BUSINESS

> **Paper 9609/11**
> **Business Concepts 1 Paper 11**

Key messages

- There are 3 definition questions in **Section A** (AO1). Clear definitions of business terms should be given. The definition should be succinct. One or possibly two sentences is sufficient.
- Explain means identifying and defining the appropriate business concept (AO1) and then applying it to a relevant business situation (AO2).
- Analysis (AO3) means applying a concept to a business situation, explaining why it matters to the business, and then developing the explanation searching for causes, impact, and consequences.
- Evaluation (AO4) should be more than a summary of the analysis. Candidates must make a clear judgement which answers the question. This might compare two points of relevant analysis and choose which is more important. The candidate could then advise the business what to do and why. This is a vital skill for gaining up to 6 Evaluation marks in **Section B**. To gain high evaluation marks the development of the reasoning should be strong and in context.

General comments

- This paper was accessible to most candidates and all questions were attempted. This shows good coverage of the syllabus content by most candidates.
- In **Section B** **Question 5** was the preferred essay.
- In **Question 5(a)** and **6(a)** the skill being assessed is analysis, therefore no evaluative comment should be made. Candidates should answer the question asked i.e. **Question 5(a)** asked for advantages, therefore analysing the drawbacks/weaknesses/disadvantages could not be awarded marks. **Question 6(a)** asked for analysis of two ways therefore both positive and negative comments are acceptable.
- The skill of Evaluation was challenging for many candidates. Centres should continue to focus on this. For **Section B** **Question 5(b)** and **6(b)** many candidates built their analysis and arguments well, but their final judgement was a summary of previous points made, not an evaluation. These questions should be applied to the business in the question to gain the application and the highest evaluation marks. In all other questions, application to any business is acceptable to earn four out of the six marks.
- Some candidates did not complete answers to the final questions owing to time management issues. For example, the answer to **Question 5(b)** or **Question 6(b)** was not developed because candidates had spent too much time answering **Question 5(a)** or **Question 6(b)**.
- Some candidates rewrote the question before answering it. This is not necessary and wastes valuable time.

Comments on specific questions

Section A

Question 1

(a) Most candidates understood the term 'labour turnover' and gave a clear definition, for which there are two parts: rate/percentage plus employees leaving the business. This could be explained or shown as a formula. Some candidates gained both marks within the first sentence then explained what might cause labour turnover. Definitions do not need explanation. A minority of candidates did not show understanding as they referred to employees being hired/recruited.

(b) Most candidates were able to gain at least two marks for this question for a limited rather than developed explanation. Several candidates confused workforce plan with organisational structure, or the allocation of tasks/resources to employees, or a plan of a person's working day, or a management plan to increase efficiency. No marks were awarded for this. Only one role is required, therefore further marks are not awarded marks for the extra roles identified. An example of an answer earning 3 marks – 'To identify the quantity of new employees that may be needed to help a firm achieve its future objectives. This helps reduce the risk of over and under staffing.'

Question 2

(a) Most candidates gave a good definition of 'capital intensive'. For 2 marks the amount of machinery relative to amount of labour was required. Some candidates gave a partial answer – 'using a high amount of machinery/equipment'. If the answer referred only to capital and could be interpreted as finance, then the candidate did not answer the question and no marks were awarded.

(b) This question was well answered by most candidates. All candidates knew what labour intensive operations are and were able to explain a benefit. The awarding of 2 or 3 marks was based on the development of an answer. An example of a 3-mark answer could be – 'Employees are willing to put forward new ideas to improve the performance and operations of the business, thus promoting innovation.' A popular answer stated – 'Production using mainly labour is cheaper because there is no need to buy expensive machinery. If a business is in a country where wages are low the expenses are cheaper than running a machine.' Only one benefit is required, therefore no further marks are awarded for further benefits identified. Some candidates looked at the benefits to society of higher employment and to the firm of a good reputation for hiring staff, which does not answer the question.

Question 3

(a) There are several alternative ways to express the definition for 'margin of safety' and most responses were able to gain both marks. A clear definition should refer to current and breakeven levels. Some candidates gave the partial definition of 'above break-even point'. Some candidates chose to draw a break-even graph and label the margin of safety as the area above the break-even point. If the graph was correctly labelled it was given 2 marks. Some answers were related to health and safety or Maslow's safety and security needs, or inventory control (buffer stock) and financial security. Some responses confused margin of safety with break-even point or referred to marginal costs or marginal pricing.

(b) This question was well answered by most candidates. An example of a good answer might be, 'Break-even output can be decreased by reducing the total costs. This could be by spending less money on variable costs such as the raw materials used in production.' A minority of candidates confused the direction of change by stating an increase in costs, a reduction of contribution or a decrease in prices. Only one way is required, therefore no further marks are awarded for extra ways identified. Some responses defined break-even level of output before starting to explain a way to decrease it. This was not required and earned no marks. Some responses confused break-even with cash flow and/or profit. Some suggested reducing output or that reducing the break-even level is disadvantageous.

Question 4

Most candidates showed clear understanding of a dynamic business environment, but this was not awarded any marks when stated as a definition. There were many different and correct ways to earn the marks. And many candidates gave a well-developed and reasoned answer. Application in this question does not mean using a named business or industry. The effect on the whole business or any functional area of it can be used to answer the question. For example, the focus could be on the marketing department. 'Due to more competitors entering the market the sales of a business might reduce. The marketing department will have to promote its products more effectively. This might attract more customers and increase sales.' This answer has limited AO3. A stronger answer might be 'In a dynamic market more competitors might enter the market because they see that there is high demand for the products. As more businesses enter the market the sales and market share of an existing business might fall. The marketing department will have to promote its products more effectively to regain previous customers. This might be by using above the line and below the line methods. This might improve awareness and attract more customers so that sales will increase.' Only one way is required, therefore no further marks are awarded for extra ways identified. There seemed to be confusion for some candidates between dynamic business environment, a diverse workforce, diverse workplace environment, delegation and motivation. Some answers discussed the internal management of a business or HR issues. Some responses confused the term dynamic business environment with something equating to equality and diversity within the organisation. If recognition that the business would have to adapt to cultural changes on ethnicity and diversity was evident, then this would have been rewardable.

Section B

Question 5

(a)   Candidates showed good knowledge of marketing and explained its role in increasing the sales of a business. Some responses confused mass marketing with mass production. In some answers marks could be awarded because the answer had some overlap with the advantages of mass marketing e.g. economies of scale and being able to use flow production methods. Some responses included only limited application or analysis. Application in this question is not to a named business or industry. The effect on the whole business or any functional area of it can be used to answer the question. Only two advantages are required, therefore no further marks are awarded for extra advantages identified. Many responses started with a definition of mass marketing, but this is not required. A minority of responses confused mass and niche marketing. Some candidates wasted time by discussing the disadvantages of mass marketing.

(b)   This question proved difficult for some candidates. Better answers defined product differentiation and gave examples, showing clear understanding of the use of product differentiation to increase sales, although some responses confused product differentiation with product diversification. Many candidates applied their answer to a primary sector business using examples such as farming, fishing and forestry in an appropriate way. An example of a good way to analyse this would be, 'A farmer growing tomatoes is competing against many other farmers growing tomatoes, therefore the price is low. The farmer could use product differentiation by growing the tomatoes organically, without using pesticides. The tomatoes could then be targeted at the niche market of consumers who are environmentally conscious and also those who prefer to eat organic foods. These tomatoes will now have a USP and as a result, the farmer can increase the price and still gain sales. There is a chance of getting higher sales from customers who previously bought the mass-produced tomatoes.' Evaluative skills were not shown where responses confirmed what was stated in the question rather than critically assessing it. Evaluation must make a judgment as to whether product differentiation will increase sales. Most responses provided the framework for this by considering the benefits and limitations of the product differentiation method e.g. cost, or other businesses copying the idea. Some responses considered other ways to increase sales such as advertising, expanding into new markets, reducing prices. A judgement could then be made as to whether product differentiation is more likely to increase sales than these other methods. For level 2 evaluation, the judgement had to be developed rather than stated. For Level 3 evaluation, reference to the primary sector should be included. Application used earlier within the analysis had already been rewarded therefore was not rewarded again in the evaluation.

Question 6

(a)   This was not a popular question. Responses showed good knowledge of employee participation but did not always explain its role in the management of business activity. Some responses only limited application or analysis. Application in this question is not to a named business or industry. Only two ways are required, therefore no further marks are awarded for extra ways identified. Many responses started with a definition of employee participation, but this is not required.

Sometimes there was overlap between the two ways e.g. making suggestions and helping to make decisions. Some responses emphasised how participation would affect the employees rather than the business. Sometimes this was written in a way that answered the question but in others it was focused on motivation only without linking to how this would help the business. A commonly seen better answer was 'Employees can take part in decision making by being included in meetings where they can vote on important matters such as working conditions. This will make them feel important and satisfy their self-esteem needs. This will help the managers of the business to make decisions which the employees agree with and therefore reduce dissatisfaction. This will improve workforce relationships and help the business to run more efficiently, which could increase productivity levels.'

(b)   This question proved challenging for many candidates. Those who were confident with McClelland's three needs theory produced strong answers, but many used Maslow, Herzberg, Taylor and Mayo and showed no knowledge of McClelland. Such responses did not answer the question and could only be given a knowledge mark for motivation and application marks if reference to a software business was made. Application of the answer to a software business was difficult for many candidates. Application examples are given in the mark scheme. There are also detailed examples of how analysis could be given in this essay. Better answers considered at least two of McClelland's needs and analysed them regarding the types of workers which might be employed in a software business. For example, some thought that computer programmers would prefer to work by themselves and therefore the affiliation need would not be important to them. Others felt that affiliation would be very important because of the amount of teamwork involved in producing new software solutions for a specific project. The analysis was important in order to show the reasoning behind these ideas. This analysis could be used within evaluation, making a judgement on whether some workers might be more likely to be motivated by one of McClelland's needs than the others. Some responses gave evaluation of whether the McClelland theory is more useful than others e.g. Maslow but the application was weak and usually not given within the evaluation therefore Level 3 could not be awarded.

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Paper 9609/12
Business Concepts 1 Paper 12

Key messages

- There are three definition questions in **Section A** (AO1). Clear definitions of business terms should be given. The definition should be succinct. One or possibly two sentences is sufficient.
- Explain means identifying and defining the appropriate business concept (AO1) and then applying it to a relevant business situation (AO2).
- Analysis (AO3) means applying a concept to a business situation, explaining why it matters to the business, and then developing the explanation searching for causes, impact, and consequences.
- Evaluation (AO4) should be more than a summary of the analysis. Candidates should make a clear judgement which answers the question. The candidate should critically comment on any assumptions or assertions made in a question and present a supported judgement/conclusion. This is a vital skill for gaining up to six evaluation marks in **Section B**. To gain high evaluation marks the analysis should be strong and in context for example a hotel in **5(b)** and a new Airline in **6(b)**.

