and Hamel's concept of core competencies and Porter's Five Forces model. This information was often repeated at length without any attempt to interpret its relevance to future business strategies. It was not always clear from candidates' answers whether there was understanding of the nature of the two models. Better candidates placed core competencies and Porter in context of strategic analysis and then explained how strategic analysis was a critical part of strategic management. Thus, they were able to analyse how selected information from Appendix 2 could inform the future strategic direction of ADP. A common approach to evaluating the usefulness of the two models was to comment on other important strategic analysis that should be undertaken such as SWOT and PEST. The best candidates provided evaluative comment throughout their answer and firmly identified the limits to which the two models provided an effective framework for future business strategies.

Question 7

This proved to be the most difficult question on the paper. It was chosen by just under 50 per cent of candidates and the mean mark was around two marks lower than for **Question 6**. The case study provided some contextual hooks for candidates to use, such as the reference to accidents at Factory Q and the overheating hairdryers. Management response to these potential crises appeared inadequate and could possibly result in longer term issues for ADP. This information was used by stronger candidates to analyse the role of contingency planning in minimising the impact of crises. However, there were many candidates that never mentioned contingency planning and a few focused almost entirely on strategic analysis without clearly identifying how this would help plan for crises and minimising their impact on the business. Candidates were able to gain a good mark by discussing the best way to respond to the problem of the overheating hairdryers. However, the best answers also considered the importance of planning.

BUSINESS

Key messages

- Providing relevant definitions of key terms used in the question demonstrates knowledge and assists the candidate to focus on the question.
- Repeating sections of the case study without relating it to the topic of the question will not attract application marks.
- Addressing the specific question asked is a requirement for knowledge and analysis marks to be awarded.

General comments

Candidates produced a wide range of responses and levels of performance, with total marks ranging from 17 to 81. The mean mark was 49.3 per cent.

Most candidates were familiar with the business concepts discussed in the case study. Some excellent scripts included well-structured answers that addressed the questions in depth, drawing on relevant theory and providing contextual analysis. Candidates are encouraged to state any formula used when answering calculation questions and to set out their working. Most did so. It is important to address the specific question being answered and failure to do this meant that many responses failed to attract evaluation marks. Starting with a definition of the terms in the question would help focus on the issue in the question.

Context is crucial in this examination and is the basis for good analysis and evaluation. Approximately 50 per cent of the marks on this paper depend on evidence of application.

Section B continues to provide a challenge to candidates. ***Section B*** requires candidates to demonstrate their analytical and evaluative skills. While there are a large number of candidates who offer effective and relevant analysis, it is a much smaller number who offer in-depth evaluative comment. The majority of candidates attempted **Question 6** and many of these could have been improved by focussing on evaluation of strategic analysis techniques.

Evaluation should be based on good analysis and application. However, that does not mean it must come at the end of the response. Good analysis involves building a chain of argument and is like building piecing together a jigsaw. Good evaluation is about showing how well the pieces of the jigsaw fit together and can be demonstrated as the jigsaw is constructed. The very best responses are ones where the candidate has already shown evaluation on more than one occasion before the conclusion is written.

Comments on specific questions

Section A

Question 1

There were many good answers that appreciated the benefits of critical path analysis to NFP and used Appendix 2 in tandem with other case information to give relevant context. Knowledge of float was demonstrated by many candidates and a common line of analysis was to highlight that CPA helps identify when resources are required and thus cut costs as resources are not idle waiting to be used. Application was most often demonstrated by using information regarding the need to complete the project 4 months before the Food Fair and identifying that the CPA suggested a minimum time of 13 weeks.

This was one of the most accessible extended questions on the paper and the mean mark of 5.9 reflected the strong understanding of this topic by the majority of candidates. However, there were two common errors identified in many answers. Firstly, there was no need to evaluate the usefulness of critical path analysis to NFP when planning the frozen food project. Secondly, only an analysis of the benefits of critical path analysis was required. Many answers considered benefits and then analysed the disadvantages before reaching a judgement. Candidates should take care to read the question and focus on its directive.

Question 2

Candidates found **Question 2(a)** accessible. Examiner reports have routinely stressed the importance of candidates setting out their methodology so that marks may be awarded where an incorrect answer is offered. The majority of candidates have heeded this advice and, as a result, those that gave incorrect answers to **Question 2(a)** were able to access some marks.

(a) This calculation was generally completed well. Where mistakes were made it was often that candidates had failed to recognise the significance of contribution to fixed costs and its impact on profits. Most candidates calculated the impact on profit using a full costing approach producing an answer of $312 000 additional profit. With written working to support this answer it could gain five marks. Only a few candidates understood that the contribution of the farm division was $9000 per week and thus profit would fall by $468 000 per year if the farm was closed. There were a number of candidates who did not convert the weekly contribution into a change in annual profit. Candidates must read the question carefully.

