BUSINESS

Paper 9609/11
Short Answer/Essay

Key messages

Candidates are confident following the instructions on this paper and setting out their answers. This reflects the good practice of using past papers to improve examination performance.

Relevant knowledge and time management are good in this paper with few candidates leaving questions unanswered.

A reminder that it is not necessary for candidates to repeat the question at the start of their answer.

It is recommended that the guidance notes on all pages of the published mark scheme are reviewed. They provide an explanation of what is rewarded as Knowledge and Understanding (AO1), Application (AO2), Analysis (AO3), Evaluation (AO4).

Context is required for **Question 6** and *Section B* **part (b)** answers to award evaluation marks and the notes for evaluation section of the mark scheme has been expanded.

The mark scheme shows how the marks for each Assessment Objective (AO) are awarded in *Section B* questions. This includes examples of acceptable points. Other valid responses not shown in the mark scheme are also acceptable.

General comments

Many candidates were able to give clear definitions. Candidates need to learn the definitions as stated in source materials such as a textbook or a revision guide.

Explanations were generally good. This involved developed reasoning of business terms or concepts.

Analysis is shown by many candidates and is a skill which should be developed. Candidates need to be able to explain consequences using phrases such as *'this will lead to'* or *'as a result…'*. **Section B** analysis could explain two different sides of an argument e.g. benefits versus limitations, positives versus negatives. Note that this does not become evaluation unless there is some sort of judgement.

Evaluation is a skill which requires a judgment or opinion to be made on the strengths of an argument. A good answer might use, for example, *'my recommendation to the business would be… because…'*. Evaluation can occur at any point in an essay. It can be used after each paragraph of analysis or at the end of the essay. A summary of points made in the analysis is not evaluation nor is stating that benefits are greater than limitations.

A recurring issue in all questions where business performance is being judged is for candidates to refer to profit. To use this point in an answer the candidate must make some reference to the relationship between revenue and costs. It cannot be assumed, for example, that spending more money on promotion will increase sales and therefore increase profit. Consideration of the cost of promotion and how much extra revenue is earned from the sales is what justifies the effect on profit. It is essential that candidates understand the link between revenue, costs and profit.

Comments on specific questions

Section A

Question 1

(a) The term 'market share' was understood by many candidates. Most candidates identified sales as the important measure, with some candidates linking this to sales revenue or to volume of sales. Some candidates recognised that market share was connected to dominance within a market, but this needed to be explained. Other candidates made good use of numerical examples of markets and businesses. Weaker candidates confused market share with selling shares in the business which was incorrect.

(b) This question asked for an explanation of two separate ways in which market share could be increased. Many candidates correctly developed relevant points to show how the business could increase awareness/demand to gain new customers or attract customers away from rival businesses. To earn full marks, it was necessary to fully explain both points.

Question 2

(a) Some candidates gave a definition of a venture capitalist rather than venture capital itself. Other candidates answered in a way that could be interpreted as a loan from a bank, money raised from crowdfunding or the finance invested by the owner/entrepreneur themselves. Stating that venture capital is the capital needed for starting a business is too vague.

(b) Most candidates were able to earn marks on this question even if **2(a)** was incorrect or too vague. Points made needed to be clearly explained. Many candidates made appropriate points but did not develop these well enough to earn full marks. There should be a link to why venture capital might be necessary rather than the business funding itself or taking out a loan from a bank. Many who chose to explain advice/ideas/experience did so effectively.

Question 3

Team working was clearly understood and the link to motivation explained well, often with reference to motivation theories. Strong candidates developed their answer to explain the effect that the points made would have on the employee. An example of a strong answer might be, *'Teamwork involves sharing responsibility and developing new skills. Many workers would feel pride in developing their abilities which would relate to achieving self-esteem needs. This could give them confidence to contribute their ideas more fully to the team. The workers can bond over a shared task and this increased communication and support encourages the workers to try harder in order not to let the team down'.* Some weaker candidates developed explanations of why the business would benefit from having motivated employees which was not the question set. Candidates who explained what motivation is were also not answering the question.

Question 4

(a) The term 'productivity' was well understood. A strong definition clearly linked the number of outputs produced with a specific input over time. Many candidates identified labour as an example of an input i.e. number of employees. Some good answers used a numerical example reflecting the formula e.g. 200 cars produced in one day by 50 employees means that the productivity of one employee is 4 cars per day.

(b) Many candidates began their answer with a definition of process innovation, which was a clear way to show their understanding. Some candidates explained innovation without specific reference to process and their answer was phrased in relation to product innovation. This was incorrect. Popular answers included explaining the use of machinery to increase output/speed and to reduce costs and changing the production method from job to batch to mass to flow. It is necessary to explain these points clearly in order to obtain full marks. Candidates had to explain what the process innovation involved and how this improved efficiency, rather than just stating that it does improve efficiency. Fewer candidates referred to improved delivery channels but those who did successfully gave explanations of how drones and tracking systems could increase the efficiency of delivery and improve customer service.

Section B

Question 5

(a)   Laissez-faire leadership was well understood, and a clear explanation was given by most candidates. A few did confuse laissez-faire with democratic leadership, which generally reduced their marks in both **5(a)** and **5(b)**. Some candidates did not distinguish between teamwork and laissez-faire leadership which often limited their marks. However, if phrased correctly teamwork is part of laissez-faire leadership and could be rewarded as analytical development. Most answers referred to motivation but in this question the benefits should be clearly related to the business not the employee. Good answers gave examples of the types of business, industries, employees and leaders for which the laissez-faire leadership style works particularly well, and explained how this benefited the business e.g. research, scientists and surgeons. A line manager is often less knowledgeable than these workers and therefore needs to trust them to work towards the common objectives of the business. Note that Level 1 requires clear understanding of laissez-faire leadership and therefore if the answer was only related to teamwork it was difficult to award marks.

(b)   There were some strong answers to this question. Many candidates clearly understood democratic leadership although some lacked clarity in their explanation. Some candidates recognised that employees are involved in decision-making but did not acknowledge that the final decision was taken by the manager. These answers tended to explain underperformance as being caused by a laissez-faire leadership style. Some candidates needed to recognise that not ALL workers need to take part in the decision-making process. For example, there may be representation of the workers by a nominated spokesperson. Only workers who are skilled or knowledgeable enough to make decisions will contribute to discussions. Production cannot stop whilst decisions are made.

Analysis often referred to the benefits and limitations of democratic leadership. Some candidates also gave the benefits and limitations of other leadership styles. To earn evaluation marks there should be a judgement of whether a democratic style of leadership is more likely to cause underperformance.

Evaluation could consider whether democratic leadership may be the only cause of underperformance through considering other factors e.g. economy, competitors, available finance. The type of business or workers may also cause underperformance. Another good way of demonstrating evaluation was to consider other factors which could cause underformance, such as poor production, marketing, work ethic, quality of employees or materials, or location issues.

Note that Level 1 requires clear understanding of democratic leadership and therefore if the answer focused on other leadership styles it was difficult to award marks.

Question 6

There were some good answers to this question. The key business concept was inventory management, which was well understood by candidates, and lengthy explanations of what inventory management involves were seen. Most candidates clearly linked inventory management to a manufacturing business, referring to ideas such as storage, costs, damage and JIT. Many candidates recognised that inventory management is only one of the roles of operations management and that other roles include for example: deciding on the production method, changing location, carrying out process innovation. Without this recognition the answer did not fully address the question and therefore limited the marks it could gain.

To earn evaluation marks, it was necessary to discuss whether other roles carried out by operations management may be more important than inventory management. For example, communicating with other functions e.g. finance to know whether production can afford to change to new technology or marketing to know what quality of product is needed. Some candidates acknowledged that the type of products being manufactured may influence how important inventory management is and how the type of production method may link very closely to the importance of inventory management.

Question 7

(a)   Pricing strategies in general were well understood, although some candidates seemed confused regarding when price skimming is appropriate. To earn Level 4 marks, it was necessary to fully develop analysis using consequences i.e. use of words, such as *'because', 'this leads to', 'as a result…'*, etc. Some candidates showed clear understanding by recognising that there may be

**Cambridge Assessment
International Education**

© 2020

some situations where price skimming may not be a good strategy to use. Although this could be considered evaluative, it is a valid way of showing more developed analysis.