General comments

- This paper was accessible for most candidates and all questions were attempted. This shows good coverage of the syllabus content by most candidates.
- In **Question 5(a)** and **Question 6(a)** the skills being assessed are knowledge, application, and analysis, therefore no evaluative comment is required.
- The skill of Evaluation was difficult for many candidates. Centres should continue to focus on this. In **Question 5(b)** and **Question 6(b)** many candidates built their analysis and arguments well, but their final judgement was just a summary of previous points made, not an evaluation. These evaluative judgements/conclusions answers should be applied to a detailed business context to gain high evaluation marks.
- Some candidates re-wrote the question before answering it. This is not necessary and wastes valuable time.

Comments on specific questions

Section A

Question 1

(a) This question was reasonably well answered although a significant number of candidates confused job description with person specification and incorrectly focused on skills and qualities of job seekers rather than on the tasks, duties, and responsibilities connected to a specific job.

(b)   This question was well answered and the majority of candidates were able to gain at least two marks. Strong answers made reference to the advantage of making the selection process more efficient. Using a person specification an employer can sift out unsuitable candidates and focus on recruiting the `right candidate` Weaker answers misinterpreted the question and discussed advantages to candidates rather than to employers.

Question 2

(a)   Most candidates produced clear definitions which included a focus on entrepreneurs using factors of production to set up a business to make products and to make profits. Partial definitions often only referred to factors of production.

(b)   This question was well answered with many candidates gaining three marks. Accurate reasons were identified and then explained and applied to realistic business situations. The majority of strong answers tended to give a lack of finance as the main reason for business failure although reasons such as strong competition, poor management skills, and lack of effective marketing were also popular reasons given.

Question 3

(a)   Stronger answers referred to a business being unable to repay debts and liabilities but very few understood that bankruptcy is a legal procedure. Some weaker responses limited a definition to a business running out of money and consequently being unable to trade.

(b)   Many candidates demonstrated good knowledge of retained earnings for this question and gained three marks. Strong answers explained that retained earnings can be a vital internal source of finance. Many candidates linked knowledge points to produce a developed explanation for example, 'retained earnings are an internal source of finance therefore the business does not have to use other sources of finance such as a loan and no interest has to be paid.'

Question 4

Most candidates showed clear understanding of efficiency of operations, but it is important to note that marks only start to be awarded when a way to improve efficiency is identified. The most common ways *identified* (1 mark) *applied* to a business situation (2 marks) and *analysed* (2 marks) were investment in technology, employee training, and employee motivation.

Section B

Question 5

(a)   This was not a particularly well answered question. Many candidates discussed lower levels of the Maslow hierarchy but did not make it obvious how achieving these lower order needs would help with self-actualisation. Stronger answers made reference to lower order needs and then addressed the question with a focus on measures such as involvement in decision making, job enrichment, intrapreneurship, and promotion. However even in these answers the analysis of how such measures could result in self-actualisation was not strong.

(b)   This question required a*pplication* to a hotel. Strong answers did gain two application marks with reference to such hotel characteristics as guests, rooms, hotel employees waiters, chefs, receptionists and food and services. Candidates generally demonstrated a good understanding of the role of a manager in motivating employees in a hotel. Better answers also compared the motivational role with other roles such as setting objectives, managing finances, and supporting growth and development and used this comparison to give an explicit response to the question. Many candidates made evaluative comments throughout an essay and this is encouraged. However, a strong concluding evaluative section is still very important. This is where a supportive judgemental response is made to the question as to whether motivating others is the most important role of a hotel manager. It is vital that this final section is clearly in context. Even if the hotel context has been made clear earlier in the essay, it should also be made explicit in this concluding section if high level evaluation marks are to be awarded.

Question 6

(a)   This question was not well answered by most candidates who attempted it. Most could give examples of corporate and marketing objectives but the link between them was generally not developed. Strong answers were able to show the importance of the close link between the two sets of objectives. Examples were given of corporate objectives such as market share, a strong brand, high profitability and what this meant for supportive marketing activities and objectives. Even with strong identification of relevant corporate and marketing objectives many answers however failed to give analytical evidence of how alignment of objectives would likely benefit a business.

(b)   This question was answered well by many candidates demonstrating a sound understanding of the airline industry and how price impacts on customers. Candidates frequently focused on the importance of safety and quality and how a low price could create a negative impression. Strong answers noted the competitiveness of the low-price market and suggested that a new business needed to do something special to gain a foothold. The application was generally very good with references to flights, tickets, and destinations. Along with evaluative comment throughout an essay a strong final evaluative concluding section is still very important. This is where a supportive judgemental response is made to the assertion that 'a new airline will only succeed if it offers the lowest prices in the market'. It is important that this concluding evaluative section is clearly in context. Only if specific reference is made to the characteristics of the airline industry will high evaluation marks be awarded.

BUSINESS

Key messages

- More candidates are demonstrating the skill of evaluation in answers to **Questions 5(b)** and **6(b)**. However, such evaluative judgements, conclusions, and comments should make explicit reference to the question contexts – retail clothing businesses and hospitals particularly in any concluding essay section.
- While evaluative comments can be made throughout an essay, a strong concluding section is recommended for **Questions 5(b)** and **6(b)**. This is where direct reference is made to the specific question, and a supported and contextualised judgement/recommendation is made.
- A number of candidates did not respond to all three skills tested in **Questions 5(a)** and **6(a)**. While there was often sound *understanding* and *application* of concepts and issues, the *analysis* was often quite limited.

General comments

- The coverage of the syllabus was generally sound although some candidates had little understanding of some business concepts, notably curriculum vitae, and trade credit.
- Candidates are recommended to give clear and concise definitions to **Questions 1(a)**, **2(a)**, and **3(a)**. These three definition questions are testing knowledge and understanding only. One or possibly two sentences would normally be sufficient.
- Candidates are also recommended to read each question carefully. **Questions 5(a)** and **6(a)** require analysis of *two factors.* Some answers only addressed one factor while others identified and analysed more than one factor.

Comments on specific questions

Section A

Question 1

(a) This proved to be an accessible question for most candidates. There was a recognition that organic growth is business growth through internal processes. Internal resources are exploited rather than external measures such as mergers or acquisitions.

(b) Many candidates correctly identified a reason why a business might choose to remain small. Popular reasons given included lack of finance, reluctance to lose control, and an unwillingness to take risks associated with growth. However, many answers failed to *apply* and *explain* why for example a business owner might prefer to give up opportunities for growth – in order to avoid the higher risk decisions associated with higher production and avoid the need to recruit more employees.

Question 2

(a) A significant number of candidates had no understanding of a 'curriculum vitae' as a business concept. This was a gap in syllabus knowledge and understanding. A CV is an important document often used by job applicants when applying for employment. It sets out for an employer details of a job applicants education, qualifications, and work experience. Such information is useful to a prospective employer when making decisions to select and interview job applicants.

(b) Strong answers identified benefits such as protection from arbitrary action from employers, job security, and a clear statement of employment conditions and gave relevant explanation and development of those benefits. Weaker answers identified a benefit but did not provide sufficient supporting explanation. Some responses misinterpreted the question and discussed the benefit to an employer rather than to an employee.

Question 3

(a) Many candidates gained maximum marks for a clear and accurate definition focusing on the supply of investment/risk capital to business by venture capitalists or venture capital companies. Weaker answers were unable to do more than repeat the words in the question. Some candidates confused the business term with joint ventures.

(b) This proved to be a difficult question for many candidates. Many had no real understanding of 'trade credit'. Strong answers recognised that trade credit is an agreement by a business with suppliers to purchase supplies without an immediate payment - payment can be made later. This is in effect a loan between a business and its supplier, a form of short-term funding/credit. Disadvantages of such trade credit include the inability to take advantage of early payment discounts, prohibitive trade credit conditions, and penalties/fees for late payment.

Question 4

Strong answers recognised that product portfolio analysis provides important market intelligence for a business in the form of information concerning the strengths and weaknesses of all the products in the business portfolio and therefore offers choices to a business in terms of its marketing priorities and strategy. A business might for example consider replacing products that have become low revenue earners or adjust the pricing strategy for a range of products. Good answers often linked analysis to the product life cycle to illustrate how it helps a business to more effectively allocate resources. Weaker answers lacked knowledge and understanding of product portfolio analysis.

Section B

Question 5

(a) Candidates generally responded well to this question. There was a recognition that employees tasked with developing innovative ideas and projects within a business, need qualities such as creativity, resilience, lateral thinking, problem solving, and risk taking. These qualities were often successfully described and applied but the analysis of each quality in terms of its impact on an intrapreneur and/or a business was not so strong.

(b) Strong answers set out initially the features of an ethical approach to business, for example the acceptance of moral principles that incorporates a clear understanding of what is right and wrong in business activity. Such answers also presented examples of potential marketing activities that could allow unethical activity, for example in questionable advertising and sales promotion strategies. Examples were given of moral dilemmas facing retail clothing businesses relating to both *Production* e.g. exploitation of employees such as poor conditions, low wages, child labour and *Selling* e.g. misleading advertising, unsolicited direct marketing and predatory pricing. Weaker answers did not have a clear understanding of ethical business activity and so were less confident in identifying and analysing ethical and unethical marketing activity. Many candidates failed to give strong evaluative conclusions. A final concluding section needs to directly address the assertion given in the question that ethics should significantly influence the marketing activities of a retail clothing business. There should be an explicit response to this assertion and any judgement should be made with detailed context support. The characteristics of a retail clothing business need to be clearly described even if reference has already been made in earlier analysis. This concluding evaluative section will only earn high evaluation marks if it is clearly contextualised,

Question 6

(a) Strong responses were built on a clear understanding of the key concept terms such as *Operations,* the production and transformation process in a business and in a broader sense all the operations in a business and added value were as a result of operational activity, the value to a customer if a good or service is enhanced. Examples given included efficient production processes such as lean management and efficient supply chain management processes.

(b)   For this question, strong answers demonstrated a sound understanding of supply chain management and made a judgement regarding its degree of importance in impacting on the effective management of a hospital. At first glance it might appear that a hospital being a labour-intensive service organisation might not have too much association with supply chain management activities. However perceptive candidates recognised that hospitals are also very much concerned with machines and technology and rely on efficient and effective raw material supply systems Moreover supply chain management is not just about logistics and purchasing, it is said to involve a connected network of all individuals, organisations, resources and activities associated with the operations of a business and there are many places along supply chains where value can be added or lost. Weaker answers had only a limited understanding of supply chain management and found it difficult to relate the concept to a hospital. As with the responses to **Question 5(b)** many answers failed to fully focus on providing a strong concluding judgement clearly contextualised. The question requires a judgement on the impact of supply chain management on a hospital. Candidates can make evaluative comments throughout an essay in context, but in order to secure high evaluative marks in a concluding section detailed contextual references need to be made even if similar references have been made earlier to contextualise effective analysis.

