

# BUSINESS

---

<p>Paper 9609/11 Business Concepts 1 Paper 11</p>
---

## Key messages

- There are 3 definition questions in **Section A** (AO1). Clear definitions of business terms should be given. These can be found in a variety of reliable sources. The definition should be succinct. One or possibly two sentences is sufficient.
- Explain is not the same as Analysis. Explain means make a point, then link it to a business situation. The candidate shows that they understand how the theory relates to real business practices (AO2).
- Analysis (AO3) means apply the point to a business situation. Explain why the point matters to the business, then develop the explanation using 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

- The paper is accessible and those candidates who were well-prepared scored highly. However, it appears that a large number of candidates lacked the knowledge to answer some of the questions and therefore did not earn many marks. Unusually, some candidates scored very few marks on **Section A** but answered **Section B** much better. Candidates must have a good understanding of business key terms and concepts as stated in the syllabus.
- Analysis/explanation must follow on from the point being made. There is evidence that centres have successfully established with candidates how to develop analysis to show the consequences of an action.
- In **Section B Question 6** was the most preferred question.
- For **Question 5b** and **6b** most candidates earned Level 2 Knowledge marks for showing understanding of relevant business concepts. Context was frequently not given and therefore no application marks could be awarded. Repeating the words chocolate or hotel is not context as this is in the question. Many candidates built their analysis and arguments well or gave detailed and extensive analysis of many points relevant to the questions, but only 2 marks were available for AO3 and therefore this time could have been spent on the evaluation. The skill of Evaluation was difficult for many candidates. Centres should continue to focus on this.. For

many candidates their final judgement was a summary of previous points made, not an evaluation. Evaluative comments should ideally take up half of the answer to the question and should contain context e.g. cocoa or waiter to move it into Level 3. An example of how to do this is given in the comments on specific questions below.

- Some candidates did not complete their answers to the final question owing to time management problems. In many cases this was due to the answers to **Section A** being too developed.
- 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) **Define the term *zero budgeting*.** This question was attempted by the majority of candidates. A popular response was 'budgets are set to zero at the beginning of the year and budget holders must argue their case to receive funds'. Such responses showed clear understanding of the term. Some candidates gave only the first part of the answer 'budgets that are set to zero', thereby demonstrated partial understanding. There were many examples of candidates attempting the answer without knowledge of zero budgeting. These linked to the word zero i.e. running a business without a budget, no money left. Such answers were not creditable.
- (b) **Explain *one* cause of a favourable variance.** This question was attempted well by many candidates who identified 'increase in demand/sales or costs less than expected as causes of a favourable variance. Some candidates showed understanding of variance but did not focus on the 'cause'. Examples often helped illustrate understanding; 'One cause would be an unexpected increase in demand. This would lead to increased sales and the revenue gained would be higher than the business had predicted in the budget.' – 'Buying from a cheaper supplier may cause a favourable variance for direct materials. This is because the budgeted material price will be higher than the actual material price. The business would have incurred less costs of purchasing raw materials thus allowing the business to save more money.'

##### **Question 2**

- (a) **Define the term *sampling*.** The majority of candidates gave a correct definition of sampling, such as 'selecting a group of people to represent the whole population'. Responses that identified 'a group of people' demonstrated partial understanding. As did responses that recognised that sampling is part of market research, although in some cases the rest of their answer was incorrect. A significant number of candidates defined 'test marketing' which did not answer the question.
- (b) **Explain *one* method of interpreting quantitative market research data.** Many candidates attempted this question well. Popular responses included pie charts, graphs and mean/mode. Fully developed responses gained 3 marks, for example, 'You can use the mode. It is the most popular answer and the option that the business might choose to make the most sales e.g. if a business is asking customers their shoe size and 6 is seen more times than any other size, they should stock more size 6 shoes than any other.' Or 'One method is pie charts. They can show the numbers of customers who have different points of view as a percentage of the total 360-degree circle. For example, the number/percentage of responses for customers who liked different flavours of crisps.' Some candidates either did not attempt this question or gave an answer about aspects of market research e.g. questionnaires, sampling, surveys, interviews, secondary research.

##### **Question 3**

- (a) **Define the term *résumé*.** Most candidates attempted this question well. Popular responses such as *'document which summarises applicant's relevant job experience, qualifications and achievements'* showed clear understanding. Some candidates were not aware of the term and attempted an answer based on their understanding of the word *resume* e.g. a request to return to work after time off or the reopening of a business after a temporary closing down at the end of the previous season. Such answers were not awarded marks.
- (b) **Explain one reason why a business may produce a workforce plan.** Many candidates gave clear explanations, for example, *'A workforce plan is created if there is anticipated increase in demand. This would mean that the business may need to employ more people to prepare for the necessary increase in output. Hence the business would need to identify how many new workers to recruit.'* Several candidates confused workforce plan with a business plan. Common misunderstandings included – the allocation of tasks/resources to employees; a plan of a person's working day; a management plan to increase efficiency; used to motivate employees by setting out their daily tasks clearly; gives a sense of direction by setting out targets for employees to achieve. No marks were awarded for such answers.

#### Question 4

**Analyse one benefit to a business of improving capacity utilisation.** The key word is 'analyse' and both application (AO2) and analysis (AO3) are worth 2 marks. They are either limited (1 mark) or developed (2 marks). Application in this question is not to a named business or industry. The majority of responses began by stating what they understood capacity utilisation to mean. No marks were awarded for this as the knowledge mark was for a benefit of improving capacity utilisation. Some responses stated that capacity utilisation means using space or confused it with inventory management. The most popular benefits were improved efficiency, increased output and meeting increased demand. An example of a clear answer worth 5 marks would be, *'Improving capacity utilisation will mean the business will be able to meet increases in demand as they can now produce more output using their available resources. This will reduce the amount of time consumers have to wait for products so they will not go to competitors. This will lead to an increase of sales and thus market share.'* Another frequently seen answer related to economies of scale e.g. *'A benefit is that the business can benefit from a lower cost per unit. A manufacturing company will need to buy more raw materials for production due to improving capacity utilisation. This can lead to purchasing economies of scale as the company will be producing at a higher amount. The increase in products bought can cause suppliers to give discounts on larger orders. This reduces the cost of production per unit for the manufacturer, allowing them to reduce their prices and attract more customers.'*

#### Section B

#### Question 5

- (a) **Analyse two limitations to a business of using a business plan.** Many responses started with a definition of a business plan, which was not required. The marks were awarded for the limitations only. Common limitations were – plan may not be accurate; may be unrealistic; may be outdated, can be biased; misleading; not flexible; does not guarantee success; is time consuming. The key word is 'analyse' with one mark for application (AO2) and 2 marks for analysis (AO3) for each of the two limitations. Analysis is either limited (1 mark) or developed (2 marks). Application in this question is not to a named business or industry. There were many very well-developed answers which analysed the limitations thoroughly. Examples of such answers were, *'The business plan might cause managers to be inflexible. They are so busy ensuring that the objectives of the plan are met that they do not respond to the opportunities of the dynamic business environment e.g. an increase in demand for a product the business could sell but currently does not. As a result, the business may carry on selling its original product and miss out on making more sales revenue by changing to selling the product which is coming into fashion. This could mean they are not as profitable as they could be.'* Also *'Goals, targets and objectives may be set unrealistically high. It may take longer to achieve them than is set out in the business plan especially for a new and inexperienced business. This can put pressure on the employees to work harder and demotivate the business managers. Consequently, they may decide to leave the business and seek a less stressful job elsewhere.'* Some responses gave reasons for producing a business plan e.g. to secure bank loans, rather than looking at limitations therefore did not answer the question.
- (b) **'A chocolate manufacturer should use external methods of growth to successfully achieve its objectives.' Evaluate this view.** A minority of responses confused external methods of growth with external sources of finance which affected the ability to answer the question. Relevant

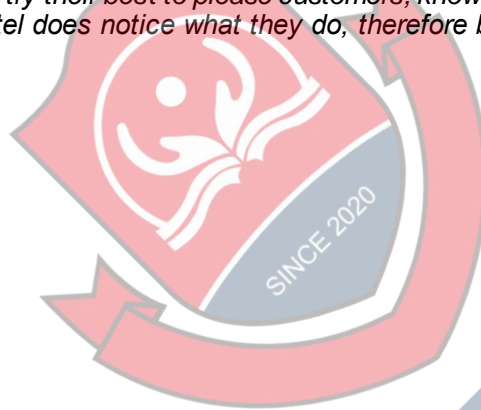


knowledge is shown by reference to methods of growth (external and internal) and to objectives. There must be some understanding of what the growth method involves for a Level 2 mark, rather than just producing a list. Relevant context included use of words such as candy; Cadbury; cocoa; cocoa beans; dark chocolates; white chocolate; chocolate bars. This had to be included within an explanation to become Level 2. An example of a response awarded Level 2 for Knowledge, Application and Analysis would be, *'A chocolate manufacturer could use backward vertical integration with a cocoa bean producer to guarantee the supply of one of the raw materials in chocolate. This can avoid breaks in the production process whilst deliveries from the supplier are received. This would help to achieve an objective of increasing production levels because production could run continuously. Two major chocolate manufacturers such as Cadbury and Lindt may be involved in a horizontal integration where Cadbury buys over 50 per cent of the shares of Lindt to gain access to its chocolate recipes and brand names such as Lindt d'Or, removing one of the competitor firms and acquiring their factories, employees and brand names. This horizontal integration will quickly achieve the objective of increasing market share because Cadbury would take over the customers and hence market share of Lindt.'* The rest of the time spent on this answer could then be given to evaluation. This should be a judgement based on balance and should contain context to gain Level 3 marks. For example, *'A large chocolate manufacturer such as Cadbury should use the external growth method of horizontal integration to quickly increase its market share because it can afford to do so and will be more powerful in the market if it takes over one of its competitors. However, there may be government laws which stop such an integration from happening. This method of growth is not as appropriate for a small business because it is expensive and they would be better to focus on growing more slowly internally, increasing their customer base by possibly developing new types of chocolate bars to gradually increase their market share. This is a large and competitive market and a small business may have to focus on a niche part of it rather than trying to grow by buying another chocolate manufacturer. External growth may not be suitable for a small business which has strong customer relationships as an objective because becoming too big too quickly will be more likely to alienate customers.'*

#### Question 6

- (a) **Analyse two reasons why an employee's human needs may not be satisfied at work.** Many responses started with a definition of human needs, which was not required. The marks are awarded for the reasons only. Common reasons were – underpaid; lack of job security; unsafe working conditions; no promotion prospects; style of leadership; type of job; lack of teamwork; lack of work life balance. The key word is 'analyse' with one mark for application (AO2) and 2 marks for analysis (AO3) for each of the two limitations. Analysis is either limited (1 mark) or developed (2 marks). Application in this question is not to a named business or industry. There were many very well-developed answers which analysed the reasons thoroughly. Examples of more succinct answers were, *'Unsafe working conditions such as employees working in a mine having no masks even though the air is full of dust. The employees need for safety at work is not being met and they may become ill which causes their productivity to fall and may mean that they become too ill to work. If this happens they may not get paid.'* Also *'No opportunity for promotion within the hierarchy of the business means that an employee will not be able to reach self-actualisation and possibly will not feel self-esteem as they are not recognised for their efforts at work. This will demotivate them and they may stop working to the best of their ability or look for another job in a different business.'* Only two reasons were required. Some responses gave more. In these cases the two reasons which would gain the highest marks were chosen by the Examiner. Weaker responses discussed motivation theory, especially Maslow, which did not really address the question.
- (b) **'Non-financial motivators are the most effective methods of motivating a hotel's employees.' Evaluate this view.** Relevant knowledge was shown by correct reference to non-financial motivators including – training; job rotation; job enlargement; job enrichment; and team-working or financial motivators such as salary/wages; commissions; bonuses; performance related pay, piece rate, time rate and overtime. There must be some understanding of what the motivation method involved for a Level 2 mark rather than just producing a list. This question proved to be challenging to candidates who were not absolutely sure about the definition of non-financial motivators. Some candidates stated that fringe benefits are non-financial motivators. Non-financial motivators do not involve giving the employees money or items which have monetary value – but the fringe benefits named such as company cars, health insurance and paid holidays do have value, so such responses were not answering the question. Relevant context included use of words such as rooms; pools; spa; chefs; waiters; receptionist; hotel manager; cleaners. This had to be included within an explanation to become Level 2. An example of a response awarded Level 2 for Knowledge, Application and Analysis would be, *'A hotel can effectively use non-financial*