Note that Level 1 requires clear understanding of price skimming and therefore if the answer focused on other pricing strategies it was difficult to award marks.

(b)   The context of this question is a new restaurant business. Context was often shown by using food or restaurant terminology e.g. quality ingredients, ambience of restaurant, skilled chefs or branding on takeaway packaging. Context is needed for a Level 3 or 4 mark.

Some candidates explained the strengths and weaknesses of using branding but linking to this being a new business, which may be in a very competitive market, was necessary. Stronger answers acknowledged that there are many aspects of marketing that may be more important to a new business. Many candidates explained that the 4P's are all important. Others questioned whether this new business could be part of a franchise and therefore this might affect the importance of branding. In order to progress into Levels 3 and 4 there had to be some judgement relating to circumstances e.g. it is a new business, the competitiveness of the market, the economic climate or the location of the restaurant.

BUSINESS

Paper 9609/12
Short Answer/Essay

Key messages

Many answers now contain some evaluative comment, which was often made appropriately in the concluding sections of essays. Candidates are reminded that an evaluative comment can be made at the start of an essay and at various places throughout, such as at the end of an analytical paragraph. Earlier evaluative comments might well have the effect of strengthening the evaluative comments in the concluding sections, so long as the same comments are not just repeated.

General comments

- There were some significant gaps in knowledge and understanding in *section A*, particularly for the following: **Question 2(a)** 'profit margin', **Question 3** 'public limited company' and **Question 4(a)** 'effectiveness'.
- Many essays in *section B* of this paper were too descriptive and needed to include more relevant critical analysis.

Comments on specific questions

Section A

Question 1

(a) Most candidates were able to confidently define branding. Many definitions focused on issues such as name/image identification, differentiation, and customer awareness and loyalty. Strong definitions included examples such as KFC and Nike and commented on status and added value. Weaker responses strayed into answering **Question 1(b)** rather than giving an explicit definition of branding.

(b) This question on the advantages of branding for a business also produced many good answers. Candidates suggestions on how branding could help businesses included reference to factors such as customer loyalty, developing a USP, competitive advantage, more customers, and the option of setting higher prices. Reference was also made to potential savings on advertising costs, and support for marketing practices. Weaker answers made relevant statements but needed to give supporting explanation.

Question 2

(a) This question was not well answered. Many candidates defined gross profit or net profit rather than gross profit margin. Good answers used the formula (Gross Profit / Sales X 100) to secure maximum marks.

(b) Candidates were more confident answering this question. Ways to improve a business' profit margin included reference to reducing direct costs such as labour and materials, reducing overhead costs such as rents, and increasing product prices. A common feature of weaker responses was the simple suggestion that profit margins would be increased by selling more products.

Cambridge Assessment
International Education

Question 3

A significant number of answers incorrectly defined public limited companies (plc) as government-owned, non-profit-making organisations. This made a comparison with private limited companies difficult. Many candidates were unable to suggest reasons why a business might wish to remain a private limited company rather than change to a plc. Answers that clearly understood the difference between the two types of business organisation gave reasons such as the need to keep control, avoid legal and financial costs, and the focus on more limited aspirations.

Question 4

(a)   This question was not well answered. Many candidates defined efficiency rather than effectiveness or referred to motivation, and sales/profit related definitions. Accurate responses referred to the achievement of objectives/goals, producing good quality products, satisfying consumer needs and doing the right thing rather than doing the thing right. The distinction between effectiveness and efficiency needed to be clearly understood by many candidates.

(b)   This question was more confidently answered. Strong answers presented a definition of productivity (ratio of outputs to inputs) and then suggested measures to raise productivity levels such as increasing employee motivation, raising skill levels, and investing in more technology / capital equipment. Some weaker answers simply stated measures to raise productivity levels and gave minimal explanation and development.

Section B

Question 5

(a)   There were many good responses to this question on how a business might satisfy the self-actualisation needs of employees. Strong answers identified the position of self-actualisation needs in Maslow's model and focused on specific measures such as developing new skills, work recognition, advancement/promotion, and new responsibility. Weaker answers gave insufficient attention to the concept of self-actualisation (reaching full potential) and simply defined the five stages of Maslow's needs with very limited focus on the question set.

(b)   Good answers clearly presented knowledge and understanding of theory X and theory Y and applied these concepts to a hospital working environment. The most successful candidates referred to a range of hospital employees (nurses, doctors, porters, administrators) and suggested that different situations and cultures would need different leadership styles. Strong answers gave specific examples of how aspects of theory X and theory Y might be used in response to different management/leadership challenges. Some quite weak responses simply described a number of different leadership styles without referring to McGregor's theory X and theory Y.

Question 6

Good answers often defined small businesses and marketing early in the essay and used these to determine the significance and importance of marketing to the success of small businesses. Many used the 4Ps as an effective framework for their analysis. The value of marketing activities in creating awareness of the business/product was recognised as was the limited marketing budget available to most small businesses. Good answers recognised that success for small businesses might mean very different things in the short term as opposed to the long term and that factors other than marketing, such as sound financial management and external influences, might be more important determinants of small business success. Weak answers tended to simply describe the activities and functions of marketing without critical analysis. Some candidates strayed into discussions of segmentation and brand loyalty which were not relevant.

Question 7

(a)   Good answers identified different types of costs e.g. direct/indirect/variable/fixed and then indicated how business managers might use this cost information to set budgets, manage departmental costs, compare with past performance and use variance analysis. Reference was also made to the impact of cost information on management decisions relating to pricing, profits, break-even analysis and production methods. Weaker answers focused on the control aspects of cost information rather than on how cost information might be used to improve future performance.

(b)   Good answers presented a clear understanding of cash flow forecasting (CFF) and how it could be useful to a new business. They referred to the challenges facing new businesses and how, for example, CFF could potentially help prevent a business running out of cash by identifying and addressing cash shortfalls. The strongest answers identified and analysed measures other than CFF, such as the quality of pricing decisions and marketing decisions relating to customer relationships. While many answers recognised the decision options available to car hire businesses, some candidates strayed into car sales or production rather than car hire. Weak answers had a very limited understanding of CFF; they needed to go beyond simple descriptions of cash shortfalls to establish a strong connection between CFF and policies related to loans and overdrafts in the short term.

BUSINESS

Key messages

- Many candidates produced some good evaluative comments. These comments tend to be made appropriately in concluding sections of essays. Candidates are reminded that an evaluative comment can be made at the start of an essay and at various places throughout, such as at the end of an analytical paragraph. Earlier evaluative comments might well have the effect of strengthening the evaluative comments in the concluding sections, so long as the same comments are not just repeated.

General comments

- Most candidates demonstrated a good level of knowledge and understanding over a range of business concepts in *section A*, with the exception of 'intellectual capital' in **Question 4 (a)**.
- Time management was an issue for some candidates who were unable to complete the essay question in *section B*.
- Candidates need to consider the number of marks available for each question, for example **5(a)** and **5(b)**, and to manage their time accordingly.

Comments on specific questions

Section A

Question 1

(a)   The majority of candidates defined market research correctly and precisely. They outlined the activity of collecting and analysing data as an aid to decision-making related to the characteristics of markets, customers, and products. Weak responses gave little or no explanation and needed to do more than simply repeat the words in the term.

(b)   This question was also well answered. Many candidates used a comparison with secondary market research data to explain the business advantages of conducting primary market research. Emphasis was given to the relevance and topicality of primary research data as well as to the security and confidentiality of the data.

Question 2

(a)   Most candidates were able to accurately define the concept of liquidity ratio with many giving the example of either the current ratio or the acid test ratio. Most definitions stated that it assesses the ability of a business to pay its short-term debts. Weaker answers often confused the term with working capital.

(b)   This question on the limitations of accounting ratios proved challenging to many candidates. A significant number of candidates were unable to explain two limitations and only gave a partial response. Strong responses referred to limitations such as: ratios ignore the qualitative aspects of a business, ratios ignore price level changes due to inflation, ratios become window dressing if a business makes end of year changes to their financial statements, ratios do not resolve any financial problems identified.