BUSINESS

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Paper 9609/21
Business Concepts 2 Paper 21

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Key messages

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

General comments

The case material for both questions seemed well understood. **Question 1** produced some interesting answers, in context, especially in **Question 1d** on payment methods and employee development. In **Question 2d** there was a clear difference between candidates who focused on supply chain *management* (as in the question) and candidates who interpreted it as a question on supply.

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

- Use the context.
- Identify opportunities to analyse – good analysis based on a contextualised chain of reasoning.
- Identify opportunities to evaluate – **Question 2(d)** required a justified recommendation regarding whether payment methods and employee development should be the same in both factories.
- Answer the set question - **Question 1c** only asked for two elements of the marketing mix.

There was no apparent evidence of time being an issue with most candidates. Overall, candidates demonstrated a good grasp of business terminology and were able to express themselves effectively.

Comments on specific questions

Question 1

(a) (i) Candidates generally did well on this question and were able to identify one non-financial motivator. A few candidates identified a financial motivator such as fringe benefits.

(ii) Most candidates showed understanding and knowledge of 'piece rate' and many candidates scored at least 2 out of 3 marks. Good responses linked to motivation and/or gave a numerical example to achieve full marks.

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

(b)(i) Many candidates only scored a mark for correct calculation of new revenue, new costs, profit either before or after the introduction of new product. Most did not calculate the change/difference between the before and after profit. Candidates are recommended to read the question carefully and always show workings for calculation questions.

(ii) Candidates were required to identify a *use* of cost information, then link this to how it would help the business, PS, improve business performance. Good responses explained the use of cost information referring to forecasting profit and setting price to improve business performance in the context of PS. Weaker answers referred to different types of cost. In some cases, candidates referred to methods of improving revenue rather than costs.

(c) This question required only **two** elements of the marketing mix. Many candidates stated the four elements then chose two to analyse in more detail. There was evidence of good understanding with the ability to apply to the business context outlined in the case study.

Many candidates achieved full marks.

(d) It is very encouraging to see some candidates score full marks. Knowledge marks could be gained by defining payment methods and employee development. Good candidates analysed payment methods and employee development with contextualised chains of reasoning and concluded with a justified recommendation as to whether the same methods should be used in both factories. It is worth noting that there are 6 marks (out of 12) for evaluation. Full marks were achieved by those candidates who could justify their recommendation in the context of the business, PS, used in the case study.

Question 2

(a)(i) Most candidates could identify a function of a manager. There is no requirement to explain a function, just to state one function. There is no requirement to use information from the case study.

(ii) Most candidates scored 2 marks by explaining the meaning of secondary market research but did not develop their explanation or provide an example for the third mark. As with the **a(i)** question there is no requirement to use the information provided.

(b)(i) Many candidates correctly calculated the change in revenue between 2020 and 2022. A few calculated the change between 2020 and 2021 or between 2021 and 2022. Those candidates could score up to two marks for the correct calculation method by showing their workings.

(ii) There was some confusion where candidates defined market research methods, for example stating primary research as additional information, rather than what information could be obtained by further market research. Most candidates scored 1 mark for stating that competitor or consumer preference information would be useful but not explaining why this would be useful to DN. This question requires context so answers should focus on the business outlined in the case study.

(c) Candidates demonstrated good knowledge of 'business objectives' and managed to give two reasons why DN might change its objectives. Some candidates only described two business objectives rather than reasons for changing those objectives. Many candidates scored 2 + 2 or 4 + 2, as lack of developed analysis in answers meant that some candidates did not get beyond 6 marks.

(d) Many candidates demonstrated a clear understanding of the question and good awareness of the context which helped produce high level marks. Excellent responses developed supported chain of reasoning with a conclusion as to whether effective supply chain management should be important to DN.

There were also some candidates who were uncertain about supply chain management and provided vague answers that did not show a good understanding of the concept. Some candidates

provided answers related to production of physical goods, raw materials, inventory etc. and failed to consider that the business provided online content. Weaker responses referred to supply rather than the supply chain or discussed the physical distribution of newspapers/magazines.

BUSINESS

Paper 9609/22
Business Concepts 2 Paper 22

Key messages

- Command words are an important aspect of any question and provide candidates with a structure to answer in full. A description of each command word is given on page 38 of the syllabus.
- **Questions 1d** and **2d** require candidates to use all four assessment objectives (AOs). However, half of the marks are awarded for the skill of evaluation and yet many candidates write very few evaluative judgements and comments in response to the question.
- Good evaluation comes to a judgement that answers the given question. This judgement is then justified and may be compared to other possible judgements. This skill is at the heart of Business as a subject. Examiners are not looking for the one correct answer, but instead for the skills to be demonstrated. So, for example, in **Question 2**, any impact could have been argued as being the most likely, as long as the candidate can justify this in the context of BB.
- The data context is there to signpost the most likely/relevant/applicable answers. Candidates who ignore the data and use the first answer that they can think of, are unlikely to gain any AO2 (application) marks and may find it much more difficult to analyse and evaluate where relevant.
- When defining or explaining a term, it is essential that different words are used. Stating that mass customisation is when products are customised on a mass scale, does not show any knowledge beyond the given term.
- There is usually some numeric data within each question. Numbers make some of the best context and can be used quickly in an answer. For example, **Question 1(b)(ii)** about the size of GT. Number of employees is a reasonable answer, and the fall from 55 in 2021 to 47 in 2022 would have been enough application for a full mark answer.

General comments

Both pieces of data were well used and contained plenty of context to help answer the questions.

For **Question 1**, some candidates focused on the previous mine business that existed before GT became a tourist destination. This suggested that not enough time was taken really understanding the given data. By not fully understanding the context of the business in the present day, this made the impacts of intrapreneurship more difficult to apply.

Question 2 provided a manufacturing business and the specific use of mass customisation allowed candidates to apply concepts relatively easily to the data.

Despite some candidates spending too long on unnecessary skills, there was little evidence of timing issues. Most candidates were able to provide answers to all of the questions.

Comments on specific questions

Question 1

(a) (i) The command word for this question is 'identify' and as such it does not require an explanation. The syllabus states three types of training; induction, on-the-job and off-the-job. Any of these would gain the mark for this question. A sentence is not required and those candidates who wasted time writing a paragraph (and occasionally more) may have put pressure on the time left for other questions.

(ii) Questions which use 'explain' as a command word, require both knowledge and application. For this question, the application can be to any example or business context.

Direct costs are those which are linked to the production process. They are not the same as variable costs (which was a common answer). Candidates needed to show knowledge of the 'direct' nature of these costs before being able to access the application marks.

It was quite common to read responses that were tautological. For example, 'direct costs are those costs which are directly related to production'. Such an answer is just using the same words that are in the term to explain the term. This is not rewardable. Candidates needed to show that they knew what the 'direct' element was, as well as show they knew what a 'cost' is.

The final mark can come from an example or some other way of showing good understanding. The mark scheme has examples of three-mark answers where all three marks are gained quickly with a range of different ways to apply the knowledge.

(b)(i) This calculation question required candidates to be able to do a simple calculation of total costs for both 2020 and 2022, and to then calculate the change in these figures.

Most candidates were able to identify the relevant figures and calculate the total costs. Some candidates also calculated the total costs for 2021, which was irrelevant to answer the question.

Where candidates made a mistake, it was often in adding the profit to the revenue figure.

(ii) There are many ways to measure the size of a business. Any reasonable way could gain the AO1 (knowledge) marks for this question. However, this is an applied question (the wording is specifically about measuring the size of GT) and the data provided some easy ways to apply measures such as by revenue or number of employees.

The most obvious way to apply the answer to this question, was to use the data in Table 1.1 (for example, GT has grown smaller as it had 55 employees in 2021 and only 47 employees in 2022). However, many candidates, despite using an easily applied way to measure the size of GT, did not use any of the given data, leaving their answer at a maximum of one mark.

(c) Many candidates started their response with a definition of secondary market research. This was not required to fully answer this question.

The most common correct answers were online sources of secondary market research, government sources and newspapers/magazines.

Some candidates simply stated the 'internet' as a source of secondary market research. In many cases this was expanded upon (for example by stating the use of a specific website), but this was not always the case. The internet is a tool that can be used for both primary and secondary market research. As such, it is not specific enough to simply state 'internet' in response to this question.

There were also examples of candidates being confused between primary use of sources (for example using the internet to ask questions of customers, which is a primary method) and secondary use (for example finding past research done by a competitor).

Whichever sources were chosen, the candidate was required to contextualise them and then analyse the impact/consequence/benefit/cost of that source of market research.

Again, with any contextual question (these are questions where the business or a specific stakeholder are referred to in the question), some answers are easier to apply than others. For example, the data stated that the new marina complex (where GT is located) includes hotels and accommodation. An answer of using previous market research done by a hotel in the Marina, would have been an easily contextualised answer.

However, since no competitors of GT were mentioned in the data, it would have been much more difficult to contextualise competitor's previous market research, as none was mentioned in the data.

Candidates need to remember a range of possible answers to a question such as this, while also being able to pick the response that best fits the situation they have been given. This is a basic and vitally important business skill that is being examined in this qualification.

(d)   The basis for any evaluation question is that a judgement needs to be made. Whilst this judgement does not have to come at the end of the response, this is often the most logical place to find it. Good responses started by defining what intrapreneurship actually is and why it is important to a business.

Again, there are clues in the data to suggest reasons why intrapreneurship is particularly important to GT (such as use of younger workers who might have innovative ideas, or the fact that visitor numbers have fallen from 0.8m to 0.65m, leading to a need for new ideas). Candidates who focused on the needs of GT, as opposed to generic needs that any business might have, tended to produce better answers.

In order to fully answer this question, candidates needed to analyse the impact of intrapreneurship to GT. This skill was evident in most candidates' responses, but there was often too much analysis and not enough evaluation. This question has two AO3 marks, and six AO4 marks – showing that there needs to be far more evaluation than analysis to gain all of the available marks.

The attempts at evaluation varied from candidates who gave no attempt to make a judgement at all, through to those who made numerous judgements.

The best evaluative responses came to judgement about the importance to GT of intrapreneurship. This judgement was firmly based in the context of GT and, in the best responses, made good use of the data. The reason why that judgement had been made was fully explained (without repeating the earlier analysis) and justified. However, no judgement can be definitive, especially when it is based on limited data. Good responses often justified the answer further by stating what their judgement depended upon. Some good examples of this included that the judgement might change in the longer term, as the business becomes more well-known. It might also depend upon the trustworthiness of the employees – how good are the ideas that are currently being generated?