(b) This was the most accessible question on the paper. Nearly all candidates used their answer from **Question 2(a)** to inform their answer. This usually resulted in the award of evaluation marks as candidates were identifying a significant factor in making the decision. Good answers often contrasted quantitative factors with qualitative factors in making a judgement. A common approach was to focus on NFP's reputation for high quality milk and question whether outsourcing might damage that reputation. This was considered to be more important than headline profit figures by many candidates. The best answers provided a balance of argument before making a supported judgement one way or the other.

Question 3

This question was well answered with a mean mark above 50 per cent. Case material was effectively used to consider the risks and rewards to NFP of market development into country Y. Many candidates demonstrated a good understanding of the data in Table 2. Application was shown by contrasting data for country X with that of country Y and indicating its relevance to risk or reward. Some good answers recognised that although country Y had a lower GDP per head than country X, its potential for future sales was boosted by the much higher rate of economic growth. A few candidates misunderstood the nature of NFP's products, believing that it produced fresh food. Better answers recognised that NFP's processed food was not currently suited to the tastes of country Y where fresh and unprocessed food was more popular.

As around 60 per cent of the marks for Paper 3 are for analysis and evaluation, it is essential that candidates develop full chains of argument in each paragraph and attempt to make frequent evaluative comment. There were some high scoring answers to this question that took this approach. These tended to focus on just two or three arguments. Weaker candidates often take an approach of making as many different points as possible, trying to comment on all of the data in Table 2 for example.

Question 4

(a) (i) The majority of candidates were able to calculate the discounted cash flows for the first six years of the project. However, a significant number of answers did not include the cash flow for Year 0 and therefore lost a mark.

(ii) Eight per cent of candidates omitted this question indicating a technique with which candidates were unfamiliar. However, a majority of candidates gained full marks.

(iii) Many of the candidates who attempted **Question 2(a)(i)**, but showed limited understanding of discounted cash flows, were unable to calculate NPV. In total, 16 per cent of candidates did not attempt this question. Many candidates gained full marks but a common error was to omit the deduction of the capital cost of the project.

In the case study, there are usually 14 marks available for calculations. It is therefore essential that candidates practise using ratios and other formulae identified in the syllabus

(b) Many of the candidates who missed out **Question 2(a)(i)** and **(ii)** also gave no answer to this question. These candidates therefore missed out 18 marks in total. Even without knowledge of discounted payback and NPV, there was plenty of evidence to draw on from the case study. For example, other candidates compared the estimated accounting rate of return with the minimum acceptable rate to NFP and referred to the relevance of the study undertaken by the Marketing Director. Good answers typically questioned the validity of the investment appraisal data and commented on other information that would help make a decision, such as break-even and decision tree analysis.

Question 5

This proved to be the most challenging question on the paper with a mean mark of just 5.6. A majority of candidates demonstrated only a limited understanding of workforce planning. Many ignored workforce planning altogether and just commented on other factors contributing to success. Without demonstrating knowledge of the key concept in the question, marks cannot be awarded. Weaker answers tended to focus on the wider role of human resource management or focus in on the importance of motivation strategies in the belief that this was part of workforce planning. Stronger candidates provided an accurate definition of workforce planning and then related its importance to the issues being faced by NFP such as integration with VF, the need for IT workers or the proposed closure of the farm. All of these case study issues have critical workforce planning implications. Evaluation was further developed by weighing the importance of other factors to the future success of NFP's operations, such as Sian's leadership style and external factors such as state of the economy.

Section B

Question 6

Strategic analysis questions are usually popular in **Section B**. With 75 per cent of candidates attempting **Question 6**, this was definitely the case this year. Candidates are clearly familiar with the concepts of SWOT and PEST and knowledge was used to good effect in analysing the contribution of such techniques to shaping NFP's future strategic direction. Most answers gained at least two of the application marks by drawing on case information such as the level of competition in country X and the relatively slow economic growth. Using these hooks, candidates often developed some analysis of the consequences for the strategic direction of NFP. However, only the better answers provided detailed evaluation of the usefulness of these strategic analysis techniques. Thus, few candidates achieved more than 12 marks in total.

Question 7

There were more answers to this strategic implementation question than in previous sessions. However, those that attempted the question mostly produced relatively brief unstructured or semi-structured responses. Some candidates focused on management for change techniques, such as communicating with employees/stakeholders, using a change champion, and making use of Kotter's eight steps. Other candidates focused on how best to deal with key issues such as industrial relations problems associated with the proposed redundancies or the difference in quality of output between the two companies. Although both approaches were acceptable, the first approach often resulted in limited application. However, many candidates scored all the knowledge and application marks and made some analytical points. Evaluation marks were less common as most responses did not address the probability of successful implementation given the measures outlined.