Question 3

Very few responses scored maximum marks. Weak answers needed to go beyond briefly outlining the elements of the concept of emotional intelligence (EI). Stronger answers used a more detailed understanding of the concept to indicate how specific EI competencies could be used by a business leader to inspire and persuade employees to be more productive and supportive in the work environment. The top mark level was only awarded when the link between EI and effective business leadership was explicit in the answer.

Question 4

(a)   The term intellectual capital was not well understood. Many responses mistakenly suggested that the term referred to physical capital such as machines and computers. Some good responses referred to the classification of human, structural, and relational capital, and gave examples of intellectual capital such as: employee skills and expertise, information and data systems, brands, networks.

(b)   This question on the functions of an operations management department was generally well answered. A wide range of relevant functions were explained including inventory management, quality control and supply chain management. Weaker answers presented only one function or confused the work of the department with the human relations management department.

Section B

Question 5

(a)   **Question 5** was the most popular essay. In part *(a)* there were many strong responses by candidates who combined sound business knowledge and understanding of CAD with good analysis of the potential advantages of introducing a CAD system into a business situation. The benefits identified and analysed included the production of speedier, more accurate and better-quality designs using a more efficient and effective process. Good examples of relevant business situations such as architects were also given. Weaker responses were more limited in analysing benefits and often confused CAD with CAM.

(b)   The strongest answers defined the terms effectiveness and efficiency and then identified, with supporting analysis, which might be the more important for a manufacturer of bicycles. Many candidates suggested that both effectiveness and efficiency might well be required, particularly in a competitive market environment. Issues such as safety and quality were identified as pointing towards the need to focus on building a reputation for a quality brand. It was also recognised that there might be markets for different types of bicycles, and perhaps different combinations of effective and efficiency considerations. Weaker answers needed to develop definitions of effectiveness and efficiency to be able to take advantage of the analytical and evaluative opportunities available for this essay topic.

Question 6

Fewer candidates chose this essay. Good answers made sound references to the question set - employee training and development, primary sector businesses and business performance. These essays questioned the relevance of training and development to industries such as farming and mining, for example, often concluding that it was just as important for these industries as for secondary or tertiary industries, with a special mention of health and safety considerations. The potential impact of training and development on business performance, with the suggestion that poor performance might result from under investment in training and development, provided many opportunities for analysis and evaluation. Strong responses suggested that primary sector businesses need skilled and trained employees just as much as other businesses and analysed the link between business performance and investment in training, suggesting that alternative investments such as more sophisticated machinery might be as, or more, important.

Question 7

(a)   This question on analysing the importance of mission statements was generally well answered. Strong answers clearly defined the role and purpose of mission statements and gave examples of their potential significance to internal and external stakeholders. Strong answers also recognised that for some businesses, mission statements were often quite bland and served as little more than public relations statements.

Cambridge Assessment
International Education

(b)   This question on plc shareholders' reaction to business objectives for corporate social responsibility (CSR) was confidently answered. Many answers recognised the concern of plc shareholders that bottom line, dividend producing objectives could lose out to CSR objectives such that CSR was seen as a threat to profitability and high dividends. Strong analysis and evaluation recognised reputational advantage, short and long term, and the regulatory requirements pushing businesses to adopt a more CSR approach to business and commercial decision-making.

BUSINESS

```
Paper 9609/21
Data Response
```

Key messages

- There has been an improvement in candidates use of the case material when answering questions which require analysis, evaluation and a recommendation.
- The majority of candidates achieved application and analysis marks on **part (c)** and **(d)** questions. Candidates can demonstrate application and analysis with a few well-developed points. A good chain of reasoning, which is in context, is the basis for developed analysis.
- In **Questions 1(d)** and **2(d)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid repeating previous points when making an evaluative conclusion to an answer.
- In calculation questions, **1(b)(i)** and **2(b)(i)** candidates are advised to show their workings. Use of a calculator is also encouraged.
- Candidates are reminded to be aware of the marks available so that they spend the appropriate amount of time on each question. This is especially important for **Questions 1(b)(ii)**, **1(c)**, **1(d)**, **2(b)(ii)**, **2(c)** and **2(d)** which need to be in context, or require analysis and/or evaluation.
- Candidates are advised that answers requiring context, such as to **Question 1(c)**, should integrate the information from the case study but avoid repeating what is written in the case.
- Full understanding of the command words is required.
- Practicing definition or explanation questions, and candidates producing their own list of words, definitions or explanations, with examples, is also recommended.

General comments

The case material for both questions was well understood. **Question 1** produced some interesting answers, in context, especially **Question 1(d)**. Candidates mostly understood the questions set although some candidates tried to answer **Question 1(c)** by analysing the impact on the business rather than the employees. This highlights the need for candidates to read each question carefully to find the key words.

As in previous sessions, candidates should make full use of opportunities to:
- Use the context.
- Identify opportunities to analyse – analyse based on a chain of linked reasoning/explanation, in context.
- Identify opportunities to evaluate, in **Question 2(d)** for example - make a justified recommendation as to changes EC could make to its marketing mix.
- Answer the question set, in **Question 2(c)** for example - provide two reasons, not one or three.

Most candidates have a good understanding of business terminology, are able to express themselves effectively and make good use of the time available.

Comments on specific questions

Question 1

(a) (i) Many candidates defined one aspect of 'corporate social responsibility' (CSR). To achieve both marks they needed to include a fuller definition, e.g. when a business goes beyond its legal obligations.

(ii) Most candidates achieved two marks by explaining the three elements of the 'triple bottom line'. They then needed to develop their explanation of any one of those elements to gain the third mark.

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

(b)(i) Many candidates were unable to differentiate the net profit margin from the gross profit margin and calculated both margins for the answer. When calculating the profit margin for the year ending 30 November 2020, many candidates needed to recognise 'cost of recall' as an expense to accurately calculate the profit and reach the correct answer. It was good to see the majority of candidates showing their workings.

(ii) Most candidates demonstrated good understanding of the effect of a decrease in profit and explained the problem in context. A minority of candidates misinterpreted the question and focused on the causes of a decrease in profit.

(c) Many candidates managed to achieve application marks with good use of context and developed analysis of the impact on other employees of Jack's dismissal. Some weaker answers considered the impact on the business rather than the employees, hence the reminder to read questions carefully.

(d) Some candidates achieved full marks on this question by writing two-sided arguments on whether UC should automate factory A, they developed chains of reasoning and concluded with a justified recommendation. Many candidates demonstrated good knowledge of 'automation' in context and gained analysis marks. A balanced recommendation was required to gain the evaluation marks.

Question 2

(a)(i) A well answered question. Candidates demonstrated good knowledge of 'efficiency'.

(ii) Most candidates achieved two marks by explaining the stages of the 'product life cycle'. They then needed develop their explanation for the third mark.

(b)(i) The majority of candidates achieved full marks, demonstrating a good understanding of the current ratio.

(ii) Liquidity did not seem to be understood by many candidates although the case study provided good context which they could have used. Good answers referred to their answer in **2(b)(i)**, comparing the change in liquidity over the time period given.

(c) Candidates demonstrated good knowledge of business objectives and were able to give two reasons why clear business objectives are important for EC. However, many candidates needed to balance their answers by developing their analysis of both reasons.

(d) Many candidates demonstrated good knowledge of the marketing mix and gave a very good description of the 4Ps or 4Cs. However, some candidates needed to read the question more carefully to recognise that it asked for changes. Few candidates developed their chain of analysis sufficiently to make a justified judgement so were unable to achieve evaluation marks.

BUSINESS

```
Paper 9609/22
Data Response
```

Key messages

- A question is an instruction to a candidate about how to respond in the examination. Careful note should be made of the command word used so that the response can be tailored to what is required.