The idea behind an evaluative question is to give candidates the opportunity to act as a business decision maker and there is no 'correct' answer that the Examiners are looking for. An answer can gain all of the available marks for a judgement that intrapreneurship is very important, or not important at all. However, no attempt to make a judgement at all is unlikely to gain more than half marks for this question.

Question 2

(a) (i)   The syllabus identifies three methods of market segmentation: geographic, demographic and psychographic. These were the only acceptable answers to this question.

Many candidates attempted to explain one or more of these methods, or to give examples of them. However, this is not what the question asked.

Centres should make sure that candidates are well versed in the terminology of the syllabus and aware of the specific knowledge that is required.

(ii)   When asked to explain a term which includes two or more words, it is important to make sure the explanation covers each element. In terms of 'mass customisation' many candidates gave a reasonable explanation of 'mass' or 'customisation' but it was relatively rare to find both elements in a response.

Some candidates used the word 'customisation' to try and explain what customisation is. For example, it was not uncommon to read that 'mass customisation involves the customisation of products to suit customer needs'. Wherever possible, candidates must not use the words from the term, in their explanation of that term. It does not show good knowledge and cannot be rewarded.

(b) (i)   To properly answer this question, candidates needed a good understanding of what fixed costs are and how they are calculated. There were a number of different routes available to find the correct answer and it was not always evident in a candidate's working what numbers were being used.

Candidates should take care to set out their working in a logical and orderly way, so that the Examiner can award marks for the stages of the calculation, if the end answer is incorrect.

(ii) There are many possible limitations of using break-even analysis. However, given the data about BB, only a few of these are easily placed into the context of BB.

For example, BB sells each toy once it has been customised. However, break-even analysis uses constant variable costs. Therefore, this limitation is specifically one that relates to BB.

A common incorrect answer was for candidates to state that break-even analysis is inaccurate. This is too vague and cannot be rewarded as a limitation of the process. Candidates needed to identify why break-even analysis might be inaccurate, for example because the analysis is based on forecast data.

(c) Most candidates had an understanding of just in time (JIT) inventory management. The impacts used to answer this question could have been positive or negative impacts and there was a fair mix of both in candidates' responses.

The most common impact revolved around BB having less/zero inventory and the cost savings that BB might gain from this. This impact had plenty of context to apply to the answer (such as the raw materials of cotton and synthetic fibre, and the work in progress of 300 toys). There was also context about the warehouse (temperature-controlled), making this impact one that is specifically targeted at BB and not generic.

It was not uncommon for candidates to attempt to evaluate their impacts at the end of their answer. The command word for this question is 'analyse' and no evaluation is necessary.

(d) To be able to provide a response to this question, candidates needed to understand what 'equality' means for a business. The range of knowledge about the topic was great. Some candidates wrote only about equal pay, whereas others knew a number of possible aspects of equality and their impacts on a business.

As with any 'evaluate' question, the focus of the answer should be to come to a judgement. In this case the judgement should have been about the 'most likely impact on BB of increased equality in its stitching department'. However, relatively few candidates attempted to make such a judgment and even fewer made a relevant judgement.

A surprisingly high proportion of candidates attempted to evaluate the importance of equality to BB, not the most likely impact. This was often wasted time as it does not provide an answer to the question set.

BUSINESS

Paper 9609/23
Business Concepts 2 Paper 23

Key messages

- It is important that candidates and teacher are aware that **Questions a(i)** and **a(ii)** are not data response questions and require candidates to answer the questions using knowledge and understanding only. Many answers are given that contain examples or copied text from the case and these answers are not rewarded as they do not show understanding
- When a question asks for a benefit to or an impact on the business, it is important to ensure the advantage given is for the actual business, not the individual or another stakeholder.
- Candidates should understand the requirements for a 12 mark 'Recommend' or 'Evaluate' answer. Many candidates try to start their answer with their 'recommendation' or judgement, which is often a simple one-line statement. As the candidate has used no evidence or analysis by this point, the absolute maximum that can be awarded is 1 evaluation point as there is no justification or development of the answer. It is also important to answer the question: by saying both are important, the answer is not specific enough. Structures should be taught and used to ensure that evaluations and recommendations are completed well at the end of analyses and the answer to enable candidates to develop and justify their final judgement.

General comments

- Candidates must have a solid preparation in exam technique. Candidates must also understand that this is a business exam and business terminology is expected. Core textbooks provide definitions, examples and a guide to exam structure – these should be used and a core part of the teaching and learning process.
- Candidates must also be aware of the marks available for each question; candidates often write page long answers for 3 mark questions and then answer 8 and 12 mark questions in a few lines. Definitions and explanations should be short, clear and concise. For example, If two marks are awarded, two separate and defined elements must be seen in an answer.
- Tautological answers will not be rewarded – for example, *business plan* must not be explained simply using the words 'plan' and 'business'. Candidates must use their business terminology to show understanding and explaining the term.

Comments on specific questions

Question 1

Care should be taken in **Questions B, C** and **D** to ensure specific examples from the text are used

(a) (i) This question was very well answered, as there are many possible answers, however a one mark answer does not require more than one sentence at most – one word or short phrase is enough

   (ii) Variable costs must be defined as being linked to output – without the definition, the app marks for examples cannot be awarded.

(b) (i) The vast majority of candidates who knew the calculation scored full marks, showing the importance of remembering basic formulae. It is also important to stress the need for the calculation and working out as this can gain valuable marks if the final answer is incorrect.

(ii) On occasion candidates failed to provide knowledge of a human need required for AO1. As there are two APP marks, it is necessary to have two specific pieces of information from the actual case study.

(c) Candidates who failed to access AO1 often failed to show knowledge of the term 'digital promotion' and focused on promotion only. It is important to show that digital promotion is 'online'. Candidates were also able to access the knowledge point by providing a specific method of digital promotion, however many chose examples of traditional methods only.

Candidates outline answer frames appeared to be generally well structured, however a good tip is to ensure candidates create a: reason/application/impact/outcome structure. Also ensure that each knowledge mark has its own attached piece of application: two pieces of application for a single benefit will only score one mark.

(d) Candidates needs to be able to show that part of the knowledge relates to a bank loan specifically. Terms such as 'money borrowed from the bank' are too generic as this could refer to mortgages or overdrafts for example. Candidates must learn to highlight the specific term and provide an answer that is unambiguously correct. Once this was achieved, candidates answered this question well.

Candidates must also learn how to access the full range of marks for part (d) questions.

– Level 1 evaluation only requires a simple judgement for one mark, with a qualifying statement for the second L1 mark. This shows one factor is most important however takes into consideration another.
– Level 2 evaluation needs a justification why each factor is either the most important or not as important.
– Level 3 requires each justification to be in context. The context must be within the AO4 marks awarded.

Question 2

Generally well answered, with strong knowledge and understanding of the main content areas.

(a) (i) Generally well answered, although some candidates did provide financial motivators showing a misunderstanding of the term.

(ii) Generally well answered with clear definitions; where candidates struggled was when there was no reference to the given price.

(b) (i) While many candidates got the full 3 marks, a significant minority failed to remember the formula.

(ii) A significant minority misunderstood the term for this question and provided answers that resembled penetration pricing. It is vital to be able to remember clear and accurate definitions in order to access the two application marks.

(c) This question was generally well answered – two paragraphs, each with a clear and defined method of motivation, each method having its own clear piece of application with an impact and a consequence.

(d) This question was well answered with most candidates understanding the differences between production methods.

Analysis was generally completed well, however many candidates still rely on quantity of short L1 analysis rather than fewer but developed analytical chains.

With the new evaluation format, it is essential that candidates are aware of the different levels and requirements as outlined earlier. As each level has two marks, each level must have an answer and a qualifying statement to get the highest mark in each level.

As mentioned in 1(d) – there has to be a definitive answer: 'yes they should/no they should not'. Some candidates analysed well but then failed to give their judgement (opinion based on evidence) which meant that 6 marks were unavailable. This evaluation should really be at the end – answers

which start with an evaluation rarely gain the full marks as an evaluation should be based on the analysis which should be read first.

Please note, if candidates start an analytical chain with 'CM should change because…' and then the next paragraph is 'CM should not change because…' this is not counted as evaluation as no decision has been made, these are simple sentence starters.

If this structure has been used, a final paragraph must be written which makes a clear, definitive statement: 'Overall, CM should change its method of production to xxx as …'.

BUSINESS

Paper 9609/31
Business Decision-Making

Key messages

- The assessment pattern, in terms of skills and levels has changed for this paper. Candidates should be familiar with the method of assessment and the mark scheme grids for the 8-mark and 12-mark questions.
- There is also a published list of financial formulae to be used in the syllabus. Candidates should familiarise themselves with these as some, such as ARR = average profit / average investment $\times$ 100, are different to those typically used previously.
- Candidates need to demonstrate their understanding of written and numerate business concepts across a wide range of case study contexts. Candidates should spend the first 10 to 15 minutes reading the case study and trying to understand what business activity the company is engaged in and who their customers are (B2B or B2C). They must also consider potential threats and opportunities presented by the internal and external business environment.
- Knowledge marks are for relevant business concepts or points that answer the question. However, candidates must show a precise understanding of the key concept in the question, before explaining advantages, disadvantages or impacts.
- Answering questions in order is the recommended approach, as it allows a detailed picture of the business to be developed.
- The use of financial analysis, such as ratios and other calculations, will need to be used in the later parts of the questions, including an explanation of the implications of results for the business or project in question. An approach that relates calculation data and results from different parts of the case, should also be used. Candidates should consider to what extent the business is a financial success, or otherwise, from the point of view of different stakeholder groups.
- A good evaluative answer includes judgments throughout and a well-supported judgement clearly in context and conclusion at the end.
- Candidates should read the wording of case and questions carefully and ensure that the precise question is reviewed and answered in the final conclusion.

General comments

There was evidence that some candidates had studied the new assessment model in detail and were well prepared. Many good responses in terms of skills and how to structure the 8 and 12 mark questions were seen. In particular good responses included at least two developed points in 8 mark questions and clear 'in context' evaluation in 12 mark questions.

The best answers demonstrated excellent understanding of business concepts and used data and information from the case study to support answers. There were also answers that reflected a more general approach, inclined towards generic 'textbook' knowledge and analysis with little reference to the case study. Higher level marks in this case study paper depend very much on the candidate's ability to focus their answers on the business circumstances and decisions outlined in the case study.

It is also important for candidates to read the questions carefully. Good analytical and evaluative answers make links between different parts of the case as well as taking an overview of the business' current position, objectives and future direction. When a comparison is required, such as the choice of a new market entry method in this case, candidates should do more than just quoting from the case study text. They should analyse the advantages and disadvantages of choices, firmly in the specific company context. Candidates should also consider alternative views, such as, in this case, it may not be the right time for CP to consider such a development.