*motivators such as job rotation and training to motivate employees such as cleaners and waiters, whose jobs might be repetitive and could become boring very quickly. The cleaners in different parts of the hotel could rotate areas weekly so that one week they are cleaning guest rooms and the next the main reception areas. The waiters could be trained to serve dishes at the tables as well as at a buffet counter or could be trained in how to serve wine as well as food. As a result, there would be more variety in their jobs and this would be more interesting for the employees than doing the same thing every day for weeks. Interested employees are more likely to develop better relationships with guests at the hotel and to enjoy their jobs more, therefore reducing labour turnover. On the other hand, these employees are possibly young and only working at the hotel temporarily in the summer season therefore what they really want is money. There will be little if any chance of promotion therefore they want to get paid as much money as they can for as little effort as possible. They would probably like to be paid more for what they do and would claim that this would motivate them to work harder.' The rest of the answer could then be the evaluation. This should be a judgement based on balance and should contain context to gain Level 3 marks. For example, 'The most effective method of motivating these employees is probably a combination of non-financial and financial methods. By having more variety in their work through job rotation and training they will be happier while they are at work and perhaps will stay longer than they would have if they were bored. However, if another hotel pays a higher wage for the same job the cleaners and waiters could easily move. Therefore, the hotel should pay a wage that is at least as good as its competitors to keep the employees it has. To encourage them to work harder the manager could add 'employee of the week' awards voted for by hotel guests to ensure that the employees always interact well with customers whether by cleaning their rooms or serving food or just speaking to them as they pass in the hotel. By doing this the employees will be content to stay with the hotel and try their best to please customers, knowing that another hotel will not pay them more and this hotel does notice what they do, therefore boosting the employees' self-esteem.'*



4Uadmission

# BUSINESS

Paper 9609/12  
Business Concepts 1 Paper 12

## Key messages

- It is pleasing to note that more responses to **Question 5(b)** and **Question 6(b)** include evaluation sections and that within these, judgements are being made that directly address the views expressed in the question.
- It is however still a minority of candidates that recognise the need to plan and write a strong concluding evaluative section. While evaluative comments can be made at any point in an essay and will be rewarded, a final concluding section is the place to summarise analytical arguments, remind the reader of the context of the question (a large retail distribution business or a hotel in this paper) and make a supported judgement. There are 6 marks available for such a developed and supported judgement in context.

## General comments

- Candidates were presented with a range of business concepts and situations drawn from the syllabus. While candidates were able to define and discuss many of these business concepts with confidence and precision, **Question 2(a)** and **Question 2(b)** proved challenging. Knowledge and understanding together with application/explanation of business costs was quite poor.
- In **section B** of the paper candidates are reminded that marks awarded for 'reasons' in **Question 5(a)** and 'advantages' in **Question 6(a)** are one mark for knowledge and understanding, one mark for application, and two marks for analysis. There are no marks for evaluation in these questions.

## Comments on specific questions

### **Section A**

#### **Question 1**

- (a) Candidates were required to define the term *external stakeholders*. This was well answered with most candidates indicating that external stakeholders are those who do not work for a business but have an interest in or are affected by that business. Many answers included relevant examples of external stakeholders such as suppliers, customers, and communities to support the definition.
- (b) This question required candidates to *explain one way the aims of employees may impact on the decisions of a business*. This proved challenging to many candidates and there were many weak responses. Such responses often did not identify a relevant aim such as an aim to improve working conditions or to increase wages, or to be involved in business decisions. Without identifying employee aims it proved difficult for answers to explain an employee/employer relationship in any meaningful way. Other weak answers did not interpret the question correctly and discussed the impact of employer aims and activities on employees. Strong answers for example selected an employee aim to secure a higher rate of payment impacting on increased business costs, possibly changing the business decision to invest in capital machinery or to grow the business. Many answers referred to the likelihood of trade unions being involved in collective bargaining as an impact on business decisions.

#### **Question 2**

- (a) Candidates were required to define *full costing*. This was not well answered. Only a minority of answers gave a definition which represented a clear understanding of the concept - a *method of*



*costing in which all fixed and variable costs are allocated to cost centres/products/prices.* Imprecise definitions such as ‘all the costs’ were often presented by candidates who had little understanding of the concepts contained in the Finance and accounting section of the syllabus.

- (b) This question was very poorly answered with many candidates unable to show any knowledge or understanding of the concept *contribution costing*. Indeed, there was a considerable number of candidates that offered no response at all to this question. The few strong answers to the question- *explain one limitation of contribution costing*, focused on such issues as contribution costing allocates only direct costs or direct costs plus a proportion of fixed costs to cost/profit centres, contribution costing can give a misleading picture of business performance, and can be difficult to calculate.

### Question 3

- (a) Candidates were required to define *dynamic pricing*. In general this question was well answered. There was reference to a pricing method that often produces regular price changes in response to changes in market demand and supply changes or ability to pay conditions.
- (b) Candidates were required to *explain one reason why a business might use price discrimination*. Strong answers explained the characteristics of a business having the ability to engage in price discrimination and correctly explained that such a business used price discrimination to increase sales/revenue/profits, to increase market share, and to stimulate customer demand. Weaker answers either did not fully understand the meaning of price discrimination-*the ability to take advantage of market position and exploit segmented markets*, or spent so much time explaining the concept that an answer to the specific question was not given.

### Question 4

- (a) Candidates were asked to *analyse one way employee development could be used by a business to encourage intrapreneurship*. This question was generally well answered. Strong answers produced some brief but accurate definitions of the key concepts-employee development and intrapreneurship. Out of the definition of employee development-measures to support employee self-actualization needs and aspirations, identified ways were: training, empowerment, delegated authority, flexible work patterns and leadership opportunities that might encourage innovation and the development of new ideas and different projects. These strong answers then applied these ways to employee and business situations leading to an analysis of the impact of such ways of encouraging a culture of intrapreneurship within a business. Developed analysis often focused not only on the enhanced skills and confidence of employees but also on the likely benefits to a business in the form of increased competitiveness. Weaker responses gave too much descriptive definitional material relating to employee development and intrapreneurship and provided very little application and analysis of ways to encourage intrapreneurship. There is only one mark for an identified ‘way’ with the other four marks awarded for application and analysis. Weaker responses consequently often accessed only one or two marks.

## Section B

### Question 5

- (a) Candidates were required to *analyse two reasons why a business should measure labour productivity*. This question was confidently and accurately answered by many candidates that chose this question. Strong answers defined labour productivity as real economic output per labour hour and used this definition to identify apply and analyse why a business should measure its labour productivity. Reasons given included arguments that measures of labour productivity can be an important indicator of business performance and efficiency/inefficiency, a sign that changes might be needed in resource allocations between investment in capital and labour, and a useful measure to make comparative judgements with competitor performance. Such reasons were then applied to relevant business situations with developed analysis of the value to a business of these measures. An example of strong application and analysis of a measure of declining labour productivity would be a consideration of change options such as an investment in automation, robotics or more training and skills development for employees. Weaker answers identified relevant reasons but gave only limited application and analysis.

- (b) Candidates were asked to *evaluate whether the sustainability of operations is the most important operating factor in a large retail distribution business*. A significant number of those who answered this question struggled to clearly understand the meaning of sustainability and/or ignored or misunderstood the business context of a large retail distribution business (such as Amazon). Frequent references to production issues rather than to distribution issues indicated a lack of business contextual understanding. Strong answers recognised sustainability to be concerned with issues such as current operating processes putting at risk future resources and deeds, and the responsibility to take account of societal and environmental impacts of commercial business practices. Against this relevant background strong answers examined the likely operating factors in a large retail distribution business such as sustainable packaging for items made ready for distribution, the use of low carbon delivery methods such as electric vans, and low energy consumption strategies in distribution warehouses. These sustainable practices were then analysed in terms of how they might be achieved and how they might impact on a business and its environment. Such application and analysis in context supported evaluative questions, conclusions, and judgements that for example considered whether the main purpose of a commercial retail distribution business is to cut costs and make profits rather than to pursue sustainability goals. It might however be suggested that operational efficiency and operational sustainability are much the same—waste reduction, energy reduction and efficient resource usage can reduce costs and increase sustainability aspirations. Those candidates who included well supported judgements and conclusions were however in a minority. Many answers with strong application and analysis, presented very limited evaluation.

#### Question 6

- (a) This question required candidates to *analyse two benefits to a business of customer relationship marketing*. This was generally well answered with most candidates demonstrating a sound understanding of customer relationship marketing. The most popular advantages identified were enhanced customer loyalty, the attraction of new customers, and the retention of existing ones. The application focused on the customer being placed at the centre of all marketing decisions, with a rich business-customer interface providing a powerful two-way information flow. Analysis included a focus on the improvement of relationships with customers that allows simpler and more effective marketing and advertising campaigns together with more effective learning opportunities to better understand customer needs and behaviours. Weaker answers presented limited or very little analysis of identified benefits of customer relationship marketing.
- (b) Candidates were required to *evaluate the view that market research is essential for effective product development in a hotel*. One might have thought that the context of a hotel would provide candidates with many examples of how product development might play a significant role in the success and sustained success of a hotel business. However, many responses simply discussed market research in a very general way and linked the activity together with the marketing mix to non-descript organisations rather than to hotels. A number of answers provided long descriptive essays with no context material at all. Stronger answers recognised product development activities in the form of new services such as swimming pools and hot tubs and enhanced services such as refurbished bedrooms and improved quality food offerings. Analysis in these stronger essays often referred to how better food was derived from higher quality local suppliers and the likely impact on the guest experience resulting in more loyal and regular returning guests. A minority of candidates produced an analytically supported judgement/conclusion. Some suggested that market research must come before product development in order that customer feedback informs any product changes that might be made. Others concluded that product development changes may need to be made quickly and to wait for market research results would be a mistake.



# BUSINESS

Paper 9609/13  
Business Concepts 1 Paper 13

## Key messages

- Many candidates need to emphasise the context given for **Question 5(b)** and **Question 6(b)**. Otherwise, good knowledge, application, and analysis context is overlooked. In the answer to **Question 5(b)** for example, references to social media outlets such as Facebook, TikTok, WhatsApp, and X together with social media language such as platforms and applications serves to strengthen and confirm the relevance of the response. The marks awarded to such answers will reflect this emphasis and relevance.
- Candidates are once again reminded that for **Question 5(b)** and **Question 6(b)** there are 2 marks each for knowledge, application, and analysis and 6 marks for evaluation. Candidates need to consider the time that needs to be reserved in order to write a substantial evaluative section which contains a contextualised judgement. This may require a little less analysis outside of this evaluative section. This final evaluative section should include some contextually strong summary analysis that supports an explicit judgement relating to the specific question asked.

## General comments

- The questions on this paper proved to be accessible to most candidates.
- Many candidates, particularly in **section A** of the paper, were able to confidently define and explain a range of business concepts taken from the specification.
- In **section B** of the paper candidates need to note that **Questions 5(a)** and **6(a)** require analysis of **two** reasons. Some answers analysed only one reason, and some gave more than two reasons.
- It is also important to note that the marks awarded for each reason given in **Questions 5(a)** and **Question 6(a)** are one mark for knowledge, one mark for application, and two marks for analysis. There are no marks for evaluation in these questions.

## Comments on specific questions

### Section A

#### Question 1

- (a) Most candidates found this question accessible with a large proportion scoring maximum marks for a clear and accurate definition of *labour turnover*. Most answers referenced to the rate at which employees leave an organisation during a specified period of time. Some candidates however did not refer to a period of time in their definition and thus presented only a partial definition.
- (b) This question required candidates to *explain one* implication for a business of having a low rate of *turnover*. Most candidates were able to present either a positive implication such as *a reduction in the cost of replacing employees* or *the retention of experience and expertise*, or a negative implication such as *the lack of new ideas* or *the high cost of long serving employees*. Strong answers gave a developed explanation of the chosen implication while weaker answers gave only limited explanation.

#### Question 2

- (a) A majority of candidates correctly defined *product differentiation* in terms of *making a product distinctive so that it stands out from the competition* and secured maximum marks. Some

candidates however had little understanding of this business concept or confused it with product portfolio.

- (b) This question required candidates to *explain one reason why product development might be important to a business*. Most successful answers interpreted product development either in terms of developing a *new product* or in terms of the further development of *existing products*. Reasons given included *the need to keep up with competition*, *to exploit new markets and increase existing ones*, and *taking advantage of the latest technology*. Developed explanation requires two pieces of linked explanation/application and many candidates were able to present such explanation.

Some candidates however misread or misunderstood the question and repeated information on *product differentiation*. Some strong answers recognised that *product development* could well lead to a business strengthening its competitive position in a market.