  - 'Define' is a command word that requires a clear and precise definition of a syllabus term. This does not require examples and the definition should cover all the elements of the term.
  - 'Explain' requires a higher skill than a definition and candidates are required to apply their knowledge either to the case, for example in **Question 1(b)(ii)** and **Question 2(b)(ii),** or to their study of business in general.
  - 'Calculate' only requires the final answer to be given. However, showing the stages of the calculation and how the candidate arrived at their answer allows examiners to award partial marks when appropriate, even if the final answer is incorrect. The best approach is for candidates to state the formula first and show their workings
  - 'Analyse' is a skill that requires candidates to develop a coherent chain of reasoning, including causes and effects. Candidates need to use the context, so that the analytical chain is specifically applied to the business in the case. Candidates should use the context to find the most appropriate answer, not just write a generic response.
  - Evaluation questions can have different command words, for example, 'Evaluate' in (**Question 1(d)** or 'Recommend' and 'Justify' in **Question 2(d)**. Evaluation requires candidates to put forward arguments from different perspectives and make comparisons, usually in a conclusion. These arguments must be in the context of the business in the case. Strong responses are selective over what data to include; candidates are not expected to discuss every theoretically possible argument, only the most relevant/important in respect of the given business and question.

- The case is there so that candidates can apply their knowledge, analysis and evaluation to the data given. Some candidates, who do not use the context, restrict the marks available to them.

- When a question mentions, for example, a specific stakeholder group or a specific type of business, then the answer must be applied to that context to earn the marks available.

General comments

Candidates seemed to understand the cases used in **Question 1** and **Question 2** and could relate to both industries. The primary nature of ES's operations and the environmental and ethical nature of the information enabled some good responses, especially in the stakeholder question.

GT, being a service sector business, provided a good contrast to ES and candidates were able to apply their knowledge to this industry well.

There did not appear to be many candidates who could not finish the examination in the time given and many provided their longest answer to **Question 2(d)**.

Cambridge Assessment
International Education

Comments on specific questions

Question 1

(a) (i)   Revenue is a basic business term and most candidates were able to answer this question accurately and effectively. The essence of a definition is always to be precise and cover the key elements of the term. A small number of candidates knew that revenue was part of the cash inflow to a business but needed to recognise that it came from the sales of goods and services.

(ii)   Explanations require more than a basic definition and candidates need to show that they understand the term. This is especially important when the term has multiple elements to it. In this case candidates needed to understand the 'unit' element of the term as well as the 'cost' element. A good response covered both of these elements without repeating the same point. Weaker responses included: 'the unit costs are the costs of producing a unit'.

Examples are always a good way of showing understanding for 'explain' questions, but candidates will not be rewarded for simple repetition of the case. The term 'unit costs' appears in the text and a few candidates attempted to show understanding by writing out the sentence from the data. This does not show understanding. For a question which does not directly refer to the business (in this case ES) any answer that shows understanding of the term is sufficient, for example: 'the unit costs for a soft drinks manufacturer are the amount it has to pay to make one drink'.

(b) (i)   Most candidates correctly identified how to approach this question. Where mistakes were made it was often a calculation error, for example by missing out a 0. As long as the candidate has set out their working carefully, allowing the examiner to follow their thinking, then they will be rewarded based on what is correct. All examiners will apply the own figure rule (OFR) so that a mistake early on in a calculation does not hinder a candidate from being awarded process marks later on.

The most common reason why candidates, who knew how to calculate the correct answer, did not gain full marks was to forget to calculate the difference between the director and managers' share of the profits. Candidates must fully read and understand the question.

(ii)   This question is specifically about ES and candidates who gained full marks often started by asking what disadvantages this specific business might find in using a profit sharing scheme, as opposed to what are the generic disadvantages. This approach will provide a better response because it is written in the context of the case.

A good answer to this question did not need to be very long and some candidates took the opportunity to define and explain what a profit-sharing scheme is. While this would not reduce a candidates' mark, the time lost may disadvantage the candidate later in the examination. The best responses got straight to the point in identifying a disadvantage and explaining it in the context of ES.

There are often likely to be clues in the data to help candidates provide a contextual answer. In this case ES needs a source of finance to invest in new fracking licenses. A profit-sharing scheme reduces the retained profit and therefore this is likely to be the biggest, contextual, disadvantage to ES. Many candidates spotted this and used it well. Weaker candidates ignored the context and only provided a generic answer.

(c)   Most candidates were able to refer to at least one internal and one external source. It is essential than candidates know the difference between internal and external sources of finance - some candidates were not able to correctly categorise them.

The context of ES is essential for a good answer to this question. For example: 'ES is a public limited company so can attract new shareholders as an external source of finance.' is a good start. Candidates who recognised this could quickly identify and then analyse in context the use of shares. However, a significant number of candidates thought that attracting new shareholders would be an internal source of finance. This would only be true is it was a rights issue to existing shareholders and most candidates did not make a clear distinction.

Again, there were clues for candidates in the case. The nature of the business as a public limited company and the mention of a supportive government should have alerted candidates to the most

likely external sources. Likewise, the mention of old coalmines and the figures in Table 1.1 should have been a good clue as to the most likely internal sources.

(d) External stakeholders are individuals or groups who have an interest in a business but take no part in its operations. Some candidates did not read the question carefully so analysed and evaluated the effects on internal stakeholders.

Most candidates chose to use the local community as one of their stakeholders, which was a sensible place to start since it is referenced in the case. Other candidates did not clearly identify the stakeholder group. One common mistake was to state that the environment was an external stakeholder. The environment is not a stakeholder. Environmental/pressure groups are, as are the local community. Candidates must make sure that they clearly identify a stakeholder group so that they can then analyse and evaluate the possible effects on this group.

The question only asked for the effect on two stakeholders. Some candidates attempted to identify as many stakeholder groups as possible, sometimes within one chain of analysis. This is not the recommended approach and candidates should aim to answer the question with depth, not breadth/quantity. Substantial analysis in a response is always rewarded at a higher level than limited, basic analysis.

Stakeholder questions can produce responses with analysis which has the wrong focus. In this case the analysis of the effect needed to be on the external stakeholder, not on ES. It was relatively common for candidates to correctly identify the effect on potential customers, but the chain of analysis then went on to show how this might reduce the revenue and profit of ES. This was not the focus on the question.

Question 2

(a) (i) Most candidates had some knowledge of cost-based pricing, but a good definition must avoid using the words already given in the term itself - 'cost' and 'pricing'. The main idea behind cost-based pricing is that an amount is added to how much a business pays to produce a product or service – its costs. This then forms the basis of the amount paid by the customer.

(ii) The difference between cash and profit is a fundamental aspect of business and candidates sometimes mix up the two terms. In this question most candidates showed good understanding of one or both of these terms, sometimes with lengthy explanations of each. This is not what the question asked for. When a question asks for the difference it is not necessary to define the terms. For example, a simple answer such as: 'a business needs cash to operate but it can operate without profit', shows a good answer to the question and implicitly shows understanding of both terms.

(b) (i) Most candidates correctly identified the figures in Table 2.1 and were able to produce a revenue figure. Some needed to consider the complexity of the calculation. On calculation questions, candidates must make sure that they have looked for all the relevant figures instead of rushing into an incomplete answer. Fortunately, most candidates showed their working, so a single mistake could be identified, and some marks awarded.

(ii) This question specifically excludes an answer. In this case the advantage could not be linked to revenue. This was clearly stated in the question. A small, but significant, number of candidates still explained how the visiting groups might increase GT's revenue. Occasionally a candidate would also mention other benefits, such as increased reputation or increased asset utilisation and this could be rewarded.

The question required a contextual answer and as with all contextual questions the best responses started with the case. The fact that GT owns the theatre gave some candidates the idea that renting to the theatre groups can increase utilisation of this resource. Similarly, the 100% ticket sales for the visiting group gave some candidates the idea of cross promotion. It is essential that candidates fully read and understand the case before attempting answers. Otherwise, what is produced is likely to be generic and not applied.

(c) The factors affecting demand are those which specifically affect consumers. Many candidates needed to differentiate between demand and supply factors. Many candidates referred to the relatively small capacity of GT's theatre which was not a suitable response.

Some candidates were aware of many demand factors. They need to focus on the two most likely in a specific context rather than using the first two they can remember. Candidates giving the most contextual answers are more likely to build up a contextual chain of analysis.

The nature of GT's industry was a good place for candidates to start. GT's service is not a necessity, so it is likely to be affected by income as well as fashions and trends.

Some candidates wrote about the demand from the visiting groups for using GT's theatre. This was a reasonable approach to this question and showed a good understanding of the diverse nature of the two different customer groups.