Comments on specific questions

Question 1

This question was well answered by some candidates, who showed a good understanding of how a product-based structure may be more efficient than the current centralised functional structure. However, a significant number of candidates misunderstood this and thought the company would be changing to become product orientated. The requirement here was for two well-developed points and the best responses included two clear paragraphs, one for each point. Application marks were generally gained by linking the product-based 'teams' with more focus on meeting customer needs and benefits of employees specialising in one of the three paint products. Analysis points were then built, such as faster/better decision making leading to less communication difficulties and increased customer satisfaction, improving CP's ability to remain competitive.

Question 2

This question was quite well answered by many candidates. Good responses demonstrated a good understanding of technological change in this context, typically responses related to the opportunities offered by being leaders in the innovative paint technologies, versus the cost. However, the question was wide and other approaches, such as technological innovation in marketing and distribution could also have been mentioned. The requirement here was for two well-developed points and the best responses included two clear paragraphs, one for each point. Application marks were generally gained by suggesting that the new scratch resistant paints may be able to be marketed at a premium price, but competitors may soon be catching up due to universities also carrying out research. Analysis points were then built, such as how CP might quickly lose their 'first mover advantage' in the new paint and be unable to cover the high development costs, leaving them in a difficult financial position.

Question 3

(a) Many candidates correctly calculated this to be 13 weeks.

(b) Many candidates correctly calculated this at 5 weeks, using the published formula:
Total float = LFT - duration - EST
1 mark could be gained by correctly stating the formula.

(c) Candidates found this challenging some referred to their answers to **part (a)**, but many did not mention the minimum project duration or the total float time. There were a number of 'generic' answers, recognising advantages and disadvantages of CPA but not addressing the circumstances in the case.

Better responses recognised the CPA had been produced by the contractor, who had also quoted the lowest price for the installation and also referred to possible specific uncertainties, such as the possibility of component delivery being delayed as well as the absence of employee training in the plan. They then developed these points into analysis in terms of the contractor being experienced in such jobs and therefore it was likely that the CPA estimate would be accurate, versus the possibility that the low price may not be associated with the greatest attention to detail and therefore a greater possibility of delays. Some candidates also suggested uses for the total float time in the case of needing to transfer resources to more critical activities.

Good evaluation was seen that was in context and balanced both sides. Some included additional comments about possible ways of mitigating delays to production by building up stocks of paint. There were also many 'generic' evaluative comments questioning the skill of the person constructing the network diagram and the likely lack of reliability of activity time estimates due to external factors.

Question 4

(a)   Some candidates carried out this calculation correctly. A few gained 1, 2 or 3 marks for a formula, partial calculation, or using the incorrect year. However, more than half of all candidates gave an incorrect answer, typically by using the wrong figures, such as earnings per share.

(b)   Very few candidates used their answer to **4(a)** in their response to **4(b)**. The best responses compared the forecast dividend cover for 2024 (4 times) with the figure for 2023 (5 times). A few also demonstrated understanding of the dividend cover ratio but commented that CP seem well able to cover the dividend payments. There was some misunderstanding of the question, confusing shareholders selling their individual shares with the company selling more shares to raise finance. Many candidates identified that the comments from the CEO contrasted with the much more pessimistic overview of the financial forecasts, but balanced this with the potential short-term cost impacts of new developments against future increased profitability. Developed analysis, in many cases, suggested that the forecast decreasing figures for profit and return on capital employed plus the much higher forecast gearing ratio suggest that holding GP shares is becoming more risky, so selling might be a good idea. Conversely, some candidates looked further ahead, commenting that the future plans for technological advances and strong market position may lead to higher returns, suggesting that holding shares may be more beneficial.

Good evaluation was seen that was in context and balanced both sides. Some included additional comments about the possible unreliability of the forecast figures and the importance of other factors such as the possible bias of the CEO. Some candidates also mentioned that shareholders make decisions depending on whether they are investors with short-term or long-term objectives. Another useful comment was advice to shareholders that they should compare returns on investment in CP with other companies, also keeping in mind the economic environment in Country Q.

Question 5

Many candidates showed a reasonable understanding of overseas market entry and the two options. However, there was also some misunderstanding of the possible methods, with confusion between joint venture and merger and also how the direct exporting to retailers might work. Some candidates stated that direct exporting would be the more expensive option, due to transport costs, but did not mention the potential risk or flexibility advantages. Many candidates cited the strong brand image of CP, but suggested this would be lost in a joint venture.

The opportunities of market knowledge offered by the joint venture were well understood, as were the disadvantages of reliance on another business and potential loss of control, for instance over marketing. Many candidates identified the differences in culture in Country D and linked this effectively with the need for market knowledge and questioned whether using the existing marketing strategy would be appropriate.

Good evaluation was seen that was in context and balanced both sides, reaching an overall conclusion as to which method of market entry would be better. Better evaluation also included what would be the main advantages and disadvantages of the two methods. Some candidates also offered alternative methods, such as franchising. Evaluative points were also made about the possible different uses of paint in different cultures and the importance of market knowledge. Lastly, some candidates questioned whether it was the right time, financially, for CP to consider this type of expansion into a new market.

BUSINESS

Key messages

- Read the questions and then the case study more than once before starting to write answers.
- Making a brief plan for **Questions, 3(c), 4(b) and 5** may facilitate more focused answers.
- Application requires candidates to integrate information from the case study into their answer and not simply repeat the text.
- Analysis requires candidates to demonstrate cause and effect by linking points together.
- The allocation of marks on this paper is weighted towards evaluation and in the 12-mark questions there are only two marks for analysis. Developed analysis only requires candidates to identify connections between causes, impacts and/or consequences of two points.
- **Questions 1** and **2** ask specifically for two impacts. If candidates analyse more than two impacts answers will only be rewarded for the two highest scoring arguments.
- In calculation questions candidates should always show their methodology. Candidates should use a calculator to save time and increase accuracy. It is also important to include accurate units of measurement.
- Candidates should structure their responses for the longer 8 and 12 mark questions into paragraphs, with each paragraph focusing on a different point.
- Candidates should be aware of the marks available for each question so that they spend the appropriate time on each question and devote sufficient time to the 12-mark questions which require more developed answers.

General comments

Candidates must have effective exam technique preparation. For example, structuring responses with a clear focus on the questions set and matching skills with the demands of the question. **Question 1** and **Question 2** do not demand evaluative comment and candidates should focus on developing chains of analysis in context. In contrast, all other extended answers (**Questions 3(c)**, **4(b)** and **5**) require evaluation and candidates should attempt to provide supported judgement(s). Evaluation is a higher order skill, and most candidates need to practice answering questions to improve. Responses should be well structured to ensure that evaluative comment is added at the end of paragraphs of analysis to enable candidates to develop and justify their final judgement at the end of the answer. For these 12-mark questions good candidates make judgements throughout the response. The best answers ensure that evaluative comments are grounded in the business context thus matching the Level 3 descriptors in the Mark Scheme.

Comments on specific questions

Question 1

Some candidates started their answer by giving a definition of the 'economic environment'. This was rewardable with an AO1 Knowledge mark. However, as the focus of the question was on the impact of the two changes referred to in the case study no definition of the 'economic environment' was necessary.

Most candidates correctly identified that depreciation of the exchange rate would increase the cost of imports for CQ or make its products relatively cheaper to export markets. There was an opportunity to give context by noting that as CQ imported bamboo from the US its costs of production would increase or that as the US was an export market for CQ it would potentially benefit from increased export earnings. Good responses included a developed chain of reasoning, for example, linking higher costs for imported bamboo to a need to increase prices to cover those costs which would reduce CQ's price competitiveness with domestic manufacturers who did not import materials and therefore lead to a reduction in demand. For this impact

question it was possible to achieve Level 2 for AO3 Analysis by providing a balance of argument. For example, analysing the negative cost impact of depreciation with the potential to increase sales in export markets. Some strong answers argued that due to the unique nature of CQ's shoes that an increase in costs would have a relatively limited impact on sales and profit as demand was likely to be price inelastic.

For the second change most candidates explained how taxation would impact CQ. However, weaker responses did not always include accurate argument about the tax change being assumed by the candidate. For example, some candidates referred to an increase in corporation tax increasing the costs of CQ. This is not, in accounting terms, true. Better answers demonstrated understanding that an increase in corporation tax would reduce the retained profits of CQ and might therefore result in a decision to cancel plans for investment and expansion.

Many responses were awarded full marks by developing two chains of reasoning, each in context, demonstrating how the identified changes might impact CQ. There were no marks for simply repeating what the economic changes referred to in the text were.

Question 2

The case material suggested a range of leadership qualities demonstrated by Frederico. The challenge for candidates was to be selective ensuring that appropriate context could be given and analysis developed. Most candidates identified two leadership qualities, such as being a risk taker and being inspirational. Some candidates analysed more than two leadership qualities which was not necessary. There were a few candidates that did not know what a leadership quality was and these tended to copy phrases or even paragraphs from the text. The base for any answer is knowledge and if a candidate does not demonstrate understanding of a concept they cannot be awarded marks.

Good answers developed analysis in context. For example, arguing that Frederico's leadership quality of being a good communicator enabled him to persuade a venture capitalist to invest in CQ therefore providing the funds for developing a product which gave CQ a competitive edge in the shoe market and resulted in an increase in sales. To achieve full marks candidates must provide developed analysis of two qualities and for each quality to be applied to the case context.

Question 3

(a)   Most candidates incorrectly calculated capacity utilisation. A common error was not to give the answer as a percentage.

(b)   A significant number of candidates did not answer this question. Some candidates correctly identified the equation for the rate of inventory turnover and were therefore awarded at least one mark. Candidates who showed full working were often able to gain an own figure rule mark for their answer. A few candidates included the incorrect unit for inventory turnover for example providing a final answer of $3.08.

(c)   This proved to be a challenging question. Many candidates demonstrated knowledge of the elements of lean production, typically starting their answers with a short paragraph providing a definition of lean production. The most common definition was that lean production aims to reduce waste. Some candidates identified common elements of lean production such as quality circles and just in time manufacturing.

To answer the question effectively candidates needed to make links between lean production techniques and the specific operational problems identified in the case study and then evaluate whether lean production would be sufficient to achieve those operational objectives. Many answers showed an understanding of how JIT could increase inventory turnover and how quality circles or TQM could reduce defective output. This was often followed by a short conclusion gaining one evaluation mark. However, few answers provided developed evaluative comment in context. The best answers noted the limitations of lean production and questioned, for example, whether JIT could be implemented given the problems CQ had with their supply chain or that introducing TQM might face resistance from workers in the factory which CQ had recently taken over. The short time frame for achieving operational objectives was also highlighted by candidates.