### Question 3

- (a) Candidates were required to define the term *government grant*. This was very well answered with definitions such as *money given by government as an external source of finance (for a specific project or start up capital) which may or may not be needed to pay back*.
- (b) This question required candidates to *explain one advantage of using retained earnings as a source of business finance*. Many confident and relevant advantages were given including *internal funds being easier to access*, *requiring no interest payments*, *no requirement to pay back to external providers* and *no need to take on or extend business debt*. Some weak answers did not fully understand the concept of *retained earnings* and/or were unable to give developed or limited explanation of the *advantages to a business of having an internal source of finance* such as retained earnings.

### Question 4

Candidates were required to *analyse one likely impact on a business of outsourcing its production process*. The five marks available in this question were: 1 mark for *identifying* a likely impact, 2 marks for *application/explanation* of the impact and 2 marks for *analysing* that impact. Strong answers identified possible cost savings, the ability to *take advantage of external expertise*, and the opportunity to focus on core business capabilities as *positive impacts* on a business. Potential negative impacts on a business from outsourcing the production process *include references to possible increases in production costs*, *loss of control of the production process*, and *potential reputational damage to a business*. Strong answers developed explanations/applications and analysis of the chosen impact such as reducing costs through low labour rates in an outsourced business or suffering reputational damage through low quality production in an outsourced business. Some of the best answers used an actual business example to support their answers.

Weaker answers spent too much time defining *outsourcing*, for which no marks were available, and too much descriptive discussion of a likely impact. This resulted in little effective application of analytical comment.

## Section B

### Question 5

- (a) Candidates were required to *analyse two reasons why a business might choose to grow internally*. Strong answers identified reasons such as avoiding the high costs and risks of external growth, the preference to stay small, and to retain business culture and control. While the application of these reasons to sound business situations was generally good, the analysis of these reasons was often quite limited. Strong analysis of avoiding the potential high cost of external analysis could have referred to the lower investment required for internal growth which could be met from internal financial sources such as retained earnings, and consequently avoiding the need for increased business debt.
- (b) This question required an evaluation of the statement that *even a friendly merger between two social media companies may not be successful*. Strong answers presented a clear understanding of friendly mergers and used live examples of successful and unsuccessful mergers between social media companies. Analysis tended to focus on the lack of synergies and cultural fit between merged companies with sound references to the language and context of social media such as websites, platforms and applications. Unfortunately the evaluative conclusions given were often

rather general and descriptive and failed to incorporate the contextual language of social media in judgements given. It is important that the detailed contextual examples and language used in earlier analysis is carried through into the evaluative conclusions and judgements.

### Question 6

- (a) This question required an analysis of *two reasons why a business might use external recruitment*. Most candidates interpreted the question in terms of a business recruiting employees from outside of the business rather than from within the business. Some candidates interpreted the question more specifically in terms of a business using an external recruitment agency to recruit employees. Both interpretations were acceptable. Relevant reasons given included the opportunity to recruit from a larger pool of potential employees, the need to bring in fresh ideas into a business together with new skills, experience, and expertise. As with the answers to **Question 5(a)** weaker answers presented only limited analysis of each reason given. An example of developed analysis of the reason given relating to the import of new skills and expertise would have been to indicate how this would have better equipped a business to meet the demands of changing technologies and different customer expectations and to maintain or strengthen business competitiveness.
- (b) Candidates were required to *evaluate whether the contribution of the managers in a new hospital will have the most influence on its performance*. Strong answers presented a sound understanding of the roles and functions of managers in any business and used the management concepts developed by Fayol and Mintzberg to establish a clear and essential role for managers in a new hospital. Such strong answers recognised the initial management activities of recruiting staff, purchasing medical equipment, and setting up vital delivery systems and processes. Once established, the hospital requires managers and medical staff to work together efficiently and effectively to deliver the mission and purpose of the hospital; to improve the health of its patients. Judgements made included references to how managers, if efficient, can make an effective contribution to hospital performance, or if not efficient, get in the way of medical staff and so reduce hospital performance.

Weak answers were unable to analyse the potential role of managers or to recognise the complexity of stakeholder needs and roles in a hospital and were consequently unable to apply business concepts to a hospital situation. Weak answers often presented little or no evaluative comments of substance relating to this question.



# BUSINESS

Paper 9609/21  
Business Concepts 2 Paper 21

## Key messages

- There is an improvement in candidates using the case material in attempting 'analyse and evaluate' questions.
- The majority of candidates managed to score 'application and analysis' marks on **parts (c) and (d)**. Candidates can reach application and analysis with a few well-developed points. A contextualised good chain of reasoning is the basis for 'developed analysis'.
- In **Questions 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.
- Advise candidates to use clear handwriting.
- In calculation questions, **1b(i) and 2b(i)** advise candidates to always show their workings. Use of a calculator should be encouraged.
- Remind candidates to be aware of the marks available for each question so that they spend the appropriate time on each question and devote adequate time to contextualised, analytical and evaluative questions especially in **Questions 1c, 1d, 2c and 2d**.
- Advise candidates that answers requiring the use of context, such as to **Question 2c**, should integrate the information from the case study not just repeat it.
- Ensure full understanding of the command words.
- Practice 'identify/explain' 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. In **Question 1c** there was a clear difference between candidates who demonstrated understanding of development of a country (as in the question) and candidates who interpreted it as development of the business.

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

- Identify questions such as **1(ai)** and **2(aii)** do not need explanation or examples.
- Define the main terms in a question – **Question 2d** the two knowledge marks could be gained by correctly defining the 2 terms used in the question, operations and added value.
- Use the context.
- Identify opportunities to analyse – good analysis based on a contextualised chain of reasoning. **Questions 1(c) and 2(c)** asked for **two** elements in the answer, best answers wrote two distinct paragraphs with each demonstrating a contextualised chain of reasoning.
- Identify opportunities to evaluate – **Question 2(d)** required a justified judgement on the impact on **HRM**. Otherwise good answers missed the link to HRM and discussed the impact on the business generally.

There was no apparent evidence of time being an issue with most candidates, and candidates overall, showed a good grasp of business terminology and could express themselves effectively.

### Comments on specific questions

#### Question 1

(a) (i) Generally well answered – common answers included extraction of raw materials or an example of a primary sector industry such as mining. Where answers were less successful, this was due to them being too vague such as ‘raw materials’ – not distinguishing between the extraction/production of raw materials and their use in production.

(ii) Some confusion seen between an intrapreneur and an entrepreneur. Many answers gained 2 marks but did not provide sufficient explanation or an example for the third mark.

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

(b) (i) Very few correct answers to this question. Many calculated 9.5 per cent but did not subtract the previous market share of 8 per cent to give the change. Many answers did well by showing their working. Candidates should be encouraged to do this, as well as show the formula in numerical questions. Remind candidates to read the case study carefully as the 8 per cent was stated in the case study. Some candidates wasted time by also calculating this figure. Own figure rule (OFR) applies in this situation.

(ii) Nearly all candidates could correctly identify a benefit of product development. However, few answers defined product development rather than focussing on a benefit. Application marks could be gained by using the answer given to 1(b)(i) to show increased market share as a benefit. Good responses put this in the context of the information in table 1.1.

(c) This question required two roles that could link to the development of a country. The best approach here is to provide two distinct paragraphs with one role identified and analysed in context in each paragraph. This question really polarised candidates – those who understood development of a country and those who linked it to the development of the business. Some answers referred to an increase in employment in the primary sector but did not explain the link to the secondary sector business in the case study.

(d) Candidates need to make clear their understanding of the terms used in the question by beginning with a brief definition of the term, HRM, in the question, for the knowledge marks. Six out of the 12 marks available were for evaluation, candidates who did this in context could quickly gain at least 5 out of the 6 marks available. For the sixth mark candidates were required to make an overall judgement, in context, such as such as the most likely impact on HRM. Confusion seen with the term ‘diversity’ taken to mean that people do different jobs so they do not get bored. Limited application to the impact that this would have on an HRM (for example, improving training) and most answers just applied it to FE. Generally, knowledge was sound, and impacts were good, but again, application to HRM was poor.

#### Question 2

(a) (i) The question was well answered with knowledge continuity being the most commonly seen correct answer. Some answers just stated continuity, a vague answer as it does not distinguish a family business from a limited company.

(ii) Some answers to this question lacked clarity – there were some attempts to explain the term, but they were convoluted and unclear – explaining what it is **not**, e.g. a mass market (rather than what it is), in their definition, thus not showing clear knowledge. Application marks could be gained by including characteristics of a niche market, such as few competitors and by giving an example of a niche market such as the market luxury watches or even the market for product C (in the case study).

(b) (i) This question was well answered with many candidates showing their working, which allowed their thought process to be seen and correct steps to be awarded marks. This was answered better than the calculation in 1(b)(i). Some candidates gave the answer in per cent rather than \$, which is a very basic error that should not be made. Some answers calculated the correct forecast increase in total revenue but did not calculate product C’s contribution. These answers were able to gain some marks if they showed their workings.

- (ii) Most candidates were able to explain the benefit of a budget, but some candidates defined a budget rather than explaining a benefit. Again, context related to the case study is required and their answer to **2(b)(i)** could be used to illustrate a benefit.
- (c) This was perhaps the least well-answered question. It was clear which candidates understood the Boston Matrix and which candidates were less secure in their knowledge. Once again, the best approach here is to provide two distinct paragraphs, one paragraph identifying and analysing an advantage and one paragraph identifying and analysing a disadvantage, in context. The case study contained a number of points of use in this answer such as stating the cash cows and question marks.
- (d) Candidates displayed a good understanding of operations and added value, but the question effectively discriminated between those who did and did not understand what added value is. Knowledge marks could be gained by defining each term, 'operations' and 'added value'. Very limited application other than 'coffee powder' and 'glass jars' – few candidates included enough relevant context to get 2 AO2 marks. Good answers spotted the numerous operations required to produce the coffee powder and integrated this point into their answers. Evaluations were not particularly detailed or developed, with justification and application lacking in many instances. An evaluative comment, supported by a contextualised chain of reasoning, was awarded 5 out of 6 marks. The sixth mark required a judgement on whether operations is important to added value or were there other areas of the business, for example, marketing or branding, that could be more important, especially as the same coffee powder is used in each product. Any judgement should be fully justified and supported by using the context.





# BUSINESS

---

<p>Paper 9609/22 Business Concepts 2 Paper 22</p>
---

## Key messages

- Each question has a type of response that the command word should trigger:
  - Identify – show knowledge in the shortest form possible. No need for sentences, just a bullet point type answer.
  - Explain – show knowledge of the term/impact/benefit, explain the theory behind it and then apply it to a business. If the question asks about a specific business (i.e. PP or TDC in this examination) then this must be what it is applied to. If there is no business or stakeholder named, then the candidates should come up with their own business to apply it to (perhaps one they have studied in class).
  - Calculate – show every stage (including the formula) and make sure the answer is what the question has asked for. Make the answer very clear to the examiner. Perhaps underline or write answer =.
  - Analyse – show knowledge of the point (which could be an advantage/disadvantage/impact/costs/benefit etc.), apply to the context of the data, and then give a clear chain of analysis of how this point could affect the given business or stakeholder. A good chain of analysis should have a minimum of two links.
  - Evaluate – show knowledge of the term(s), apply this to the data, use at least one chain of analysis to show the impact on the business and make judgements that answer the question throughout an answer. Use the wording of the question to focus these judgements (i.e. therefore this shows why the merger will enable TDC...). At the end of the response give an overall conclusion that has an explicit answer to the question with justification of why this judgement is correct. The best evaluative answers also go on to show what the judgement might 'depend upon' (such as the short/long term, the actions of competitors etc.).
- Read the question fully. Examinations can be stressful and there is often an urgency to get writing. However, some time spent at the start of the examination reading and understanding the data and the questions is always beneficial.
- Numbers and calculated answers can provide some of the best contextual data to use in answers. For example, in **Question 1d**, some candidates stated that the growing division has a high trade union membership. This is true, but by including the figure (100 per cent), the data is more useful and clearly contextual. Candidates should be encouraged to use numeric data when possible.

## General comments

Few candidates seemed to have timing issues, and the vast majority of candidates completed all of the questions. Each piece of data was used well and has a number of relevant pieces of context that could be used for most of the questions.

Some candidates attempted to use every piece of data and many chains of analysis to make their points, especially in **Question 1d** and **2d**. This often led to not having enough time left to fully evaluate their judgement, which is where 50 per cent of the marks come from on these questions.