(d) Most candidates found plenty to write about when coming to their recommendation of either Nick or Portia. As with all evaluative questions, depth of analysis is better than breadth. Those candidates who were selective over the most convincing reason(s) to employ Nick or to employ Portia could analyse the importance of those arguments to come to a recommendation. This approach meant that candidates had enough time to compare the two candidates and come to an evaluative recommendation which had a basis in strong argument and evaluation.

A few candidates simply described the characteristics found in the data, going through each characteristic and explaining it in different words. This weaker approach offered no basis for candidates to develop analysis or evaluation.

BUSINESS

| Paper 9609/23 |
| Data Response |

Key messages

- **Questions 1(c)**, **1(d)**, **2(c)** and **2(d)** required analytical answers to create arguments and **Questions 1(d)** and **2(d)** required a justified conclusion. While there has been an increase in the overall ability of candidates to develop their analysis, a significant proportion of candidates are not providing a justified evaluation that draws together arguments.
- A good structure for an analysis question would consist of two paragraphs, one for each side/point/argument.
- When evaluation is required, a final paragraph would be used to make a justified recommendation or judgement.
- It is important that candidates read the question carefully and develop their answers using material from the syllabus. A common error in **Question 1(c)** was candidates providing answers on economies of scope and not of scale.
- In other instances, candidates needed to use data in their answers, for example **Question 1(d)**. While candidates correctly identified appropriate methods a business could use to develop products in the future, they were not related to the case study, which led to many answers only receiving half marks.

General comments

- Candidates need to respond to the command words. On this paper:

  ○ **Question 1(a)(i)** and **Question 2(a)(i)** both required definitions only, with no application or development required.
  ○ **Question 1(b)(ii)** and **Question 2(b)(ii)** required explanations without any stimulus material. For a 3-mark question, candidates should have a detailed definition plus an example which is not from the case. Repeating similar points does not show understanding.
  ○ **Question 1(b)** and **Question 2(b)** required candidates to complete a calculation for which they needed basic knowledge and understanding of formulae.
  ○ **Question 1(c)** and **Question 2(c)** required analysis in context. Candidates should aim for two key points from the case which are well analysed. There is no requirement for any conclusion.
  ○ **Question 1(d)** and **Question 2(d)** both required a recommendation or evaluation based upon developed analysis in context.

- Candidates need to read the question carefully. They should provide clear and precise definitions. There was a lack of clarity in answers such as **Question 1(a)(i)** and **(ii)** which meant that marks were lost due to generic points or an incorrect focus.

Comments on specific questions

Question 1

(a) (i) While many candidates provided a suitable answer, some needed to make the difference between a sole trader and the part owner of a limited liability business clear. The key ideas for this question were 'company' and 'limited liability'. Business by itself is too generic.

   (ii) Many candidates needed to identify that 'flow production' is a process that relies on a continuous flow of standardised products. This is an example of where it is important for a definition to be specific.

(b)(i) This question was generally well answered although some candidates calculated total revenue for 2018.

(ii) Product portfolio analysis was understood by many candidates. Some candidates needed to show how this could be used, in addition to how AP could use it. Answers need to be in the context of the case in order to gain full marks.

(c) A significant number of candidates answered this question well. However, some common errors included candidates choosing 'technological' rather than 'technical' economies of scale and not explicitly highlighting an economy of scale which, if not explained properly, may cost marks.

(d) Most candidates discussed the options available and provided limited analysis. A significant number of candidates needed to develop the effective arguments necessary for the higher level analysis marks. This could be achieved by mentioning that meeting health risks could increase future customer base and increase sales. It is also important to note that the focus of the question is product development so while reference to the other P's can provide analysis, it may not be enough for a fully justified recommendation.

Question 2

(a)(i) Price was often confused with cost, which refers to the expenses incurred in the production of the product or service. The question specifically required reference to the amount of money charged to a customer / paid by a customer.

(ii) It is important that candidates fully understand that a franchise is when the name, logo and processes of an established business are used. Many candidates needed to identify these basic ideas which are the main features of franchises. This reinforces the importance of candidates learning definitions.

(b)(i) A mostly well answered question. Many candidates showed their working which enabled some candidates to gain marks even if the final answer was incorrect.

(ii) Although generally well answered, some candidates needed to link their methods to Lewis' business to achieve the final application mark. A simple way to ensure that the answer is applied to the context of the case is to use the figure calculated in **b(i)**.

(c) This question was generally answered well. Candidates fully understood the factors which constitute a small business. Candidates need to ensure that their answers are in context. Many candidates needed to recognise that Lewis was a sole trader, for example, which would have provided application to the case. It is also important to remember that there are two application marks, and each knowledge mark should have its own piece of evidence in the answer.

(d) Candidates needed to be aware of the use of the person specification rather than just knowing what it is. Many candidates had difficulty in providing explicit application, although there were lots of opportunities provided in the case. Candidates could use highlighters to select specific pieces of information and then use them in relevant answers.

It is also important that candidates know how to 'evaluate the usefulness' of something. For example – is it very useful / it is not very useful, and why. A statement of 'it is very useful' will not achieve any evaluation marks as it does not begin to show 'why'. There must be some explanation of how it is useful, and then why it is useful specifically for Lewis.

BUSINESS

Key messages

- Candidates need to practise demonstrating their understanding of business theory and concepts across a wide range of business contexts. This can be achieved by making good use of past papers and mark schemes.

- Candidates should spend the first 15–20 minutes reading the case study thoroughly. It is important to understand what the company does, who its customers are and what challenges and opportunities it faces internally and externally. It is equally important to return to the relevant parts of the case to check facts and interpret data before answering each question. Candidates should also consider to what extent the business is a financial success, or not, from the point of view of different stakeholders.

- Answering questions in numerical order is the best approach because the case and questions follow a logical order.

- Candidates need to know what the command word in a question expects them to produce in an answer.

- Candidates should further consider each word in a question carefully and reread the question before writing a conclusion to an essay so that they answer the question set.

- It is good practice to make a plan for **Section B** essays by referring back to the case because it can be easy to forget some of the case context and/or the specific focus of the question. Further, producing a brief plan of how they might attempt to answer the optional essay questions is better than candidates wasting time starting to write an answer to one of the questions then changing their minds part way through.

- Often, linking the results of calculations from different parts of the case, and interpretation of data from different tables, is a good approach to achieve in-depth analysis.

- A good evaluative answer includes detailed application from the case, as well as judgments throughout and a well-supported conclusion at the end.

General comments

The best answers demonstrated good understanding of business theory and concepts and used data from the case effectively to support judgements. There was some indication, however, that candidates need to improve their knowledge of Strategic Management. Many candidates structured their responses well although some answers used generic 'textbook' knowledge and analysis.

Strong evaluative answers make links between different parts of the case and take a strategic overview of the business. When a comparison and choice is required, such as whether to change the direction or structure of the business, candidates must do more than simply copy data from the case. Candidates should also be encouraged to consider alternative views such as, in this case, considering whether diversification into a different market is a good choice.

Candidates should become familiar with the structure of the mark scheme. Knowing that there are no evaluation marks for **Question 1** and that evaluation is conditional on application, will enable them to work more effectively in the examination. Candidates also need practice on how to choose the best optional question to answer in **Section B**.

Comments on specific questions

Section A

Question 1

This question was reasonably well answered by some candidates, who showed a good understanding of the disadvantages to host country Q of the MNC entry into the hotel market in competition with local hotels. Application marks were generally gained by linking the building of the new hotels with the harm caused by the local 'infant industry' and also possible damage to the natural environment. This often led to analysis marks focusing on problems caused for the government and population of country Q. However, a significant number of candidates missed the link with tourism made points about the population of the low-income country being unable to afford hotel stays. Candidates who had misread the question and so included disadvantages to NH did not receive credit for that part of their answer.

Question 2

2(a) (i) Most candidates correctly calculated 78% or calculated the capacity utilisation for each type of hotel individually and then worked out the average.