Weaker answers demonstrated confusion about CQ's existing approach to production. For example, many candidates argued that CQ should introduce quality control to reduce defective

output despite that clearly being the current approach of the business. Other answers explained the benefits of lean production without referring to the operational objectives from the case.

Candidates should refer to their answer from **Question 3(a)** or **3(b)** as this provides relevant context. If an error is made in the calculation, a candidate may still be rewarded with application and analysis if there is a correct interpretation of the relevance of the figure calculated.

Question 4

(a)   A significant number of candidates did not attempt this question suggesting that there are key techniques that candidates are not familiar with. However, most other candidates achieved high marks and typically gained three of the four marks available. Candidates understood how to discount future cash flows but many did not deduct the capital cost from the discounted cash flow for years 1–5.

(b)   Nearly all candidates demonstrated some understanding of the meaning of sustainability. Candidates found this to be an accessible question and there were many answers which included developed evaluation in context. Contextual evaluation often made effective use of the net present value calculation in recommending that CQ should not invest in measures to improve sustainability. However, there were many excellent answers which argued that, despite the negative NPV, CQ should invest in measures to improve sustainability by referring to the mission statement and considerations of corporate social responsibility. The best answers provided point and counter point in developing argument and focused on the providing evaluative comment throughout.

Question 5

Candidates who read the case material carefully will often find strong evidence to support answering a question one way or another. For **Question 5** good answers recognised that CQ's current success was, in part, a result of new product development through using bamboo in manufacturing shoes. This was used as a foundation for arguing that CQ's future success would also be linked to new product development.

Analysis marks were given if there was a chain of consequences shown within the understanding of the issues of new product development. There was plenty to discuss from the case such as the development of a new running shoe to challenge leading brands, the continuous development of products by CQ or the process innovation involved in the unique construction of the current product range. Consequences analysed by candidates included the competitive edge that CQ might gain or the importance of developing new products to meet constantly changing consumer tastes in the footwear market. Candidates also analysed the problems of new product development including the impact on cash flow and the risk of new products failing to meet customer expectations.

Evaluation must be in context to achieve the highest marks. Most candidates provided a simple judgment on whether new product development would contribute to future success or not. Some candidates developed this further and discussed why in context. However, only a few provided a second set of evaluative reasoning to achieve the full evaluation marks.

BUSINESS

> **Paper 9609/33**
> **Business Decision-Making**

Key messages

- Candidates should spend the first 10–15 minutes of time allowed reading the case study and then return to the relevant parts before answering each question. Line references given in the insert will help with this. Candidates should allocate approximately 1.5 minutes per mark for planning and writing answers, so a 12-mark answer should take around 18 minutes to plan and write.
- Issues and data from the case and appendices should be used to support answers. Case data must be interpreted and used to achieve AO2 marks.
- **Questions 1** and **2** do **not** require any evaluative comment.
- Many candidates spend too long on analysis and not enough time evaluating the issues.
- **Question 3(c)**, **Question 4(b)** and **Question 5** each allocate half the available marks to the skill of evaluation – making reasoned and supported judgements and/or conclusions. Unfortunately, some responses showed little evidence of this skill. Despite providing sound and relevant analysis, candidates often stop short of answering 12-mark questions with supported judgements.

General comments

This was a very accessible case. It was clear that candidates understood the nature of this business and were able to use their own knowledge to make valid assumptions about the pet market and HP's products to support their answers.

The time allocated for this paper proved to be sufficient for candidates to achieve very high marks. Nearly all candidates completed all questions in the time allowed. Many candidates used additional answer booklets to extend their answers to some or all questions. However, most candidates were guided by the space provided as to how much to write. This often resulted in more focused answers.

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

Comments on specific questions

Question 1

This question was effectively answered by most candidates, who demonstrated a good understanding of how changes in the external environment might act as constraints on HP. The best answers focused on evidence of external constraints from the case material including the increase in competition from multi-national companies and the increase in interest rates. This approach enabled the development of contextual analysis, for example, observing that multi-national companies entering the market for pet-care products might offer lower prices than HP resulting in a decrease in demand and sales for HP or forcing HP to cut prices to remain competitive therefore reducing profit margins.

As the requirement in this question is to develop two points in context candidates should split their answer clearly into two paragraphs, one for each point. Each constraint identified requires context to achieve full marks. A few candidates commented on more than two changes in the external environment which did not gain any additional credit.

This is an analysis question and does not require any evaluative comment. A few candidates analysed changes in the external environment which had a positive impact on HP but as the question was about constraints no reward could be given.

Question 2

Focused answers analysed only the benefits of HP's coordinated marketing strategy. By focusing on the set question, a candidate can make more efficient use of their time and maximise the award of marks. Weaker answers only focused on individual marketing tactics rather than HP's coordinated marketing strategy. There were many good answers which recognised one or two benefits of a coordinated marketing strategy such as ensuring that the 4Ps are aligned with each other to avoid an inconsistent message to customers or that promotional tactics will be coordinated with the promotion budget. Analysis then showed cause and effect such as a coordinated marketing strategy ensuring that different elements of the marketing mix support each other resulting in a more efficient use of the marketing budget resulting in more sales for each dollar spent. The best answers developed analysis in context, for example linking the use of a loyalty card as a way of personalising marketing communications resulting in more customers using vouchers and thus increasing sales of HP's pet food products.

Question 3

(a)   Most candidates showed method in their answers and were awarded either two marks for a partially correct answer or three marks for calculating the capacity utilisation of 88.9%. Some candidates did not know the formula for capacity utilisation but gained a mark for correctly calculating the forecast maximum capacity in 2024.

(b)   Knowledge of business concepts including the full range of formulae from the syllabus is essential. A significant number of candidates did not attempt to answer this question. Many candidates did not know how to manipulate the data to calculate the forecast percentage change in sales. However, most candidates did multiply the change in incomes by the estimated income elasticity of demand to derive the correct answer of 3%.

(c)   Although each question is often linked primarily to one part of the case study candidates should be prepared to identify relevant context from the whole of the case. HP's plan to modernise the factory was clearly flagged in the section titled 'Plans for automated production'. There were plenty of 'hooks' for candidates to use in their answer such as the cost of the plans, possible trade union resistance, increasing demand and the forecast capacity utilisation. However, the best answers also linked information from elsewhere in the case to the issue of efficiency such as the labour-intensive methods currently used in the factory, high levels of production and the financial data provided.

Most candidates demonstrated an understanding of efficiency referring to gaining maximum output from the available resources. Good chains of reasoning linked automation to being able to reduce errors in production therefore making a more efficient use of inputs. Other candidates explained how automation could reduce the need to hold inventory thus increasing efficiency. Weaker responses did not refer to efficiency.

Evaluation was often superficial or simply repeated previous points made. However, there were many strong responses that provided developed judgements. For example, some candidates argued that increasing efficiency might depend on whether sales forecasts were accurate or whether the new machinery was reliable. Efficiency might also depend on the provision and effectiveness of training to use the new machinery. Context for evaluation was developed with reference to, for example, capacity utilisation.

Question 4

(a) This proved to be the most difficult of the three calculations. Some candidates did not know the gearing formula or did not know how to calculate capital employed.

(b) This was a challenging question requiring candidates to focus on how the financial data could be used by HP in its decision on the method of financing the factory modernisation. Weaker answers discussed whether HP should proceed with the factory modernisation instead of linking the financial data to sources of finance. Other incomplete answers only discussed the link between the data and the performance of HP. There was some misconception that a highly geared company would not be able to raise further long-term loan finance.

There were some very good answers which focused on one or two elements of the financial data and made links to sources of finance such as issuing shares, using retained profit or taking loans from financial institutions. There were examples of excellent contextual answers which calculated how gearing would change if all the finance was borrowed. Candidates explained how high gearing might influence decision making due to the increased risk which would be faced by HP. Others used the information on dividends to calculate the dividend yield and linked this to the likely success of any attempt to raise finance through a share issue. The best answers provided point and counter point in developing argument and focused on providing evaluative comment throughout.

Candidates should refer to their answer from **Question 4(a)** as this provides relevant context. If an error is made in the calculation, a candidate will still be rewarded with application and analysis if there is a correct interpretation of the relevance of the figure calculated.

Question 5

Candidates found this to be an accessible question with many examples of effectively structured answers with balanced argument and context. The question required candidates to explain how HP's 'soft' HRM strategy supported the business in achieving its objectives. Candidates referred to the benefits of delegation and encouragement of intrepreneurship to HP, citing the successful introduction of a coffee corner to stores as an example, or highlighting the impact on customer service of having a motivated workforce. Case material was weighted towards the benefits of 'soft' HRM, however, candidates should provide balanced argument. Weaker responses were often one-sided answer limiting the marks which could be awarded. The best answers analysed the cost implications of the extensive training and noted that with increasing competition HP's skilled employees could be attracted by the bigger multinational competitors. Evaluation could also be developed by considering other factors that success could depend on.

BUSINESS

Paper 9609/41
Business Strategy Paper 41

Key messages

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

AO1 Knowledge and understanding

For this objective a candidate needs to demonstrate knowledge and understanding of business concepts, terms and theories. One of the best ways to do this is to show knowledge from the specification area that is being examined, for example in marketing showing knowledge of the four P's, as well as knowledge of strategy and how it works for Paper 4.

AO2 Application

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

AO3 Analysis

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

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

This is an opportunity to identify an issue, consider its impact on the business, both positive and negative, and potentially offer an alternative route of action. This is especially important in **Question 2** where candidates are expected to offer ideas on approaches to business strategy.

AO4 Evaluation

For this objective candidates need to evaluate evidence to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation. This is an important skill for candidates to develop. The best responses include evaluation of at least two different approaches to the strategy presented to gain level three marks.

General comments

This was the second session with this new business strategy paper for this specification. There are two questions worth 20 marks each based on a case study of a business. As such, the primary focus when preparing for this paper should be the strategy sections of the functional areas of the A level content in the specification alongside the strategy section.

This session the case study was on Performance Vehicles (PV). This was set up as a private limited company and is run by Jack and Jimmy. Throughout the case study there is information about the marketing activities that it undertakes, primarily since 2012 onwards, and this underpins the basis of **Question 1**. In

2022, facing a market changing to electric powered vehicles Jimmy looks to changing the business but is acutely aware that this will be affected by a number of external factors as it tries to establish itself in this new market. This underpins the basis of **Question 2**, which focuses on the syllabus element of external factors (PEST) and their impact on the new business strategy.

It is important to remember in this new Paper 4 that there are two different approaches required for the two questions. In this paper, **Question 1** was backwards looking at the marketing strategy that had already happened and trying work out if it had been successful or not. Some marketing elements may have worked better than others and this needed to be discussed.