### Comments on specific questions

#### Question 1

- (a) (i) A question with the command word 'identify' only requires the briefest of answers. In this case, the question asked candidates to 'identify one promotion method'. Many candidates were able to give a specific promotion method that is named in the syllabus and any of these was an acceptable answer.

However, some candidates attempted to give an example of a promotion method. The most common of these was 'BOGOF' (buy one get one free). This is an example of a sales promotion and not identifying a promotion method as such.

These one mark questions require candidates to have a good knowledge of the syllabus terms and key term revision is likely to improve performance in these questions.

- (ii) Any term which has more than one word, requires candidates to explain each word and how they relate to one another. In this question candidates were asked to explain 'capital expenditure'. Most candidates had some idea of what 'capital' meant, but there were many examples where candidate ignored 'expenditure' or simply used the word to describe itself (a tautology). For example, an answer such as 'capital expenditure is when a business has expenses for long term assets'. 'Expenses' and 'expenditure' are derived from the same word and so does not necessarily show understanding.

The best answers showed understanding of what expenditure is as well as understanding of what capital is, and then brought the two terms together to give an example of capital expenditure (the most common of which was machinery) or some other way of showing good understanding of capital expenditure.

- (b) (i) As with most calculation questions, some candidates found this relatively easy, whilst others did not know how to begin the calculation.

With all calculations on this examination, the best place to start is with a formula. A formula is not necessary to gain all of the marks, but it shows understanding of the concept and allows the examiner to award the first mark easily, even if all the subsequent numbers are wrong.

The wording of the question was very important here. Candidates were asked for the labour turnover rate for PP; this therefore requires the combination of both divisions of PP. Some candidates gave separate labour turnover rates for each division. As long as these were correctly rounded, then the candidate could gain two marks for these calculations.

However, many candidates followed the correct route and added together the average workforce and total number of employees who left in both divisions, giving a correct answer in most cases.

- (ii) Many candidates started their answer to this question with a definition of a trade union. There is nothing wrong with starting in this way, but it was not necessary for this question. The basic knowledge mark for this question was gained, not by understanding of a trade union, but by identifying an impact on PP of its employees being trade union members. For example, the business may face higher wage demands, due to the employees being trade union members.

To gain further marks, candidates needed to explain their point further and then put it into the context of PP. The context was often the most difficult aspect for candidates to gain, but the data and result of the previous question was an obvious piece of context to use. The best responses came from candidates who looked at the context of PP and used this to decide on which impact to explain.

In the case of PP, it has a 20 per cent labour turnover rate, so it may have dissatisfied employees who are more likely to strike. This would have a serious impact on PP's ability to continue production, especially in the growing division where it has 100 per cent trade union membership.

Candidates who start with the data are always more likely to find a contextual answer than those candidates who are just trying to remember what they learned.

- (c) Again, this question did not require a definition of outsourcing, but many candidates chose to start with this. The question asks for an advantage and a disadvantage, and most candidates sensibly set out their answer in this format.

For each point, the answer should have identified the advantage/disadvantage, put it into the context of PP, and then shown a chain of analysis of how this could impact PP. This chain of analysis should link together the possible impacts. For example, one of the most common advantages was that the production of pots may cost less when outsourced. An easy way to contextualise this might be to refer to the 'mass customisation' that can be done by FF. If PP wanted to have pots in any size and colour, then it is likely to require PP to buy expensive machinery. By not having to buy this machinery, PP can use the cash on increasing its production of plants, which could increase PP's revenue, which may increase its profit, which may lead to greater dividends for its shareholders. This is a chain of analysis of the advantage of outsourcing. Candidates who can draw together impacts in this chain are far more likely to receive high marks for analysis questions.

A few candidates attempted to argue that outsourcing would be more expensive for PP, and therefore it is a disadvantage. This was not accepted as a disadvantage unless the candidate could find a valid reason why it might be more expensive. A business is highly unlikely to use outsourcing if it could produce the product itself more cheaply. However, if a candidate were able to find a contextual reason why this might be the case (such as the likely high costs of transportation for pots produced by FF in country S) then this point could be rewarded.

- (d) This question asked candidates to evaluate the importance of workforce planning to PP. Some candidates did not understand the difference between workforce planning (forecasting the number of employees and the skills needed for a business to reach its objectives) and human resource management. This was obvious where some candidates gave analysis and evaluation of the importance of recruiting, selecting, appraising, motivating and dismissing workers. In other words their entire answer was about how to manage employees already within the organisation, not planning/forecasting the businesses needs for employees.

The focus of this question was on workforce planning and, as such, candidates who were looking at other HR issues often failed to do well on this question.

The best responses focused on the benefits of forecasting the number and skills of PP's employees and how this might affect PP. There was good use of context in these answers, often drawing on the relatively high labour turnover (which had been calculated in **Question 1bi**) and the high trade union membership in the growing division. Both of these may make workforce planning important for PP, over other areas of the business.

To evaluate, candidates had to give a judgement about the importance of workforce planning to PP. Some candidates avoided using the wording of the question, but this made it harder for them to come to a valid judgement. For example, some candidates came to the conclusion that workforce planning was very 'beneficial' to PP. This does not answer the question about the importance of workforce planning. Examiners very carefully select the wording of questions because we expect answers to be focused on this wording. An evaluative judgement that is not specifically about 'importance' in this question, was unlikely to have valid evaluation.

## Question 2

- (a) (i) This was a well-answered question with most candidates able to name one stage of the product life cycle. 'Introduction' and 'growth' were the most common correct answers.

Candidates must be careful not give more than one answer to questions such as these. For any question which specifically asks for a number of points (in this case one stage of the product life cycle), only that number of answers can be rewarded. Therefore, if a candidate gives two answers, only the first can be rewarded.

- (ii) Limited liability was a reasonably well understood term. Most candidates were able to identify that it protected shareholders and could explain how this protection allowed them to not lose their personal wealth beyond that which was invested.



However, candidates needed to show that they could apply their knowledge to a business context. If a question specifically refers to the data (for example in **Question 2bii** this is a benefit to TDC), then this context should be from the data. However, this question does not name a specific business, so candidates should bring their own examples. In this case, any type of business which has limited liability (such as a private or public limited company), shows that the candidate can apply their knowledge to a business context. This skill was often lacking in responses.

- (b)(i) This question was done well by the majority of candidates. Most could identify that the variance was \$60m and most correctly identified this as an adverse variance. A few candidates stated that this was a favourable variance, but in most cases, this was a miscalculation.
- (ii) Most candidates could identify a benefit of using budgets and there was often some reasonable explanation of how a budget could be a benefit to any business.

However, this question was specifically about the benefit to PP of using budgets. Therefore, for a full-mark answer, the benefit must be applied to PP. The easiest way to do this would be to refer back to their answer given in **Question 2bi**. This clearly shows that PP had an adverse revenue budget of \$60m and this data could be used change next year's budget, or to find out what went wrong in 2023.

- (c) The most common mistake on this question, was where candidates confused the Boston Matrix with the product life cycle. Both concepts are ways to analyse a business's product portfolio, but this question was specifically about the Boston Matrix.

The most obvious way to show knowledge and application was to name one of PP's products and state which quadrant of the Boston Matrix it is in. For example, Vtropical is a question mark. This shows understanding of the Boston Matrix as well as application of the data. Candidates who started each point with a clear piece of knowledge and application, often had much better answers.

The theory of using the Boston Matrix usually lies in knowing how a business can use the data about its products position. Generally, question marks need significant investment to grab more market share and become stars. Stars also need significant investment but are likely to bring in significant revenue due to their high market share. Whereas cash cows do not require much investment but bring in significant revenue and generally a business will want to keep its products as a cash cow as long as possible. VOrange (which is a dog based on Table 2.1) is most likely to be discontinued.

Candidates who could use the Boston Matrix in this way and analyse the impact on the business of the investment and revenue potential of each product were likely to have excellent answers.

- (d) The knowledge required in this question was to do with mergers and business objectives. In this case, a horizontal merger with a business at the same stage of production (manufacturing and selling soft drinks) and two stated objectives from the data. This should have formed the basis of most candidates' answers.

The data provided has some obvious signposts to elements of the merger which might enable TDC to achieve its objectives and elements that may not. Good answers recognised that the merger may not be a perfect fit for TDC, but came to a judgement about whether they believed it would or would not help TDC to achieve its objectives.

If a candidate came to a judgement on either side (that it would, or that it would not enable TDC to achieve its objectives) then this could form valid evaluation. There was no requirement for a candidate to agree with the examiner, as long as the analysis and evaluation backed up their judgement. This is an important point when preparing candidates for **part d** questions on this examination. Examiners are not looking for a correct answer, we are only looking for the skills of knowledge and understanding, application, analysis and evaluation to be shown. Any valid and relevant judgement can be rewarded.

The best responses showed knowledge of mergers and objectives, analysed how the merger will or will not enable TDC to achieve its objectives and then came to a clear and explicit judgement.

Since half of the marks on this question are awarded for evaluation, candidates should focus on evaluation for a significant proportion of their response. However, some candidates had fantastic

analysis (far more than was required to achieve the 2 AO3 marks in this question), but then only gave a sentence of evaluation. Good evaluation can be included for every point made, as well as at the end of a response. More time evaluating and less building analysis beyond what is required is likely to improve some candidates' responses.



# BUSINESS

Paper 9609/23  
Business Concepts 2 Paper 23

## Key messages

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

It is strongly recommended that teachers ensure that candidates understand how marks are awarded for 12 mark 'Recommend' or 'Evaluate' answers. Many candidates started their answer with their 'recommendation' or 'evaluation', which was often a simple one-line statement. In this situation the absolute maximum mark that could be awarded was 1 evaluation mark (if there was no further evaluation later in the answer) as there was no justification or development of the answer. It is also important to answer the question, for example: 'I suggest that BB should use batch production to produce bricks' does not answer the question asked (evaluate whether BB should use flow production to produce bricks). A clear overall judgement that answers the specific question is required.

Structuring effective answers should be taught to ensure that evaluations and recommendations are completed well at the end of analyses to enable candidates to develop and justify their final judgement. 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.

## General comments

Candidates generally found this paper accessible, and they showed a good understanding of the nature of the two businesses. There did not appear to be any timing issues as most candidates finished the paper and provided reasonable responses to all questions.

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

Tautological answers were not rewarded – for example, a national business cannot be explained with the word 'national'. Candidates must use their business knowledge to show understanding and explain the term in their own words.

## Comments on specific questions

### **Question 1**

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

- (a) (i)** 'Identify' is a simple command word that only requires a one or two-word answer. Many candidates wrote lengthy answers which explained how a risk to a business may occur, which was not required. These candidates could have gained the mark with just a few words. Candidates do not



need to write in full sentences to answer an 'identify' question. This question assessed non-contextual knowledge and did not require answers applied to BB.

A range of answers were accepted. Popular answers were risks of business failure/bankruptcy or low profits/cashflow.

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

Most candidates were awarded the knowledge mark as they could demonstrate knowledge of 'national' by stating 'within a country', 'one country' or 'domestic'. The first application mark was awarded for an explanation of a national business, i.e. the business sells its products in only one country, or using a contrast with a local or international/global business, i.e. the national business does not operate worldwide. The final application mark was awarded for a contextual answer, e.g. some candidates gave examples of well-known national businesses.

- (b)(i) This question required candidates to perform a numerical calculation to find the total cost for the 25-year period of using hire purchase if Brenda chooses to use flow production.

Candidates are always encouraged to show their workings for 'calculate' questions so the Examiner can award process marks if the final answer is incorrect.

- (ii) The first knowledge mark for this question was awarded for giving an appropriate advantage of using hire purchase as a source of finance. To be awarded the knowledge mark the candidate had to give a clear advantage and not just a feature. Some candidates gave a disadvantage, for instance having to pay interest, which was not rewardable as it did not answer the question. It is therefore important that candidates carefully read the question and ensure that their answer addresses it appropriately. The advantage also had to show knowledge of hire purchase and answers that inferred renting/leasing were not rewardable. The first application mark was awarded for a developed explanation of the advantage and the second application mark was awarded if the explanation related to the context of BB.

- (c) For this question candidates were required to analyse two limitations for BB of creating a business plan. Many candidates started their answer by defining a business plan or explaining typical contents which did not gain any marks as these answers did not directly address the question. Introductory paragraphs, no matter how well they are worded, are likely to be superfluous and waste valuable examination time.

The first knowledge mark was gained by candidates giving a limitation of creating a business plan such as the time required to produce one or that the plans might lead to inflexibility. The second mark was for application to BB using content from the business context.