(ii) Many candidates correctly calculated $8000, but a significant number did not indicate whether the variance was positive or favourable. Those who correctly calculated the total variance for all hotel types, –$34 000, achieved full marks

(b) The link with the results of **2(a)** needed to be explained in terms of lean production techniques, such as TQM, increasing quality and therefore satisfying more customers leading to increased capacity utilisation, which would potentially improve the adverse budget variance. However, many candidates answered this without reference to the results. There were many examples in the case of 'waste', such as excess inventories of room supplies and stolen food and many candidates used this effectively to analyse the case for the use of lean production techniques, such as JIT. Stronger candidates also analysed disadvantages, such as the inability to cope with sudden increases in demand for rooms or to offer a wide menu if limited stocks are held. Some candidates also evaluated the likelihood (or not) of increased profits, but evaluation was generally not strong, except in the answers form candidates who successfully made the link between TQM and increased capacity utilisation.

Question 3

The focus of the question was improving motivation, so issues such as no response to letters, being trained for one role and autocratic management at NH could not gain application marks, unless they were used in the context of improving motivation. Many candidates suggested more employee involvement, considering their ideas, training, decentralisation and MBO. A few also suggested that the labour cost budget could be more flexible, to allow for possible financial motivation methods. Analysis marks were gained by most candidates by using motivational theorists to explain how solutions could improve motivation, and/or a chain of reasoning built on the solution, e.g. more employee involvement leading to a feeling of belonging in the company leading to lower labour turnover. Stronger candidates also suggested limitations of methods to improve motivation, such as finance and the need for expensive training. Many candidates achieved low level evaluation marks by suggesting what might be the best solution. Stronger candidates judged that this would be a major change in an organisation that is very set in its culture and management style and that Jolin might be an obstacle to change.

Question 4

(a) (i) Many candidates found this calculation challenging, mainly due to having to add an additional $2.5m to the interest figure.

(ii) Many candidates found this calculation challenging. Typically, many made changes to CA and CL, but not NCA and NCL.

(b) The focus of this question was shareholder objectives and possible attitude to the proposed takeover so candidates who did not relate their answers to possible shareholder objectives and benefits, such as profit or dividends, performed poorly. Stronger candidates referenced results from

4(a) and linked this with possible impact on dividends as well as calculating the change in gearing, due to the required borrowing, and balanced this against the increase in assets.

Application and analysis marks were gained by using results from **4(a)** and elsewhere and then speculating how shareholders might respond, in terms of supporting / not supporting the takeover. Low level evaluation marks were gained by a supported conclusion, with many candidates suggesting short term costs and long term (possible) benefits of the merged business. The strongest answers also contrasted shareholders with short/long term objectives or risk taking / risk averse attitudes.

Question 5

Application marks were gained by using the data about room occupancy rates, prices fixed at the start of the year, and advertising media used. However, some candidates focused answers too finely on planning and some too much on problems, rather than how objectives might be achieved. Analysis marks were gained by chains of reasoning explaining how changes to product, price and promotion methods could increase occupancy. Stronger candidates also considered price and promotional elasticities. There was some confusion with the place element - the objectives were to increase occupancy in the existing hotels - so suggesting different locations was not rewarded. Low level evaluation marks were gained by a supported conclusion as to the best changes to be made to marketing but that this may be constrained by budget factors. The best answers also cited the possible impacts of external, usually economic, influences as well as the need for different approaches in the three markets – luxury, family and budget.

Section B

Question 6

Most candidates who chose this question identified that the current centralised structure had not changed since NH started with one hotel. Candidates also identified the advantages and disadvantages of this type of structure for NH. Many were able to develop this by analysing that a decentralised structure may now be more suitable, especially as there is the possibility of opening hotels in country Q. Some candidates also quoted Chandler's assertion, linking structure to strategy, but this was not sufficiently developed. Weaker candidates lost focus and drifted off into HR issues rather than answer the question set. Very few candidates took the approach that a restaurant division should be added to the structure when Eatbest is taken over. Evaluation marks were sometimes gained by balancing the short-term costs of change against the long-term benefits and the possible resistance that Jolin might present to change.

Question 7

Candidates who chose this question often seized on strategic analysis as a familiar term and rooted their answers firmly in this part of the strategic management process. This led to successful discussion of strategic analysis techniques, such as SWOT, PEST and Boston matrix. However, few answers showed a clear grasp of core competency analysis and its uses. Many candidates were able to use the data about NH's core competencies and link these to NH's strengths in the SWOT analysis. Stronger candidates also questioned whether poor customer service demonstrates that the company did not achieve its stated core competencies. A few candidates did not give well-developed answers that linked the core competencies as part of strategic analysis with future strategies, such as the Eatbest takeover or expansion into country Q. Evaluation marks were mostly gained by judging the limitations of the strategic analysis techniques, including core competencies, rather than linking these with business strategy and future success.

BUSINESS

<div style="border:1px solid black; padding:10px; display:inline-block;">

Paper 9609/32
Case Study

</div>

Key messages

Candidates should:

- Avoid simply repeating material/data from the case in their answers. They should use the data to inform their answer and as the basis to develop specific analysis and evaluation.

- Practise using financial ratios and using the results to produce analytical answers.

General comments

Candidates found two of the numerical questions particularly challenging with a relatively large number omitting **Question 2(a)(ii)** and **Question 4(a)(ii)**. There was no evidence of timing problems for candidates. There were some good examples of well-focused responses where candidates had read the question carefully and knew how to meet the demands of the question. The strongest candidates demonstrated a good understanding of the broad range of topics that were tested. They performed consistently across the questions and in both *Section A* and *Section B*.

The best responses were produced by candidates who targeted their answers directly at the questions. These responses typically used calculations and evidence from the case to support and develop arguments. There were a few excellent responses that were well structured, focused consistently on the question, and made judgements based on the analysis they presented. Many candidates, however, could have improved their answers by making use of the case material to support their argument, rather than writing in very general terms. On evaluative questions, concise but developed answers which provided balanced argument and clear supported judgement were highly rewarded. Answers which were structured around a few key points achieved higher marks than those that briefly mentioned many points.

Candidates should use the three-hour duration of the exam to read the case carefully and then spend time planning answers to ensure a greater degree of focus in their responses. With careful planning, candidates will be clearer on the demands of the question. Although many candidates were able to access the material, a common weakness was the limited development of analysis. This was often a result of attempting to offer too many separate lines of reasoning rather than being selective and developing fewer key points in more depth.

Some candidates made effective use of the case material but there are still a minority of candidates who do not give relevant context and offer only generic responses. This was particularly evident where there was a lack of clear understanding of the business concepts they were being asked about.

The majority of candidates find it difficult to develop evaluative points as their answer progresses. Some good answers build effective chains of argument but their final judgement lacks support. Often candidates do not give an overall answer to the question and this restricts potentially very good answers, particularly in *Section B*. However, even more important than providing a conclusion is to make judgements throughout the response. Planning each argument from the initial identification of a relevant point through analysing contrasting effects within the context of the case to making a conclusion which can be justified is the best approach. Candidates should be aware that effective planning will improve their responses and is worth the time spent because it keeps their focus for each point on the question set and the context of the case.

Comments on specific questions

Section A

Question 1

A significant number of candidates were unable to demonstrate knowledge or understanding of the legal environment. Without knowledge of key concepts, candidates will not be able to access marks. There were many answers that referred to changes in the economic environment rather than the legal environment.

Stronger candidates identified that changes in the legal environment are part of the external environment within which business operates. Some strong candidates provided a definition of the legal environment as 'the rules set by the government that regulate business behaviour'. The majority of candidates identified one or two regulations from the case study and then considered the impact on GR. Often the focus was on the current regulations faced by GR rather than on the impact of a change in the legal environment. A common focus was to consider the impact of an increase in the minimum wage paid to workers at GR. There was a general recognition that costs would increase and that profits might decline. However, stronger answers built a chain of arguments linking increased costs to higher prices to demand and then to profits, or observed that GR might find it difficult to increase prices and so would face a lower profit margin. A key to providing good answers is to build extended analytical chains to access level 2 marks.

Question 2

Most candidates understood at least one of the calculations required. The least well answered was margin of safety. There were many candidates who did not know how to calculate break-even output, margin of safety or profit. There were a few No Responses to the whole of this question.

When answering numerical questions, the majority of candidates state formulae and lay out their work clearly, this enables them to secure process marks even if mistakes are made.