For **Question 2** in this paper candidates were asked to advise Jimmy on the factors in the external environment that could potentially impact on their future strategy that is yet to have happened. Appendix 4 listed possible effects and candidates needed to consider these and whether they would help support the move to electric powered vehicles. This allowed a much wider scope of discussion across the functions of the business and was not tied to marketing like the first question was.

Comments on specific questions

Question 1

Candidates were expected to evaluate the marketing strategy that had already happened between 2012 and 2022. There were a number of marketing activities that could have been analysed:

- Identification of a niche market.
- Advertising in specialist magazines.
- Features in a TV Programme.
- Accepts a contact for 2 years to continue to appear in TV programme.
- Pricing strategy changes to skimming.
- Sponsorship of FAST formula 2 racing team.

There was no expectation for candidates to fully analyse all these elements. Successful responses looked at two or three key marketing activities and discussed why they may have been chosen and then went on to discuss the successful and less successful elements, giving a balanced argument. Part of the response could have included the wider impact on the business but should not have been the primary focus as candidates were asked to look at the success of the marketing activity.

It should be noted that the marketing activity that was mentioned in between 2010 and 2011 was not part of the question and as such was not rewarded any analysis and evaluation, candidates should make sure responses look at the time period referenced in the question – here it was 2012 onwards.

Successful responses looked at an activity and explained what it was and how it worked for PV. The better responses then analysed the activity by talking about the advantages and disadvantages of that activity or its relative success as part of the wider strategy. Responses achieving Level 3 marks included this two or three times.

For example, if a candidate had chosen the specialist magazines, defined it for the AO1 mark, discussed how PV could have used this in its business, they would have then secured some AO2 marks. A discussion about why this was a good idea and how PV would benefit from targeting those interested customers, developing their point to consider the business impact, then Level 2 AO3 would have been reached. To reach Level 3 AO3 candidates needed to then provide a counterbalance to their point that was also developed as to the business impact on PV – perhaps outlining how this approach may not work, by missing some of the target market who may not read those magazines, then Level 3 AO3 would be reached. Following this approach for two or three of the elements would have secured the full 8 marks for AO3.

This approach should be encouraged moving forward so that candidates have the best opportunity to demonstrate their analytical skills.

Once the analysis was complete an overall judgement needed to be provided on the success of the marketing activities. This judgement should be backed up by references to the case material and the bigger picture of the company and its successes. This type of judgement would have achieved Level 3 for AO4. To gain more marks the concluding judgement needed to be more than a simple judgement. It needed to be

supported by evidence and the candidate's previous analysis. Having the answer in context is what moved evaluation up to Level 3 (6/7 marks)

Weaker responses often re-stated the case study, in some cases simply rewriting the case material and adding no analysis to it, and while this may have gained some AO1/AO2 marks, it should be remembered that these are only worth a total of five marks out of the 20. Some candidates discussed other elements of strategy that were not marketing – such as being a Ltd, production techniques (lean production), recruitment and training of mechanics and financial implications including gearing. None of these elements addressed the question posed which was focused on marketing.

It is important to remember that this question is about evaluating the marketing that has already happened. Some candidates suggested that the marketing activity chosen should not be used and offered an alternative approach. This was not addressing the question asked, which was to reflect on the past. Some suggested future marketing activities which again did not address the question.

Some candidates started to analyse this through the SWOT/Ansoff/PESTLE approach which did not lend itself to the question asked. Others suggested strategies PV could use to help marketing – Blue Ocean/Boston matrix – again this did not answer the question.

Question 2

Candidates needed to advise Jimmy on the elements of the external environment that could impact on the future strategy of developing the electric vehicle range. This focused on the external environment part of the syllabus and did not require candidate to use the various strategic approaches to develop the strategy (blue ocean, scenario planning etc.) It was accepted that PV could use SWOT/PEST/Porter's five forces to identify the external elements, but no marks were directly awarded for analysis of these concepts, just knowledge marks for awareness of the concept.

The external elements are focused on the PEST factors and Appendix 4 listed potential influences that needed to be matched up to the PEST factors. They included:

- Growing consumer interest in sustainable production methods.
- Disposable incomes are rising fastest in the 18 – 30 age range.
- Global agreement to reduce carbon emissions.
- Advances in battery technology will reduce future cost of electric vehicles.
- Large car manufacturers are investing heavily in research and development.
- Criticism of governments for low investment in electric vehicle charging infrastructure.
- Rising congestion charges/banning of petrol vehicles in some major cities.

Candidates should structure their response to **Question 2** in a similar way to **Question 1**.

There was no expectation for candidates to discuss all of the external elements, choosing two or three of these gave candidates three balanced analytical arguments that could then be drawn on in the evaluation. Candidates needed to evaluate the elements discussed as well as offer an answer to the question – whether that factor would influence the success of the strategy proposed.

The better responses included discussion of two or more of these external influences and how they may make the business more or less successful. Knowledge marks were awarded for matching the external factor, for example government policy/political influences were shown in the low investment in charging infrastructure – this gained one AO1 knowledge mark and one AO2 application mark. A discussion of the positive impact on the business or advantages moved the candidate up to Level 2 AO3 with a counterbalanced argument taking it up to Level 3 AO3. The key difference between Level 2 and Level 3 marks is development. There must be chains of analysis of points made about the impact on the strategy, positive and negative, to gain full marks. A simple one line statement of a positive and one line statement of a negative is not a developed argument worth full marks.

Evaluation needed to focus on answering the question and drawing on the previous analysis. Candidates must state if the external element will have an impact on the business and the extent of this impact – so it may impact the business but on a smaller scale then one of the other factors.

Responses should be based on the case material, referring back to PV and its ability to handle the electric vehicles and this expanding market.

Weaker responses often went through all the influences mentioned in the case and made no reference to how they may positively or negatively affect PV. This did not answer the question. Other responses discussed all the strategic approaches (blue ocean, Porter, and others) to develop a strategy rather than the influences over the strategies. This did not answer the question posed.

It is important to remember that this is about the future of the business. Some candidates wrote responses as if the strategy had already happened and did not acknowledge that PV could still choose not to do this if the external environment did not support it.

While there is less direct context for this question than there is for **Question 1**, the overall context and current success of the business can be used to determine whether this is the right time to enter a new market alongside the evaluation of the external environment impact on it.

It is important to ensure good use of time, so spending 15 minutes reading and planning then 30 minutes per question will give candidates the best possible chance of finishing their responses. By analysing two or three areas/strategies in each question this should keep answers succinct and enable candidates to meet the time demands of the assessment.

BUSINESS

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Paper 9609/42
Business Strategy Paper 42
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Key messages

- Each question is asking about a specific aspect of theory within the context of the data. A good response should start with what that piece of theory means and then build analysis that is focused on answering the question.
- Many candidates attempted to analyse every piece of the data, especially each entry in the timeline. Depending on the route taken to answer the question by the candidate, some of the data in the case study will not be relevant. The best responses were not the ones that comprehensively covered every decision made in the data, but the ones that chose the most important aspects and focused on these.
- Timing may have been an issue and some candidates spent too long on one question, leaving only enough time for a brief outline answer to the other. Whilst these 20-mark questions do require more analysis and evaluation than a 12-mark question from another paper, a good response can be written in 25 – 30 minutes using three or four good chains of analysis and evaluative judgements throughout.
- Candidates should make a judgement. In the world of business, decisions need to be made and the best responses give clear judgements that follow on from the arguments used. Good evaluation should also include different perspectives on that judgement, but there must be a decision made. Every paragraph written in response to the questions should be part of a clear answer to that question.

Both questions require all four assessment objectives (AOs) to be demonstrated as part of a strategic response.

- ○ AO1 knowledge and understanding is about using relevant business theory in answer to the question. This could be through defining terms from the question or by using theory in the correct way that is related to the question. Since these questions are often wide ranging, this allows candidates to choose what theory is relevant to their own answer.
- ○ AO2 application is about using the data from the timeline and appendices in an appropriate way. It is not about repeating the data. For example, in **Question 1**, candidates should have chosen specific context and explained how that may have led to BV's effective strategic management.
- ○ AO3 analysis is an important skill and is about finding the effects, reactions, consequences and impacts of the issues being raised. Since candidates can make many different arguments and there is a great deal of context, no specific arguments are required. Instead, responses need to demonstrate the skill of being able to develop these arguments. It is quite conceivable that two candidates could use the same theory, the same context and come to diametrically opposite arguments and conclusions. As long as this can be justified, this is perfectly reasonable and would be rewarded. The skill of analysis is being rewarded, not specific arguments.
- ○ AO4 evaluation is about coming to a judgement that specifically answers the question. Therefore, a good evaluation should include a judgement about this. Too often candidates move away from the question and end up not making a suitable judgement. Good evaluation not only includes a judgement, but also justification about that judgement and weighing up of other factors that may affect that judgement. A significant proportion of a good answer should be focused on providing these evaluative elements.

General comments

This paper focusses on the strategic elements of the syllabus and puts candidates into a context where they can evaluate a strategy or decisions that a business has implemented and advise a business on potential new strategies or approaches to create a new strategy.

The questions on this paper are not just on any one area of content. Instead, they require a range of knowledge and understanding to be applied to a new scenario in a dynamic environment. This aims to reflect

real business decisions that are made and to ask candidates, not what the correct answer is, but to use all of the skills they have built up over the course to come to a reasoned answer. As such, it is the journey to the answer that we are assessing, not necessarily looking for a particular judgement.

In both questions, candidates can take a multitude of different approaches. As long as they demonstrate the four assessment objectives and remain focused on the question, then their answer is valid.

Comments on specific questions

Question 1

In this question, candidates were asked to evaluate the impact of FL's corporate culture on the success of the business. This means that there must be knowledge of 'corporate culture' within the response. Some responses showed no knowledge of corporate culture, but instead evaluated the success of FL as a business. The usually led to the candidate analysing the decisions that were made by the business throughout the timeline.

There was plenty of context provided to show positive and negative impacts of FL's corporate culture on the success of FL and there was some good analysis of the most likely impacts of this.

Where candidates focused their evaluation on the question, judgements ranged from the most/least important impact, whether the impacts(s) were mainly positive or negative or even whether corporate culture actually had any impact on the success of FL or not. Any of these routes into evaluation could have been rewarded. However, attempts to come to a judgement about the overall success of FL were not rewarded as this was not the question set.

A sensible approach, used in some of the best responses, was to choose the two biggest impacts of FL's corporate culture and to analyse how each impacted FL in a positive and negative way. The evaluation can then focus on which of the two had the biggest impact on the success of FL, by comparing them and perhaps looking at what else might impact FL's success alongside or in opposition to the corporate culture.