Candidates should then create a chain of analysis to show the effect of the limitation on the business. Analysis can be limited or developed. Limited analysis is for an answer with one link in the chain of analysis, whereas developed analysis is where the candidate shows two or more links in the chain of analysis or gives a two-sided analysis. Limited analysis may be that the business may not deviate from the plans set out in the business plan (inflexibility) which could lead to the business missing out on opportunities to increase revenue. This answer could then be taken further to developed analysis by considering how the limited/missed revenue may reduce profitability for BB.

Developed analysis is the key to all questions involving **AO3** and it is always better to have one developed piece of analysis, than several pieces of limited analysis. Developed analysis enables candidates to achieve higher marks as it requires greater skill and understanding.

- (d) This question required candidates to provide a developed judgement about whether BB should use flow production to produce bricks. The best answers considered balancing arguments, i.e. positive and negative implications of flow production and then came to a justified conclusion.

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

Many candidates gave a brief conclusion (which often repeated the earlier arguments) at the end of the answer. This is never enough to move beyond limited evaluation.

The skill of evaluation is to judge the quality, importance, amount, or value of something. In this case, it is to evaluate whether BB should use flow production to produce bricks. Evaluation can occur anywhere in a candidate's answer. Some answers evaluated throughout the answer, leading to an overall judgement at the end in the specific context of BB. This approach led to higher marks. A number of candidates showed developed evaluation in context, and it is an area that centres should focus on to support future candidates to prepare for the examination.

## Question 2

- (a) (i) Some answers started with an introduction to explain what is meant by a franchise and/or gave examples of well-known franchise businesses. The examples did not answer the question and did not attract any marks. Candidates do not need to write in full sentences to answer an 'identify' question, and a one or two-word response is sufficient. This question assessed non-contextual knowledge. The feature could also be from the perspective of the franchisee or franchisor. The right to use another business's logo/name and having to share the profits with the franchisor were both popular answers.

Some candidates gave generic answers relating to larger businesses such as the business has multiple branches. However, this was not rewardable as it could apply to any business with several stores or bases, e.g. a national or international business. These generic answers were not specific to a franchise and showed no knowledge or understanding of a franchise.

- (ii) Many candidates gained two marks (one knowledge and one application) by writing the formula to calculate market share. The knowledge mark was given for a reference to the sales of a specific business or a product. The first application mark was for a comparison to the sales of the total market.

Fewer candidates were awarded the second application mark. The second application mark was gained for application to a business context. For example stating that the market share can be used to compare the size of the business with competitors, or that it shows the amount of power that a business has within a market. An alternative way of gaining the second application mark was to apply it to VB, for instance VB added vegan pizza to help it gain a higher share of the fast food market.

- (b) (i) This question asked candidates to calculate VB's breakeven level of output per month per restaurant. Many candidates were awarded the full three marks.
- (ii) This question required answers to be applied to VB. Candidates must carefully read the question to ensure that they know when they need to apply to a specific business context.

The first knowledge mark was gained by candidates discussing a reason for accurate cost information, for instance to calculate profit or loss, or supporting pricing decisions.

The first application mark was given for an explanation of the reason such as to ensure that all costs are covered by the prices set. The second application mark was given for application to VB, such as 'fixed costs per month of \$1000'.

- (c) This question was worth 8 marks. Many candidates gave a definition of on-the-job training which did not answer the question directly and so could not be given any marks. Giving generic definitions about a key word in a question is a waste of time and effort. It is better to focus on what the question asks as it is the only way to gain all of the marks available. For the knowledge mark candidates had to show knowledge of a benefit of on-the-job training. The benefit had to be specific to on-the-job training and generic answers that could equally apply to other types of training, such as off-the-job training, were not rewarded.

A popular answer for this question was that the employees will still produce output whilst being trained. This answer was specific to on-the-job training and could not apply to off-the-job training and could be given a knowledge mark.

Application marks were awarded if candidates applied context from VB in their answer. Half of the eight marks were for analysis. Analysis can be limited or developed. Limited analysis is for an answer with one link in the chain of analysis, whereas developed analysis is where the candidate shows two or more links in the chain of analysis or gives a two-sided analysis. Most candidates were able to demonstrate at least limited analysis.

- (d) For this question candidate had to evaluate whether VB should continue to market vegan pizza. The knowledge marks could be awarded for knowledge of marketing within the answer. Many candidates gained the application marks as they were able to apply the context to their answers.

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

Some answers evaluated throughout the answer, but most answers gave an evaluative judgement/conclusion at the end. The evaluation could be limited with a simple judgement, developed where the judgement is supported by further evidence, or developed with supporting evidence in context. Some candidates did not use the context effectively within the evaluation and this is a skill that centres should focus on in the future. Centres should also support candidates to directly answer the question set, as some candidates evaluated if VB should introduce hot desserts. Introducing the new product could be development of a judgement to not continue to market vegan pizza, but just stating that VB should introduce hot desserts, with no reference to the continuation of marketing vegan pizza, did not answer the question.



# BUSINESS

---

<p>Paper 9609/31 Business Decision-Making Paper 31</p>
--

## Key messages

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

## General comments

This was an accessible case study rooted in a chocolate manufacturing context. There was evidence that some centres had studied the assessment model in detail and prepared candidates effectively. As a result, they knew what to expect in terms of skills and how to structure responses in the 8 and 12 mark questions. In particular the need for two developed points in 8 mark questions and clear 'in context' evaluation in 12 mark questions. However, there is significant room for improvement, both in candidate understanding and use of theory concepts, as well as structuring answers that address the exact question. Common errors are described in the section on individual questions to help teachers support candidates with some of the commonly misunderstood calculations and concepts.

The best answers demonstrated excellent understanding of AS/A Level Business concepts and these candidates used data and information from the case study to support answers. However, there were also answers that reflected a more general approach, inclined towards generic 'textbook' knowledge and analysis.



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 decision is required, such as whether to build the new factory in country M 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 be encouraged to consider alternative views, such as, in this case, TC should carry out more substantial research before making the decision.

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

### **Comments on specific questions**

#### **Topochoc Enterprises (TC)**

##### **Question 1**

##### **Analyse two benefits to TC of marketing planning for the new range of chocolate bars. (8)**

This question was well answered by some candidates, who showed a good understanding of marketing planning and the importance of this in the launch of a new, differentiated product. However, many candidates treated this as a more general question about marketing and did not apply it to the new range of chocolate bars. The requirement here was for two well-developed points and the best candidates split their answer clearly into two sections, one developing each point. Application marks were generally gained by linking the need for marketing planning for the launch of new, lower cost bars and the new distribution method, selling through supermarkets. Analysis points were then built, such as widening the customer base to those looking for less 'luxurious' chocolate product and increasing sales and potentially profit. Better candidates also observed that the Board of Directors would be more likely to approve the new product if they were able to see the benefits outlined in an effective marketing plan.

##### **Question 2**

##### **Analyse two benefits to TC of investing in artificial intelligence (AI) for human resources management (HRM) (8)**

This question was quite well-answered by many candidates, who showed a reasonable understanding of the nature of AI and possible uses in HRM. Many candidates picked up and developed the uses suggested in the case, such as selection and training. The requirement here was for two well developed points and the best candidates split their answer clearly into two sections, one for each point. Application marks were generally gained by suggesting that the selection of new chocolate manufacturers may be fairer and quicker using AI and induction training may be done virtually, without the use of existing employees. Analysis points were then built, such as how TC might employ 'the right people' for jobs, thus improving efficiency in production and production time would not be lost in training, thus improving overall productivity and profitability.

##### **Question 3**

##### **(a) (i) Refer to Table 1.1. and Fig. 1.1. Calculate the acid test ratio. (2)**

Many candidates correctly stated the formula liquid assets/current liabilities, but far fewer achieved the correct answer of 0.67:1, due to incorrect calculation of liquid assets.

**(ii) Refer to Table 1.1. and Fig. 1.1. Calculate the trade receivables turnover (days). (2)**

Many candidates correctly calculated this at 102.2 days.

1 mark could be gained by correctly stating the formula:

Trade receivables/credit sales × 365 days.

**(b) Evaluate methods CP could use to improve liquidity. (12)**

Candidates found this part of the answer challenging, often due to gaps in their understanding of the concept of liquidity, even though they may have correctly calculated the ratios or given the formulae in **parts (a) and (b)**. However, many candidates identified the high percentage of sales on credit and also the seemingly high levels of inventory held by TC.

Application marks were typically gained by explaining the impact on TC of the ratios calculated in **3a**. Also, recognising the combination of high credit sales and more than 3 months trade receivables days as a potential cause of poor liquidity, as well as inventory holding and associated costs. Analysis points included how TC might improve their trade receivables days, for instance by shortening credit periods, or decreasing the need to hold inventory, perhaps by JIT stock control. Also, analysis of how these methods might increase liquidity, by bringing more cash into the business to pay bills, developed these points. Evaluative alternative views, such as the loss of customers due to TC pressing for earlier payment or the need for reliable suppliers if using JIT were ways of gaining lower level evaluation marks, usually at Level 1.

Higher level evaluation marks were gained by candidates who balanced advantages and disadvantages of methods to improve liquidity but also concluded the best way to achieve this for TC in the short and long run. For example, a company making chocolates, a perishable good could benefit from the implementation of JIT stock control in the long run but this would be costly to set up and bulk buying discounts may be lost in the short term.

**Question 4**

**(a) Refer to Table 1.1. Calculate the expected monetary value (EMV) for the new factory in country M (option B). (4)**

Some candidates carried out this calculation correctly, \$2.6 m, with correct units needed for full marks. A few gained 1, 2 or 3 marks for a partial calculation or incomplete units.

**(b) Evaluate whether TC should build the new factory in country M (option B). (12)**

Most candidates used the answer to **4(a)** or relevant figures from the decision tree data in their response to **4(b)**. There was also the opportunity to refer to figures from Table 1.1, usually the profit figure. Application marks were easily gained by making a comparison between the probabilities of optimistic/pessimistic forecasts for each of the options as well as other relevant reasons for and against the factory, such as international expansion versus the highest cost and apparent lack of research. Analysis marks were gained by developing these points, for example comparing the cost of option B with the latest TC profit figure of \$1 m. Evaluative points such as discussion about different methods of funding the factory, such as paying high interest rates as against lower dividends to shareholders were ways of gaining lower level evaluation marks, usually at Level 1.

Higher level evaluation marks were gained by candidates who balanced both sides and added comments about the possible unreliability of the forecast figures and decision tree probabilities and the importance of other factors such as the market and production conditions in Country M. Some candidates also offered alternative solutions, such as continuing with current marketing methods, including research in country M and then considering building the factory at a later date.

### Question 5

#### **Evaluate the extent to which implementing total quality management (TQM) might reduce costs for TC. (12)**

Many candidates showed a good understanding of TQM or some aspects, such as Kaizen, or the involvement of all employees in quality assurance. This sometimes led to comments such as no need for quality controllers. However, there was confusion, in some cases, where candidates thought that more quality control inspectors would need to be employed, rather than responsibility being passed to production employees. Application marks were typically gained by linking TC's current batch production methods to aspects of TQM, with better candidates observing that production employees already take some responsibility, both in terms of following recipes exactly and adding decorations by hand. Analysis marks were gained by developing these points, for example in observing that further training would be needed to assure quality at all stages and in all areas of the company and that this would prove costly. The time based payment system may also be less suitable, leading to higher costs due to more quality checking and redundancy of quality controllers would be a one off cost. These possible implementation costs could lead to lower profits. Alternative views, such as lower wage costs due to not needing quality controllers and possible motivational effect of giving employees more responsibility were ways of gaining lower level evaluation marks, usually at Level 1.

Higher level evaluation marks were gained by candidates who balanced both sides and reached an overall conclusion as to whether (or not) TQM might reduce costs. Better candidates took a short run/long run view and commented on time taken in implementation. Also, what would be the main advantages and disadvantages of TQM. Some candidates also offered evaluative points in relation to TC employees and whether they may welcome or resist the culture change and extra responsibility. Likewise, the management are accustomed to a 'hard HRM' type approach, will it be easy for them to accept? Lastly, some candidates commented that TC seems to be a traditional manufacturing company, might this be a 'step too far'?

# BUSINESS

---

<p><b>Paper 9609/32</b> <b>Business Decision-Making</b></p>
---

## Key messages

- Knowledge provides the foundation for subsequent analysis and evaluation. It is essential that candidates develop a sound understanding of all terms in the syllabus.
- There is a bias towards evaluation on Paper 3. It is therefore important that candidates employ strategies for making judgements and balancing argument.
- Candidates can use numerical data in answers to provide an effective means of developing context, such as the improvement in labour productivity.
- Limit answers to **Questions 1** and **2** to analysis of two points.
- No evaluative comment is required for **Questions 1** and **2**.