(a) (i) The majority of candidates understood how to calculate the break-even and gained full marks. However, a significant number of candidates gave no relevant calculation and were unable to state the correct formula.

(ii) Many candidates did not attempt this question and over 50% of candidates scored no marks.

(iii) Those candidates who knew the formula for profit were able to access the data and perform the correct calculations. Many candidates demonstrated a correct methodical approach by stating the formula and then calculating total revenue and total costs before identifying the profit. Candidates also recognised the importance of stating the correct units in their answer.

(b) Most candidates identified relevant factors in the location decision. Some answers correctly used data such as the break-even output, profit margin of safety, and capital cost to illustrate the advantages of each location. Stronger answers were able to analyse these results and provide other factors that were important. Most were able to write balanced answers contrasting, for example, the lower capital cost of one location compared to the higher profit of the other.

Weaker answers tended to repeat data from the case without developing any analysis of the data and its relevance to the question. The weakest candidates just listed the information from Table 1 with no attempt to show its relevance. Descriptive responses were common restricting the level awarded. Frequently conclusions were not related to analysis or just stated that one location was better than the other without supporting argument or highlighting critical advantages of the location.

Overall, most candidates demonstrated good exam practice producing answers with knowledge of locational factors, a range of analytical points, balanced argument and some supported judgement. However, the quality of what was written in terms of depth and accuracy was the main problem.

Question 3

Most responses suggested that candidates understood the concept of human resource strategies and as a result came up with relevant points. However, many did not develop their points in enough detail and many responses were generic and not in context of GR. Many candidates tried to incorporate motivational theorists into this answer and this often provided useful support for suggested strategies. However, weaker answers

struggled to explain the relevance of the theory referred to; this was particularly a problem when attempting to apply Maslow's hierarchy of needs.

Many answers were too focused only on motivation, often making only generic comments and not linking suggestions to the solution of the human resource problems indicated in the case.

The question was not just about strategies for reducing the human resource problems at GR, it was also about achieving improvements without increasing unit costs. Too often conclusions ignored the second part of the question and focused on strategies that were almost certain to increase unit costs in both the short term and the long term. A common conclusion was that GR should increase pay without considering how the costs of the business would be impacted. This highlights the importance of understanding the demands of the question before writing a response.

Good answers, in contrast, demonstrated an understanding of the problems at GR and gave a balanced assessment of strategies, including comment on the impact on the unit costs of GR. Such answers often recognised the benefit of increasing pay but noted that unit costs would increase unless there was a significant increase in productivity which might be difficult to achieve in the service sector (context).

Question 4

Many candidates did not answer one or more of the calculations and a significant proportion offered No Response to **Question 4(b)**. A common mistake in elasticity calculations is to invert the equation. As 14% of marks on this paper are for calculations, it is important that candidates practice a wide variety of numerically based questions.

(a) (i) The majority of candidates did not know the formula for calculating cross price elasticity of demand. Where the formula was known, there were few errors in calculation.

(ii) Relatively few candidates achieved more than one mark for this question. There were several stages to the calculation, so a methodical approach was essential. Although many candidates were familiar with the equation for price elasticity of demand, only candidates with a strong understanding of how to manipulate the equation were able to calculate the change in revenue.

(b) The implications of elasticity were not well understood with some candidates making no answer. Candidates with some understanding of elasticity commented on price elasticity of demand observing that this would help GR set an appropriate price for its meals. Stronger answers included comment on whether GR's meals were likely to be price-inelastic or price-elastic, making reference to GR's branding, quality and the level of competition. Candidates understood the meaning of cross price elasticity of demand and that demand for GR's meals was not responsive to a change in the price of competitor products. However, only strong answers were able to make use of this data in relation to marketing planning. Many candidates also commented on promotion and advised that as demand was advertising inelastic, GR should not increase spending on advertising. Only the strongest answers recognised that although demand was advertising inelastic, GR could still benefit from increasing spending. A few answers noted that increased spending of $45 000 was estimated to increase revenue by $345 600; so extra advertising would almost certainly increase profits.

However, understanding of elasticity was frequently limited; candidates believed that price elasticity measured whether demand would rise or fall. A common assertion was that if demand were price-inelastic then demand would not change. Stronger answers recognised that elasticity measured the extent to which demand would change in response to a change in determinant. Inelastic demand, for instance, still responds to price changes in the same direction as elastic demand, but to a far lesser extent.

Strong candidates focused on the usefulness of the elasticity concept and highlighted weaknesses of the concept, such as the difficulties in its estimation and the significance of competitor decisions in response to any pricing decisions of GR.

Question 5

Many candidates demonstrated limited understanding of budgets and variance analysis. Weaker responses gave only a vague definition of budgets. Stronger answers defined budgets and variance analysis and explained the importance of setting targets and controlling expenditure. Stronger answers then used information from the case to support comments on the usefulness of budgets. Some effective answers used the 'hooks' given in the case, such as impact of unrealistic budgets on employee motivation, to consider the weaknesses of the budgeting process within GR. Others used case information to highlight the importance of budgets being flexible in the context of the changing external environment. For example, some strong answers questioned whether the poor performance of the restaurant was a consequence of external changes beyond the control of the manager and employees. These lines of argument provided a strong basis for judgements about the usefulness of budgets.

Section B

Question 6

This was the more popular of the two *Section B* questions and was selected by 86% of candidates.

The key to this question was whether the SWOT analysis undertaken by GR was sufficient to provide a framework for developing appropriate growth strategies. Appendix 1 provided a basis for discussing the role of SWOT in guiding GR towards the two strategic options that were being considered by the business. Candidates were able to highlight the links between the SWOT analysis and either of the two options, for example, the strength of low gearing making it feasible for GR to pursue higher capital cost strategies, such as strategy 1. Many candidates successfully made this and other links. Weaker answers simply repeated the information in Appendix 1 without analysing its usefulness. Many candidates did not focus on the question. A common weak approach was to explain a variety of strategic analysis techniques, often in detail, with minimal analysis and undeveloped application. Some candidates unnecessarily attempted to conduct a SWOT analysis of each strategy rather than analysing how SWOT would help decision-making. The limitations of SWOT analysis were well-known, especially when used in isolation and in a dynamic environment.

The strongest answers remained focused on the question and explained that SWOT analysis, in isolation, would be insufficient to guide strategy. Then considered the role of other analysis techniques and used information from Appendix 2 on Porter's Five Forces to further develop application and judgement.

A few candidates did not read the question carefully so offered a judgement as to which strategy GR should choose. This was unnecessary and unasked for, and frequently led to misplaced analysis of the role of strategic choice techniques as a focus of the answer.

Question 7

This was by far the less popular question. Most candidates who attempted it could identify aspects of strategic implementation, such as corporate planning, control of resources, change management, and issues related to corporate culture. Stronger answers linked this knowledge to specific case material, such as GR's low gearing, in considering how best to finance the takeover. Others recognised that the autocratic leadership style used in GR could cause problems if there was a different culture in the Abila restaurant chain. This often led to a relevant discussion of how GR might overcome problems with many candidates highlighting the importance of communication. Weaker candidates focused on functional strategies associated with the takeover, such as those within marketing. However, these answers often lost focus on the broader needs of implementation and became little more than a marketing plan.

Many candidates who attempted this question drew conclusions, but often provided no support for the judgements made. Evaluation points made were often too general. Some strong evaluation identified the most important elements of the implementation, for example, possible employee resistance and considered how best to deal with the issue.

BUSINESS

```
┌─────────────────────────────────┐
│                                 │
│        Paper 9609/33            │
│         Case Study              │
│                                 │
└─────────────────────────────────┘
```

Key messages

- Develop evaluation throughout answers.
- Give more focus to evaluative comment in *Section B*.
- Stay focused on the question and take time to understand the needs of the question. Refer back to the question within answers and in the conclusion.
- Avoid simply repeating data from tables and appendices – interpret information to demonstrate understanding and relevance to the question.

General comments

Numerical questions were answered effectively and there was no evidence of timing problems for candidates. There were many outstanding responses demonstrating a sophisticated understanding of business concepts and the ability to apply these to the case study. Nearly all candidates were able to define concepts, calculate ratios and use the case to build contextual analysis. There were very few occasions where scripts featured a 'no response' mark. However, some students need to remember that an analytical question does not require an evaluative response.