Although it is not necessary to start a response with a definition of terms, it has the advantage of starting the answer with clear, relevant knowledge. This sets out the basis for the rest of the answer. For example, if the definition of corporate culture is 'the values, beliefs and behaviours that make up how a business operates', then the impacts of corporate culture must follow on from this. A candidate can then look at the data in the appendices and timeline to find impacts of these beliefs, values and behaviours, such as the use of home-working or the difficulties of the culture clash between GY and FL.

There were a number of unfocused responses that included analysis of everything that happened in the timeline. Some candidates wrote about a piece of the data but did not link it, specifically, to corporate culture. This leads to generic and unfocused analysis that cannot be rewarded as it is not a specific answer to the question set. Candidates are not expected to use every piece of data given to them in the timeline and appendices. As with all business scenarios, some of the data will be more relevant than other pieces of data. The ability to be selective over what is most important/relevant is a major part of this assessment.

Question 2

The command word 'advise' aims to put the candidate in the position of a business leader – in this case to advise Jane. The advice to Jane, in this case, is whether blue ocean strategy is the most useful approach as she attempts to diversify the business. Despite the question clearly asking for this advice, the majority of responses did not include a judgement over whether blue ocean is the most useful approach or not.

Many responses instead stated that another approach was the most useful approach, such as SWOT analysis. This could be rewarded, but only if the judgement was linked to the question set. For example, if a candidate made a judgement that SWOT is a useful approach this did not answer the question of whether blue ocean is the most useful approach. However, if the judgement was worded as 'SWOT is a more useful approach than blue ocean', then this did go towards answering the question.

Again, there are many routes into answering this question. However, some knowledge of blue ocean was required to award any marks. A significant number of candidates did not demonstrate knowledge of blue ocean and therefore ended up with zero marks for this question.

There were two common formats for high mark answers. The first approach was to analyse the benefit(s) of using blue ocean strategy and then the cost(s) of blue ocean strategy. The candidate then came to a judgement about the usefulness of blue ocean strategy in this scenario.

The second approach was to analyse the benefit(s) of blue ocean strategy and then the benefit(s) of using a different approach. The candidate could then come to a judgement about the usefulness of blue ocean strategy compared to the other approach.

Some candidates spent a great deal of time going through many different approaches. Blue Ocean and one other approach analysed well was enough to gain all of the analysis marks and left enough time to compare and contrast the two approaches and come to an evaluative judgement. This is important, since 40 per cent of the marks for each of these 20-mark questions comes from evaluation. A relatively brief conclusion at the end of a response is highly unlikely to be enough to gain all of these AO4 marks.

Another common mistake was to focus too much on FL's planned diversification. Some candidates wrote an answer, advising FL/Jane on whether FL should or should not diversify the business. That was not the given question and candidates who spent too long on this, often ran out of time to analyse blue ocean strategy as an approach.

BUSINESS

Paper 9609/43
Business Strategy Paper 43

Key messages

Candidates are reminded to take time to read each question carefully.

It is important to show knowledge of what the question is asking. If it is operations strategy, then when a type is addressed, it needs to be defined to allow knowledge marks.

No application is rewarded if it is not linked to knowledge.

It is advisable to focus answers on a small number of aspects – two or three is typically sufficient. This allows time to develop better chains of reasoned analysis. Higher-level analysis requires a chain of reasoning and a balanced argument that is also developed.

Topics, issues and data from the case and appendices need to be used to support answers, but candidates should not repeat directly from the case.

Evaluation is about answering the question. In **Question 2** this was clear because the question asks for advice on approaches. However, where the command word is 'evaluate' candidates sometimes do not offer a clear judgement. In **Question 1** the most obvious judgement was for a candidate to indicate clearly whether RT's operations strategy supported the business success or not.

Question 1 was generally completed well and gave candidates an opportunity to analyse contextual data and come to a reasoned judgement.

In **Question 2** there was a lot of data and different approaches that could be used. The key is to choose which approaches are most important in the given context and focus the analytical arguments on this.

Candidates are advised to organise their time for **Question 1** and **Question 2** equally to allow sufficient time to be spent on both questions.

Candidates are also advised to read the question carefully to identify what needs to be discussed and to inform the evaluative judgment that needs to be given in the end. To allow for full marks on evaluation marks candidates are also advised to discuss two separate evaluative judgments or to have a 'depends upon' approach after their judgment has been discussed.

Evaluation judgments and comments need to be in context for the full 7 marks.

General comments

Many candidates demonstrated an understanding of a wide range of business concepts. Stronger candidates made effective use of the case material and developed extended chains of reasoning that showed cause and effect. The best answers demonstrated an evaluative approach in each paragraph and included well-focused judgement in the final paragraph that was in context.

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

The time allocated for this paper proved to be reasonable and enough for candidates to achieve high marks. Most candidates completed both questions in the allocated time. A few spent longer on **Question 1** which allowed less time to complete **Question 2** fully.

Comments on specific questions

Question 1

Knowledge marks for this question were specific to operations strategies, i.e., marks were awarded for defining specific operation strategies such as lean production, Just in Time, Kaizen etc. No marks were awarded for defining operations strategy or just listing the methods. A clear understanding and definition was required.

There are only 3 marks available for knowledge in each question. Candidates who did not show any knowledge of operations strategies in other words did not achieve any knowledge marks were not able to achieve any marks at all on the question. Therefore, knowledge is key to allow the rest of the marks for analysis, application, and evaluation to be awarded.

Strong answers that received full knowledge marks demonstrated the ability to incorporate definitions within the explanation of different points. For example, when discussing lean production, candidates received a knowledge mark if they explained what lean production means such as 'a method to reduce waste in the production process to increase efficiency.' Most common definitions were surrounding lean production as it was mentioned in the case study.

Generally, candidates displayed a good grasp of operational strategies and demonstrated their application within the context of RT's business operations. They appropriately identified and outlined various elements of RT's operational strategy, such as lean production, quality control, TQM and production methods. Moreover, candidates effectively linked these strategies to the company's goals allowing for application marks.

Analysis marks were given if there was a chain of consequences shown within the explanation of how the operations strategy helped or did not aid in the success of the business. The case provided some accessible information on lean production that helped give the candidates guidance on what could be discussed. Therefore, there were a lot of answers that chose to discuss lean production methods.

Level 1 analysis was achieved if the candidate showed one link or consequence to the information discussed, i.e., higher efficiency increases profits. If this link was continued further to form a chain the candidate would be awarded Level 2 analysis, i.e., higher efficiency increases profits, which will lead to more retained profit for expansion. If a candidate discussed three different issues and had a chain of consequences this meant three Level 2 analysis points were awarded, giving the candidate 6 marks.

To receive the last remaining marks, candidates needed to achieve two Level 3 analysis points. To do this candidates needed to identify a chain of consequences/events and provide a balanced argument or counterpoint to the issue discussed. A two-sided answer was required to receive Level 3 analysis. It is important to note that it is not enough for a candidate to just mention a counterargument to the point made. This had to be done twice in the answer to receive the full 8 marks of analysis.

Candidates needed to make an overall judgement i.e., did the operations strategy support the success of the business or not. If there was some simple reasoning, candidates were awarded a Level 1 evaluation mark. If the explanation was further discussed in detail, then Level 2 was awarded. If this explanation was written in context, then Level 3 was awarded.

Many strong responses did not give any context to the evaluation or did not include another evaluative judgement or 'depends upon' in context. Therefore, there were many strong scripts which received 6 out of 7 evaluation marks as they were only awarded one Level 3 evaluation.

Most candidates provided a simple judgment of whether the operations strategy supported the business or not. Some candidates took this further and discussed why as well as wrote in context. However, only a few showed what this decision depended upon or provide a second set of evaluation reasoning to achieve the full evaluation marks.

Candidates who did well but did not receive the full marks usually missed out on one more Level 3 analysis and one or more Level 3 evaluation. In other words; missed a counterargument that was discussed or missed context when writing the evaluation.

Question 2

Responses to this question were not as strong as responses to **Question 1**. Some candidates discussed diversification methods or marketing strategies. These were incorrect and were not awarded any marks. Some candidates wrote answers which referenced strategies that did not answer the question, such as marketing, rebranding, advertising, etc. Other candidates analysed the issues of the company not the approach itself and thus, again, did not answer the question. Some candidates mentioned the strategic analysis methods such as PEST, however, they did not define the approaches which were required to achieve knowledge marks.

To answer this question candidates needed to discuss business strategies such as PEST, blue ocean, SWOT, Ansoff, etc., showing how these would benefit or not benefit the business in terms of profit through diversification. Just mentioning the strategy did not allow for knowledge marks, an expansion of the strategy such as PEST and mentioning what it stands for was the minimum required for a knowledge mark. Every business strategy discussed could be awarded up to two knowledge marks. Therefore, candidates did not need to discuss three strategies to achieve three knowledge marks.

The majority of responses were awarded full knowledge marks. However, one of the main issues faced in this question by candidates was analysis. There was a lot of Level 1 analysis without further expansion. Candidates did not analyse how the business strategies would be helpful or not to the business. Just like in **Question 1** candidates must identify a chain of consequences/events as well as a counterargument to be awarded a Level 3 analysis. Candidates cannot achieve Level 3 analysis without a chain of consequences or a Level 2 analysis. It is also important to note that the counterargument must also show a chain of events. An example of this would be, 'The strengths, weaknesses, opportunities, and threats can help RT find a diversified approach. The increased publicity from the Brazil fabric industry magazine article will have an increased brand recognition. This will increase sales and establish itself with new products. However, a high increase in labour turnover may suggest employees do not buy into the aim of profit through diversification, resulting in failure to diversify.'

The above answer not only has a Level 3 analysis it also shows a knowledge mark identifying what SWOT stands for along with an application mark by linking the case study to the answer. If this example was repeated with another approach, then the candidate would receive another Level 3 analysis bringing it to full marks for analysis and full marks on application. There were only a few candidates who received good marks on evaluation on this question.

Candidates needed to discuss at least 2 of these strategies. Then candidates needed to pick one business strategy for evaluation and explain why it would be best suited for the business. A further discussion of its impact on the business and the choice to pick it over others would warrant at least Level 2 evaluation. If this was written in the context of the business, then it would receive a Level 3 evaluation. This would grant the candidate 6 marks. If this is done again or written in a way with factors or 'it depends on' with context, then the candidate would receive 7/7 on evaluation marks.

This question generally received lower marks in comparison to **Question 1**. Candidates may not have understood the question and instead focused on 'profit through diversification' rather than business strategy. The candidates that understood the question clearly showed a good grasp of business strategy approaches in knowledge. Some showed little to no analysis of how it helped achieve profit for the business or simply how it helped the business. There were fewer Level 3 analysis marks awarded in this question.