## General comments

Most candidates attempted all questions and appeared to have time to develop answers. Some candidates did not understand all the business concepts and often provided only superficial answers.

There was evidence of effective use of case material across all questions. However, some candidates still copy large sections of text without interpreting what the selected data shows.

Candidates typically completed their responses within the confines of the structured exam booklets provided. This helped ensure that many good answers were focused on a limited number of key points. This often resulted in more effective analysis than those candidates who attempted to cover all possible arguments.

Offering only limited evaluation remains a weakness of the majority of candidates. Providing balance and supported judgements are critical to achieving higher marks on **Question 3 (c)**, **Question 4 (b)** and **Question 5**. Candidates should practice answering questions using past papers and focus on developing supported judgements in context.

## Comments on specific questions

### **Question 1**

Many candidates recognised that the increased competition in the market would likely have a negative impact on HCC. The focus of most analysis was the link between increased competition and the negative impact on sales of HCC. Analysis was developed in context by good answers which linked the larger size of CA resulting in lower unit costs and therefore being able to offer a lower price for the cooking stove compared to HCC. This was then linked to potential HCC customers switching to CA's product and therefore a reduction in demand. Other answers needed to develop more detailed chains of argument to reach Level 2 for AO3. Ideally, answers should develop analysis of an impact that identifies connections between causes, impacts and/or consequences of two points.

To achieve full marks candidates must provide developed analysis of two advantages and for each advantage to be applied to the case context.

It is important to use the case material in answers, but candidates should avoid simply copying out sections of the text without providing any interpretation or development. Weaker answers often referred to CA's cookstove being a direct substitute for HCC's Wonder Stove and that CA, as a larger business, benefited from economies of scale. However, without developing these points no marks were awarded as this was just repeating the case study text.



A few candidates analysed more than two impacts of an increase in competition. Where this happened, marks were awarded for the two impacts scoring the highest marks for AO2 and AO3. Occasionally this may have helped candidates gain a higher mark, however in general it is an ineffective approach as it reduces the time available to answer other questions.

Candidates should also keep in mind that no judgement should be made for **Question 1** and **Question 2**.

### Question 2

The majority of candidates focused their answer on analysing the marketing mix that HCC might use in entering an international market. Candidates therefore commented on the role of price and promotion. However, this question was not about marketing strategy but required an understanding of the different methods of entry into international markets, such as direct exporting, joint ventures, the use of agents and franchising. Good answers typically started by identifying these methods of entry and then split the answer into considering two factors that would influence the choice of method. There was some good analysis of the importance of cost which highlighted the advantage of using joint ventures. Other effective answers linked the desire of HCC to enter country K before competitors to direct export, or highlighted that building a factory in country K might take too long.

Many candidates scored low or no marks where only marketing strategy was discussed. This highlights the importance of candidates building familiarity with all terms in the syllabus to avoid confusion

### Question 3

- (a) A majority of candidates calculated the annual labour productivity of 7500 units correctly.
- (b) Most candidates did not know how to calculate the rate of absenteeism and a few completely omitted the question. As there are eight marks for calculations on **Paper 3** it is essential that candidates learn all relevant formulae and techniques and practise applying those techniques. Very few candidates identified the relevant equation, some showed no working at all and just gave an answer. This frequently resulted in zero marks as the answer given was incorrect. Where candidates showed working, they were often able to pick up one mark for some relevant attempt, such as working out the number of days of absence per worker.
- (c) Answers were often structured by starting with a definition of human resource management or commenting on the difference between soft and hard approaches to HRM. Analysis often centred on linking aspects of HRM at HCC, such as the use of quality circles, investment in training and good rates of pay. Analysis sometimes also covered possible outcomes, such as the impact on quality of products, level of output and costs. Good context often linked different elements of the case such as the investment in training with the high levels of employee satisfaction shown in employee surveys.

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

The focus of this question is the skill of evaluation, which at Level 3 requires context. Good answers gave balanced argument by identifying an advantage of HCC's approach to HRM, such as investment in the canteen potentially increasing employee satisfaction and therefore productivity against the \$500 000 cost which could mean that HCC would need to charge higher prices to cover the increased costs. The best answers also included supported judgement(s) arguing, for example, that as a social enterprise HCC is not primarily concerned with profit and that the treatment of workers may be more important to Abeba than profit.

### Question 4

- (a) There were many accurate answers to this question with clear method of calculating the operating profit margin demonstrated. The majority of candidates gained a mark for knowledge of the equation. However, many candidates did not correctly calculate operating profit. A common error was to subtract the finance costs from the revenue as well as the cost of sales and expenses.

- (b) Many candidates started answers with a definition of profitability or profit. The most common suggestions for increasing profitability were to reduce price. Some candidates did effectively explain how a price reduction could result in an increase in revenue if demand was price elastic. Candidates then argued that profit would therefore increase. This was a simplistic interpretation as it ignores the costs of producing more goods and it does not recognise the difference between profit and profitability. Similarly, many candidates assumed that increasing promotion by increasing sales must lead to an increase in profitability. The best answers contrasted differing approaches and gave balanced argument for and against suggested changes. For example, there were some very good answers that focused on HCC increasing price and argued that demand might be price inelastic but balanced this comment through observing that HCC faced a new competitor with an innovative product, which could result in HCC losing significant sales. Other candidates focused on cost cutting as a means of increasing profit margin but recognised that cheaper materials could affect quality or that lower wages would contradict HCC's social objectives.

### Question 5

Candidates found this a challenging question. Weaker answers did not understand characteristics of critical path analysis or how it was a tool used for operations planning. With no knowledge of the concept a mark of zero is to be expected, even where there was reference to the Operations Manager producing a CPA for the work indicating that it would take six weeks. Candidates must do more than copy sections of text from the case.

Good answers often started with a concise definition of CPA, highlighting that it provided a network diagram linking the different activities required to complete a project and identifying the minimum time required. This provided the foundations for analysis of the benefits and limitations of using CPA. For example, some candidates argued that 'CPA is useful to HCC as it helps ensure that deadlines for the improvements to staff facilities would be met. By highlighting the essential sequence of activities, HCC can allocate resources and reduce delays to ensure future orders of their cook bags are still fulfilled.'

Some candidates gave very simplistic evaluative comment such as noting that external events could disrupt timings. More developed answers built in context to the commentary with reference to the success HCC had when developing the Wonder Stove, which could in part be down to the use of CPA. Other answers referenced the role that CPA could play in HCC's entry into country K. A few very good answers integrated the skills of analysis, application and evaluation into tightly focused paragraphs.

# BUSINESS

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

## Key messages

- Each question focuses on an aspect of theory within the context of the case. A good response should start with explaining what the business theory or concept means and then build analysis that is focused on answering the question.
- Many candidates attempted to analyse too many points and elements of the case in their answers. Some data in the case study may not be relevant. The best responses were not the ones that comprehensively covered every factor in a decision but the ones that chose the most important aspects and focused on these.
- 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. 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.
- There is a bias towards evaluation on Paper 3. It is therefore important that candidates employ strategies for making judgements and balancing argument.
- **Questions 1 and 2 do not** require any evaluative comment.
- Candidates should use additional answer booklets rather than extending answers on the blank pages at the back of the main answer booklet.

## General comments

Most candidates demonstrated understanding of a wide range of relevant business concepts and that they were able to build chains of reasoning which were rooted in the case context. There was no evidence of time acting as a constraint on the development of detailed responses. Nearly all candidates were able to complete all the questions in the time allowed. Most candidates were guided by the space provided in answer booklets as to how much to write. However, many candidates used additional answer booklets to extend their answers to some or all questions. For some candidates the additional content did not add to the marks awarded, particularly where there was just more analysis of a wider range of business points.

There was evidence of excellent exam technique with structured answers that clearly focused on the questions set. Many candidates developed extended chains of reasoning that showed cause and effect. The balance of marks on this paper is weighted toward evaluation and this is the main area in which candidates could make improvements. The marks awarded to many knowledgeable candidates was restricted by a lack of evaluative comment. Balanced argument is often demonstrated but overall judgment that is in context is frequently lacking. Some of the best answers take an overview of the business' current position, objectives and future direction as a basis for making recommendations or judgements.

## Comments on specific questions

### **Question 1**

Most candidates were able to identify two threats to AFF from changes in the external environment. Good answers focused on evidence of external threats from the case material including inflationary pressures, the higher legal minimum wage, an ageing population, multinational companies and the increase in interest rates. Contextual analysis was developed by then considering how these threats would impact the circumstances of AFF. For example, by linking inflationary pressures to cost increases for the gym feeding through to price increases for gym membership and linking to AFF's service as a luxury with potentially a higher price elasticity of demand. Two-stage analysis of two separate threats was shown by most candidates and thus there were many examples of candidates being awarded between six and eight marks.

Each threat identified requires context to achieve full marks.

A few candidates wasted valuable exam time by commenting on more than two changes in the external environment. This is an analysis question and does not require any evaluative comment.

### Question 2

Good answers often defined emotional intelligence with reference to Goleman's four competencies. This laid the foundations for considering the benefits to AFF of recruiting a new CEO with a high level of emotional intelligence. It is important for candidates to make clear that the underlying concept is understood through either an explicit definition or by providing implied understanding from analysis of the benefits.

Focused answers analysed only the benefits to AFF of a high level of emotional intelligence such as the CEO being more able to build relationships with employees or a good understanding of the needs of customers. By focusing only on the benefits, candidates made a better use of time than those who discussed the advantages and disadvantages of recruiting a CEO with emotional intelligence. The best answers developed contextual analysis by linking understanding of customer needs to the provision of better gym services and classes for customers, thus resulting in higher membership of AFF gyms.

There were a few candidates who did not understand emotional intelligence and guessed at possible benefits such as higher productivity without providing any linkage as to why that might be so. Such answers lacked analytical development and could only be rewarded with AO1 skill marks at best.

### Question 3

- (a) Most candidates gained a mark for stating the equation for income elasticity of demand. However, many candidates incorrectly rearranged the equation when attempting to calculate the percentage change in sales. There were many answers of a change of 15 per cent in sales without recognising that as income had decreased the change in sales would also be a decrease as YED was +2.5.
- (b) Most candidates gained full marks for calculating the promotional elasticity of demand as 0.75. Nearly all candidates gained at least one mark for stating the correct equation.
- (c) Knowledge of marketing strategy was extensive, and this resulted in some answers lacking focus on which element was the most important. Weaker answers provided comment on all of the 4Ps and even though analysis was often developed there was often only limited evaluation. Better answers focused on two aspects of a marketing strategy using the case material to guide their choice. For example, using the data about promotional elasticity of demand to comment on the effectiveness of promotion. Typically, candidates concluded that promotion was not the most important element because demand was promotionally inelastic.

The best answers gave balanced argument of one or two elements of marketing strategy before offering a contextual judgement as to which was the most important.

### Question 4

- (a) Most candidates understood how to calculate the dividend yield. The correct equation was typically identified and given with clear working leading to the correct answer of a decrease of 1.8 percentage points. However, some candidates missed a mark by not calculating the difference in dividend yield or overlooking that it was a decrease.
- (b) This was a challenging question requiring candidates to focus on whether AFF's financial performance was satisfactory from the perspective of shareholders. Well-structured answers often started by clarifying that shareholders were the owners of the business before then considering what shareholders expected from a business in terms of dividends and an increase in share price. Data from the case could then be used to analyse whether AFF was achieving these key goals. Weaker answers tended to provide a one-sided argument focusing on the decrease in AFF's profit and dividend yield received by shareholders. Some candidates added to context by calculating the change in operating profit margin which had also decreased. However, although a one-sided approach can achieve a high mark, the best answers developed more complex evaluation. These answers would consider the extent to which the external environment, with rising costs due to inflation, was influencing AFF's financial performance. In difficult trading conditions, some candidates judged that shareholders might still be satisfied given that the business was still



expanding and gearing was low, thus the longer-term outlook was still positive for AFF and shareholders.

### Question 5

This proved to be the most challenging question on the paper. Some candidates had only limited knowledge of total quality management and did not understand how it linked to solving AFF's customer complaints. Weaker answers could identify a feature of TQM, such as making workers responsible for quality, but could not develop argument as to the benefits and disadvantages of such an approach. There were a few candidates that confused TQM and quality control and argued that inspectors would be required by AFF.