The best responses were produced by candidates who targeted their answers directly at the questions. These responses typically used evidence from the case to support and develop arguments. There were many excellent responses that were well structured, focused consistently on the question, and made judgements based on the analysis presented. This was often followed by evaluation in conclusions, but there were also many examples of answers that included balanced discussion and evaluative comment throughout. Answers which were structured around a few key points tended to achieve higher marks than those that concentrated on volume rather than quality of points. On evaluative questions, some candidates need to understand the necessity of presenting a balanced viewpoint to reach a conclusion. These candidates were often capable of building a one-sided argument but did not provide a contrasting view, so limiting their ability to meet the demands of the questions set. A number of candidates built their analysis and arguments well, but their final judgement was insufficient; the conclusions, or lack of them, often restricted potentially very good answers.

Most responses suggest that candidates made effective use of the time allowed to read the case carefully and spend time planning answers. This is best practice. Only a few answers lacked any relevant content but there were still a number of responses that were generic and some lost focus on the question, especially in *Section B*. Effective analysis will often refocus the argument back to the question itself, after having fully explored a point. A fully explored point involves the candidate following a logical line of reasoning that is not reliant on assertions or unsupported statements.

There were many answers to *Section B* that developed effective chains of argument, but the final judgement lacked support. Often candidates did not give an overall answer to the question. In **Question 6**, most candidates were familiar with the nature of strategic choice techniques, but they were less able to develop arguments relating to the usefulness of techniques to C4T. For **Question 7**, candidates found it difficult to evaluate the importance of a strategic business plan to the successful implementation of option 2.

Comments on specific questions

Section A

Question 1

Most candidates are confident with the topic of corporate social responsibility. Candidates were able to apply their understanding of the benefits, to a business, of having social objectives. However, there were a small number of responses that incorrectly analysed the benefits of C4T's social objectives to society. Most candidates reached level 1 analysis by offering simple chains of argument. More effective responses focused on two benefits and were therefore able to fully extend analysis of relevant issues, such as the impact of social objectives on brand reputation, and therefore sales and profits of C4T.

Although most candidates focused on the benefits of having social objectives, a handful of responses used valuable time analysing the disadvantages of social objectives, such as increased costs. Analysis of disadvantages was not asked for or rewarded. Similarly, attempting evaluation did not enhance answers; there are no marks for evaluation in **Question 1**.

Question 2

Candidates demonstrated a good understanding of profit and gearing. Formulae were stated and there was clear evidence of working. Candidates are increasingly aware of the importance of stating units in their calculations. In **Question 2(b)**, candidates often made effective use of their results.

(a) (i)　Nearly all candidates identified the operating profit margin formula and used the case data to give an accurate answer.

(ii)　Most candidates accurately stated the gearing ratio but dropped marks by incorrectly calculating the capital employed. Often, no adjustment was made to the capital employed figure to account for the increased debt finance.

(b)　Strong candidates were able to explain their points confidently and were rewarded by reaching the higher levels in the mark scheme. Most strong answers identified a clear reason why C4T should either accept or reject the offer from the venture capitalist and accessed evaluation marks. Strong answers related to the benefits of minimising the level of debt finance or the expertise that the venture capitalist could bring to the business. Weaker responses did not make use of results to **Question 2(a)** and **(b)** or only provided a one-sided argument before reaching a conclusion. Strong answers provided a balanced argument based on the case information, calculation of gearing, and the proportion of profits that would go to the venture capitalist. The strongest answers developed effective evaluation through interpretation of results and the ability to consider only the most important factors that might influence the decision.

Question 3

This question highlights the need for candidates to consider the demands of the question before answering. The focus of answers should have been on the significance of brand image to the successful launch of the product. However, a few candidates gave a more generic response that described the marketing mix that C4T should use when launching the reusable bottles. Candidates who focused on brand image frequently neglected relevant context. Strong answers explored fully the role of brand image to successful marketing relative to other elements of the marketing mix. Strong evaluation recognised that the target market of tourists was likely to have little knowledge of C4T branding and also considered other important factors to success, such as country A's tourist potential, and the degree of competition in the market.

Question 4

(a) (i)　Most candidates were able to calculate contribution correctly. Few errors were made and those candidates who showed working mostly gained some of the marks available.

(ii)　Nearly all candidates answered this question correctly.

(b)　Weaker responses only identified whether a contribution was made, or not, in order to make a recommendation to accept or reject the special order. This demonstrated an understanding of an important factor but did not show an appreciation of the complexity of the decision C4T faced.

Cambridge Assessment
International Education

Stronger answers identified and analysed two or three factors before making a supported recommendation. The strongest answers made further calculations to compare the possible profit C4T could make with the order against profit without the order, taking into account the capacity constraint faced by C4T. Many candidates understood relevant issues related to the opportunity to access future sales such as, pressure on capacity, the reduced contribution per unit of the order and the possible impact on employees.

Most candidates applied good exam practice, producing a response that demonstrated knowledge/understanding, range and some depth of analysis, balance, and judgement.

Question 5

The question highlights the need for candidates to ensure they are confident with all terms in the syllabus. Candidates often gave a definition of workforce planning to start their answer. However, many candidates did not have a clear understanding of the concept of workforce planning, focusing instead on the management or motivation of existing employees. Stronger candidates understood the importance of a skills audit to identify the quantity and type of employees needed by C4T to meet future objectives. However, many answers lost focus on the question and provided a discussion of how to motivate employees to achieve objectives. Strong candidates often showed good application of knowledge and understanding by considering the expansion plans of C4T, such as the new factory which would require the recruitment of new employees, and considered the importance of the mix of flexible versus permanent contracts that could benefit C4T in the future, in comparison with its social objectives. This more balanced approach recognised the limitations of workforce planning and other factors that could affect its success. Where evaluation was present, the majority of answers were in the level 1 due to a lack of depth and focus on the link between workforce planning and C4T's future success.

Section B

Question 6

This was a popular question chosen by 75% of candidates. There were some excellent answers that showed a good understanding of the strategic choice techniques presented in Table 3, other relevant techniques, and the limitations of the information available.

Weaker answers tended to simply repeat information from Table 3 without interpreting it, considering its relevance, or its reliability. These answers did not develop any analysis of the information and in some cases did not demonstrate understanding of the data. For example, many candidates did not understand the meaning of the expected monetary value. Stronger answers selected some of the information and identified the relevant strategic choice techniques being used by C4T, such as decision tree analysis and force field analysis. It was then possible to analyse how these techniques would enable C4T managers to make an appropriate choice between the two options. Some candidates gave too much focus to which option to choose, rather than considering the usefulness of different techniques which restricted access to evaluation. Other candidates often made generic evaluative comments about the different techniques that could only achieve level 1. Stronger answers integrated evaluative comment throughout the response and identified important data that was missing from Table 3, such as investment appraisal or the lack of numerical weighting of forces. Some strong answers went on to identify how consideration of investment appraisal techniques and other strategic choice techniques could reduce risk.

Question 7

Most candidates demonstrated knowledge of the main elements of business planning and often described how it provided focus for the business and its employees in implementing strategy. Candidates understood that a business plan provides a means of control and review and so more effective use of resources. Weaker answers tended to make these points in a generic way and did not develop application to C4T. Stronger candidates linked planning to the need to raise finance, as the capital cost of option 2 was significant for a business of C4T's size. More comprehensive answers highlighted the need for a workforce plan and marketing targeted at higher income groups, all within the context of meeting the 18-month timeframe for the option.

Only a few candidates developed meaningful evaluation of the role of planning to C4T's implementation of option 2. Most evaluation was undeveloped; for example, it was common for candidates to state that plans should be adjusted to take account of a changing business environment or that planning does not guarantee

success. Candidates should provide supporting argument to move up through the levels of evaluation marks. Strong answers focused on the need for a plan to ensure that the joint venture avoided the disruptive effects of conflict. It is essential that candidates remain focused on the question. Even when candidates opened their argument with words from the question for focus, paragraphs were often lengthy and by the time they got to the end the focus was lost. Many answers would have benefitted from more planning so that they could base their conclusion firmly on the question set.