However, there were many good answers that provided balanced argument showing a good depth of understanding of TQM. For example, many candidates recognised that TQM could empower employees through greater responsibility and that this could lead to improvements in customer service. This was contrasted with the need to train workers to ensure that they could take responsibility for quality and that this cost, at least in the short-term, was a significant disadvantage in a competitive industry. The best answers came to a judgement about the effectiveness of TQM compared to at least one other approach, such as providing financial incentives. Strong answers often evaluated the factors that success would depend on, such as the culture of AFF and the impact of employment contracts used in terms of employees identifying with the goals of AFF.



# BUSINESS

---

<p><b>Paper 9609/41</b> <b>Business Strategy Paper</b></p>
--

## 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 syllabus 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 one where you are reflecting on what has happened and have the case material and appendices that are rich in content.

### **AO3 Analysis**

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

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impacts and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

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

### **AO4 Evaluation**

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

## General comments

In this paper there are two strategy questions, each worth 20 marks, with case material covering the recent past and consideration of the immediate future. 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 syllabus alongside the strategy section and its different approaches to developing business strategy, a key element of answering **Question 2**.

This session the case study was on Designer Floor Cleaners (DF). This was a partnership set up by Penny and Vijay in 2010, before becoming a public limited company in 2014. DF sells floor cleaners and has

decided to undertake some promotional activity. The timeline focuses on this and the negative impacts of the doomed 'Fly-away' promotion.

It is important to remember in Paper 4 that there are two different approaches required for the two questions. In this paper, **Question 1** was backwards looking, with a consideration of whether the use of corporate planning would have helped manage the 'Fly-away' crisis. This required candidates to consider what corporate planning is and how it would have helped the promotion be managed or avoided altogether.

For **Question 2** in this paper, candidates were asked to advise on a future strategy that is yet to have happened. In the first instance a consideration as to whether ratio analysis can help make this decision was needed but there could have also been some contrasting this with other possible approaches, of which there are eight more in the syllabus. It must be remembered that candidates were asked to make a judgement on the usefulness of ratios in this decision and not to make a decision on which growth strategy should be undertaken.

### **Comments on specific questions**

#### **Question 1**

In this first question candidates had to evaluate the extent to which corporate planning could have prevented the 'Fly-away' promotion crisis. This implied that the planning was either inadequate or absent and was therefore a contributing factor. Candidates could have considered any of the following:

- the alliance with AB
- the underestimation of demand for the promotion
- the social media backlash
- AB's placement of blame on DF in context of the case or they could have given a more generic answer about planning and how it can help:
  - Communication
  - Resource allocation
  - Decision making
  - Growth alternatives.

There was no expectation for candidates to consider all of these, in fact they should focus their analysis on two or three of these and explore this in depth, developing their analysis to level 3, doing this twice would result in full marks for AO3.

Good candidates started with a sound definition of corporate planning and how this relates to the business' strategic approach. A common theme chosen by candidates was contingency and/or crisis management which gained knowledge marks and then allowed a good foundation to build the analysis on.

As mentioned AO3 could have been gained by exploring how corporate planning would have influenced the 'Fly-away' promotion. A good example of this would have been pointing out how planning helps allocate appropriate resources then linking the increased demand (to gain AO2 marks) to a shortage of tickets and how the finance department could have had resources ready to meet this demand. This would have helped gain the first half of the AO3 marks, the second half could then be how inflexible a plan is and that even if they had planned for an increase in demand, it was a huge increase, and no plan could have anticipated this. This development of the argument though how it could have helped then why it may not have helped leads to the balance needed to get to the top of the AO3 marks.

Once this had been carried out twice, there then needs to be a judgement given, that actually answers the question 'could corporate planning have helped?' The initial simple judgment is not worth any evaluative marks, it has to be supported by referencing earlier analysis to get those first marks. After that some consideration of what else success may depend on or what good corporate planning may depend upon. By putting evaluation in context, candidates can then gain Level 3 marks for evaluation.

There were still a large number of candidates who simply retold the case study, wasting time and ultimately gaining no marks for this whatsoever as any application needs to be clearly used in the analysis. Weaker answers are still not developing arguments and chains of analysis long enough to gain level 2 or 3 analysis marks. Candidates should be encouraged to fully explore the point rather than superficially offering just one impact on the business. There were also issues with the evaluation, the superficial judgement was all too

common and again candidates should be encouraged to explore why they are recommending whether or not corporate planning would have worked.

It is important to remember that this is a backwards looking question that looks at the marketing and specifically the 'Fly-away' promotion that had already happened. Some candidates thought that it was possible to change the promotion or adapt it to be successful but clearly this cannot happen. The complexity of the question did ask them to consider how it may have been different, but some candidates did not make this distinction.

## Question 2

**Question 2** was the forward-looking question that got candidates to consider how ratio analysis may affect how they chose to grow, from two options provided in the appendices. The question was not about which growth strategy they should ultimately choose and therefore many candidates did not answer the question appropriately. In paper 4 the questions are about the strategic approach a business should take, not the actual outcome.

The knowledge (AO1) marks had to be about ratios not growth strategies. Also the case study provided the names of a number of ratios so the knowledge had to be either a definition of said ratios or a generic statement about how ratios work – analysing performance for example. Many candidates either did not show knowledge of ratios in general or focused on the growth element rather than ratios, this resulted in zero marks for this question as no further marks can be awarded without the knowledge of ratios.

Application was more complex here too. Simply stating the ratio result in the appendix did not gain application marks, the result had to be used to support either growth strategy A or B. For example strategy A is about taking over a supplier and the current gross profit margin is 25 per cent. If they want to improve this they could do growth strategy A which in turn could help bring down the cost of supplies and the cost of sales of the business, which will help the gross profit margin improve.

Analysis was also complex. Candidates needed to recognise how the ratio results may affect the decision they intend to make. A point that was covered by a lot of candidates was the gearing. This was 35 per cent but still low geared, a consideration of how much money each strategy might need to borrow, the likelihood of lenders giving them this money and the impact on the business if any borrowing takes it over the 50 per cent benchmark would have been a good way to develop the argument as the current 35 per cent may affect which option they choose.

Ideally the evaluation should be on the concept of ratios and if they will help the directors make the correct decision about the future growth of the firm. Something that started with an appreciation of how reliable the ratios are and then a recognition that on their own they are not enough to make such an important decision and in fact the external environment, the internal resources and the objectives of shareholders are all contributing factors, which is why candidates were not required to actually make a decision.

There were a significant number of candidates that focused their answer on the growth strategies and unpicked the information provided in appendix 3 in light of what had happened previously in **Question 1**. This was not the focus or purpose of the question and unfortunately these responses did not score any marks for this question if they did this.

There is still evidence of candidates not managing their time effectively as there were a lot of **Question 2** responses that were unfinished. Candidates and teachers should be encouraged to work on timings whereby they spend 15 minutes reading, annotating and planning their answers and then 30 minutes for each question to write the response.

This question was designed to test the understanding of ratios and their strategic use. It was evident that candidates are still struggling with the financial elements of the course. It is important to have a full understanding of all the functional areas and for paper 4, to consider how these are interconnected strategically so effective decision making can occur.



# BUSINESS

---

<p><b>Paper 9609/42</b> <b>Business Strategy Paper 42</b></p>
---

## Key messages

This paper is focused on assessing how much candidates understand about business strategy. They are required to write in a strategic way, which is different to other questions on papers 1, 2 and 3.

For example, a question on paper 3 might ask candidates to evaluate a business's marketing mix. A candidate might, in response, go through each of the four P's analysing each and coming to an evaluative conclusion.

However, on this examination, the question might be to evaluate a marketing strategy. This is a different question and should not be approached in the same way. A marketing strategy is made up of a number of business decisions, not just the four P's. When asked to analyse and evaluate a strategy, a candidate should analyse it as a whole, not each individual point.

Candidates who only look at individual elements are unlikely to reach the top levels of AO3 (analysis) or AO4 (evaluation) and centres should practice and demonstrate the difference between non-strategic analysis and evaluation and the strategic content we are looking for on this examination.

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

- Candidates must show specific knowledge (AO1) of the terms and concepts referred to in the question. For example, in **Question 1**, the knowledge must be taken from improving employee performance. Any knowledge from the syllabus about employee performance was relevant and could be used and developed. The simplest way to demonstrate this knowledge is to use a definition, but this is not required. Knowledge can also be developed by using the relevant theories and concepts within the answer, showing how elements of the strategy link together. For example in **Question 2** where candidates needed to pull together accounting data that would be useful to develop a future strategy.
- Application (AO2) is about using the data from the timeline and appendices in an appropriate way. It is not about repeating the data. For example, in **Question 1** if a candidate defines 'soft HRM' then they should give an example of how this has been demonstrated in the data. Candidates should attempt to put themselves in the position of a business consultant and answer the questions from this perspective.
- Too often, candidates attempted to analyse every piece of data, especially each entry in the timeline. Depending on the route taken to answer the question by the candidate, some of the data can be ignored or becomes irrelevant. The best responses were not the ones that comprehensively covered every decision made in the data, but the ones that choose the most important aspects and focused on these.
- Timing was an issue and some candidates spent too long on **Question 1**, leaving only enough time for a brief outline answer to **Question 2**. A good answer can pull elements or strands together so they can be strategically analysed and evaluated. Candidates who focus in this way are far more likely to be able to produce a good answer to both questions.
- Candidates should not be afraid of coming to a judgement. In the world of business, decisions need to be made, and the best responses give clear judgements that follow on from the arguments used. Good evaluation should also include different perspectives on that judgement, or things that might need to be known before a better judgement can be made. It is far better to come to a judgement, but state that it may change if other data becomes available, than to remain neutral and not answer the question set.

## General comments

The aim of this examination is to put candidates in a business scenario and asks them to select the most appropriate knowledge and context to answer the two strategic questions. This enables candidates to have

the freedom to choose which aspects they think best answer the questions and therefore there is really no right answer.

The focus of this examination is to assess the skills of knowledge (AO1), application (AO2), analysis (AO3) and evaluation (AO4) within each question. Candidates make their own choice as to which evidence they provide as their answer. Responses could be vastly different and yet still be awarded full marks. For example, there was no data which must be included in answer to **Question 2**. Candidates could choose to argue any accounting data would be relevant as long as they do this from the perspective of PI and its new business strategy to sell pet insurance. As long as the response uses knowledge, application, analysis and evaluation of possible accounting data, then the candidate can attain full marks.

### Comments on specific questions

#### **Question 1**

**Question 1** asked candidates to evaluate Idir's strategy for improving employee performance. Within the timeline were many elements of Idir's strategy and it was for the candidate to work out which of these elements they should use and which were less relevant.

A strategy, by its nature, must include more than one action. For example, in 2020, the time mentions that Idir dismisses the HR Director and adds the role to his own duties. This is not a strategy by itself and yet many candidates analysed the effect of this **one** part on the business. Better responses did not analyse each individual element but looked at the **timeline more** holistically and pulled together strands of argument for and against the success of Idir's strategy. This is **strategic analysis** and is rewarded at the top of AO3. Candidates who approached their analysis in this way often provided a better argument as to whether the strategy was successful or not.

There is still a tendency amongst some candidates to take each entry in the timeline as a separate point to be explained and analysed. This is not a good use of examination time. Not every piece of data is useful and one of the main skills to be demonstrated in this examination is the ability to selectively choose the most relevant arguments.

Most candidates recognised that **there** were positive and negative elements to Idir's strategy. Appendices 1 and 2 provided data about PI at the **start** of Idir's strategy. Appendix 3 showed some of the elements of Idir's strategy and Appendix 4 gave some **idea of the outcomes** of his strategy. Every decision made by Idir between 2020 and 2024 are part of the **same strategy** and can be analysed as a whole, not gone through point by point.

Evaluation was often relatively weak for this question, often because candidates did not make their judgements specific enough. The question does not ask if the business will be successful in the future, it asks if Idir's strategy for improving employee performance between 2020 and 2024 was successful. There is plenty of evidence on either side of the argument to show that there were positive and negative elements to his strategy. Therefore, any judgement that it was or was not successful could be valid as long as it was justified and followed on from the candidates' own arguments.

Evaluation can occur anywhere in an answer. However, the most obvious place for evaluation is at the end of each argument and especially at the end of the response. Candidates must be encouraged to give a specific and explicit answer to the question and then to justify why this is the case, in the specific context of PI. In other words, candidate must give an answer to the question – in this case was Idir's strategy for improving employee performance successful?

#### **Question 2**

Far too many candidates did not read or understand the question that was asked in this examination. Many candidates had obviously prepared for a question based on the approaches to develop a strategy (SWOT, PEST etc.) and, despite this question being nothing to do with approaches, they wrote out their prepared answer anyway. This meant that few marks (if any) could be awarded.

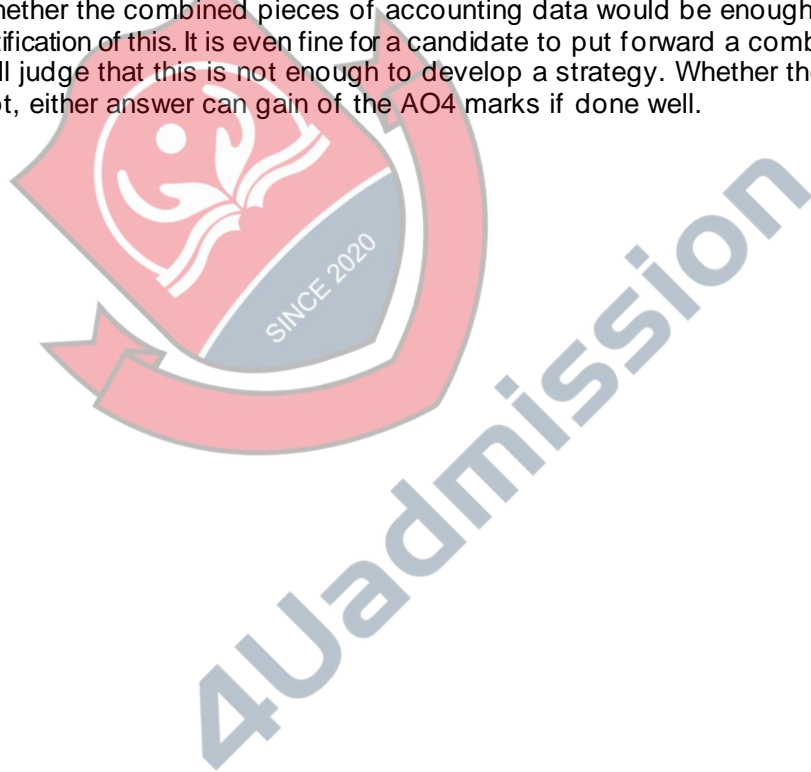
Any A Level strategic topic can be asked on this paper. The difference between **Question 1** and **Question 2** on this examination, is that **Question 1** asks candidates to evaluate a past strategy, whereas **Question 2** asks about a future strategy. However, candidates do not have to develop (or recommend techniques to develop) a strategy to answer this question.

This question specifically asks about what accounting data Idir should use to help him develop a new business strategy. For candidates who did answer the given question, it was a matter of analysing the impact of using different accounting data (for example a cash flow forecast or a statement of financial position) to develop a future business strategy (in this case to sell pet insurance).

The nature of a forward-looking question such as this, is that almost any answer might be relevant. If a candidate decided that the most important piece of accounting data for Idir to use was the gross profit margin, then as long as this was analysed correctly and the judgement was clear and contextual, this could have formed the basis of a good answer. This question did not require a comprehensive understanding of accounting and finance, but it did require some knowledge of accounting data. Sadly this was missing in a number of answers where a mark of 0 had to be awarded.

Candidates must not feel that they need to cover every point in these questions. The question asks for a judgement over which accounting data he should use – not an analysis of every piece of accounting data. An excellent answer to this question would identify two or three pieces of accounting data which could be used together to help Idir develop a strategy. These pieces of accounting data can be analysed together (in other words how they combine to give Idir the data he needs) in a positive way and a negative way. This, if done well, will provide enough analysis to gain all of the AO3 marks on this question.

Likewise, in evaluation, candidates should evaluate the combined use of the accounting data – not each piece at a time. The point of a strategy is to combine data and decisions to give a pathway forwards. So a good evaluation judged whether the combined pieces of accounting data would be enough to help Idir develop a strategy with justification of this. It is even fine for a candidate to put forward a combined set of accounting data and yet still judge that this is not enough to develop a strategy. Whether the candidate decides it is enough or not, either answer can gain of the AO4 marks if done well.



# BUSINESS

---

<p><b>Paper 9609/43</b> <b>Business Strategy Paper 43</b></p>
---

## Key messages

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

Candidates are reminded to prioritise demonstrating knowledge of key terms and concepts at the beginning of their answers.

Responses should link concepts directly to the case study context, using data and statistics where provided, and should link to an assessment objective such as knowledge. Do not just repeat the case.

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

Application is an important part of this paper as it allows for the higher marks of evaluation (6 and 7) when used in context of these answers.

Evaluation requires candidates to specifically answer the question. In some cases, like **Question 2**, this is clear because the question asks for advice on approaches. Where the command word is 'evaluate' candidates sometimes fail to offer a clear judgement. In **Question 1**, the most obvious judgement was for a candidate to clearly indicate the impact of the accounting and finance strategy.

Analysis needs a chain of impact on the business. This can be two-sided or made up of multiples strands of effects on the point discussed.

To allow for full marks on evaluation, 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 to receive Level 3 evaluation marks.

Successful answers often follow a clear structure, where points are well-developed with chains of analysis and balanced with counterarguments. This approach helps to ensure that candidates achieve higher-level marks for analysis and evaluation.

## General comments

Candidates demonstrated a broad understanding of business concepts, with many showing a clear ability to structure their responses effectively. Stronger candidates provided well-reasoned answers supported by contextual application and extended chains of analysis. The best answers demonstrated an evaluative approach in each paragraph and included a well-focused judgement in the final paragraph that was in context. Better answers had two distinct evaluative points. One was a judgement, and the other was an evaluative comment such as 'depends upon'. These were well explained in context.

**Question 1** was accessible in terms of accounting and finance as the elements were borrowing and dividends.

**Question 2** allowed candidates to show their strong knowledge of this topic. However, discussions of the impact or effect of the strategies was limited, and counterarguments of the strategies were rare.



Higher-level responses were characterised by organised answers with set paragraphs for each strategy or approach, analysing each with a chain of events along with a detailed counterargument. These responses often concluded with a final paragraph or two answering the question specifically and in detail, ensuring context. Typically, two strategies or approaches, if discussed in proper detail and context, were sufficient to access higher-level marks.

Time management appeared adequate for most candidates, with both questions completed in detail. However, weaker answers often lacked specific knowledge or failed to construct balanced evaluations.

Written answers to **Question 1** were generally longer for analysis points whereas **Question 2** responses were longer in terms of information about different business strategies which only provided knowledge marks. Candidates found **Question 1** easier to analyse and **Question 2** easier to define and explain.

Most candidates were able to receive all application marks in both questions

### **Comments on specific questions**

#### **Question 1**

This question required candidates to evaluate the business's performance regarding the accounting and finance strategy. Majority of responses focused on the no long-term borrowing and high dividends decisions. This was an accessible area for most candidates.

Candidates were expected to define accounting and finance strategies, including borrowing (external funding) and dividends (profit distribution to shareholders). This also includes defining any element of Appendix 3. Knowledge marks were awarded for a range of relevant elements, such as explaining short-term versus long-term borrowing, the benefits of high dividends to shareholders, profitability and liquidity ratios and concepts.

To receive full knowledge marks, two distinct concepts well-defined in detail is sufficient. Detail means a clear definition and another point to show understanding. An example would be defining long-term borrowing and explaining the different types. Some candidates also explained by showing the differences between short-term and long-term borrowing.

Strong responses defined these concepts explicitly. For instance, 'Borrowing refers to acquiring external funding for operations or growth, while dividends are a share of profits distributed to shareholders to maintain their confidence and investment.' Candidates who implied rather than explicitly defined these terms limited their access to full marks. Copying from the case study did not demonstrate sufficient knowledge.

Generally, candidates went straight into analysing where the business did well and where it did not do well, which meant they did not receive the full knowledge marks as the definition was implied and not fully defined.

Analysis marks were awarded where a chain of events of the impact of the accounting and finance strategies were discussed. The case provided generous points and ideas for candidates to choose from, especially with financial data from Appendix 3. Stronger responses provided chains of reasoning, such as: 'High dividends attract investors, increasing share value, and capital into the business. However, the business will have less retained earnings and therefore less opportunities to expand.' Other examples of strong responses include, 'Borrowing enables capital investment to expand capacity and allow higher revenue and profits, but excessive borrowing increases interest payments and costs, so decreasing profits. These balanced arguments that also have a chain of analysis allowed candidates to receive all Level 3 analysis marks if they achieved this twice. Many candidates were able to show generous analysis in this question. However, only some candidates were able to develop counterarguments or chains of analysis, limiting them to Level 1 or 2 analysis marks.

Level one analysis was achieved if the candidate showed one impact of the strategy. For example, no long-term borrowing means less interest costs. If a chain is created with another link, then the candidate will be awarded Level 2 analysis. Continuing from the previous example, the lower costs lead to higher profits. If a candidate discusses three different performance indicators and has a chain of analysis as illustrated above, three Level 2 analysis points will be awarded therefore the candidate will receive the highest marks under Level 2 AO3 analysis, which is 6 marks.

For candidates to receive the full 8 marks of analysis, they must achieve two Level 3 analysis points. To do this, candidates must achieve a Level 2 analysis and then continue by providing a balanced argument/a

counterpoint to the issue discussed with another chain of analysis, then a Level 3 would be granted. Candidates can also achieve Level 3 analysis with multiple strands of the same argument.

It was observed that many candidates overwhelmed their answers with analysis points and lacked focus on developing an analysis into chains of impacts.

In terms of the final assessment objective, evaluation, some candidates were not answering the question. Candidates were not providing a judgement on the impact of the strategies and some candidates gave advice on what to do next which was not required.

A Level 1 evaluation means candidates have made a judgement which answered the question, 'What the impact on the accounting and finance strategy was, with a simple reasoning. A Level 2 evaluation required further explanation supporting the candidates' judgement. If this explanation was written in context, then Level 3 evaluation would be awarded.

Many strong candidates missed marks specifically here as they did not write the evaluation in context, or they did not continue their answer with another evaluative judgement or '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.

An example of a strong evaluation includes 'The accounting and finance strategy had a positive impact because with no long-term borrowing there is no burden of interest obligations (Level 1 evaluation) this means that even though the business may be limited on expansion they do not have high expenses, lowering their costs and increasing their profits' (Level 2). This can be Level 3 evaluation if this was applied to the case. Such as mentioning increasing their current profit of the year of 7.2 million dollars.

An example of an evaluative comment is 'it will depend upon the external environment impacts on the business'. If the external environment has negative impacts, such as the Swiss currency depreciating, this will decrease value of the cash and FB might be forced to borrow.' This is a Level 3 evaluation.

This question had similar evaluation marks to **Question 2** with similar issues. Candidates either did not clearly answer the question or gave vague judgement on the impact of the strategy. Stronger candidates lost marks by not writing their evaluation in context.

There were no candidates that received zero marks in this question. This shows that this question was accessible to many candidates.

## Question 2

This question focused on business strategies, specifically scenario planning, as a strategic tool. Candidates generally found this question accessible, particularly in demonstrating knowledge. Candidates generally found it very challenging to analyse the effect of these tools on the business (FB). There were notably lower analysis marks in this question than **Question 1**.

Candidates' responses were overwhelmed with information on scenario planning as well as other business strategy tools. Most of the candidates were able to receive the full 3 marks for knowledge as they provided clear definitions and examples.

Generally, candidates displayed a very good grasp of business strategy tools and demonstrated their application within the context of FB's business. The most common definition was 'Scenario planning is preparing for future uncertainties by developing multiple outcomes to potential events.'

The answers to this question generally were more organised and focused. There were more knowledge marks received here than **Question 1** because candidates were more inclined to define what they meant by scenario planning and other tools. It was generally easier for candidates to show knowledge and understanding in detail.

Candidates used their time on this response explaining scenario planning and its advantages and disadvantages, as well as comparing it to different strategic tools, such as blue ocean strategy. The challenge the candidates seemed to have faced on this question is to show the effects of these tools on FB. This meant lower marks generally on analysis.

Stronger candidates analysed scenario planning's benefits, for example, 'Anticipating risks enables the business to develop contingency plans, reducing downtime and maintaining market share.' However, a chain of analysis was not commonly observed. Counterarguments were also rare, and therefore limited access to Level 3 analysis. Most candidates received Level 1 and 2 analysis points only.

A Level 3 analysis example includes 'scenario planning allows FB to look at different outcomes therefore allowing it to be more competitive, increasing market share. However, Scenario planning depends on management research on outcomes and may not cover all possible scenarios leading to missing opportunities, losing revenues and profits.' This is a Level 3 analysis as it provides a chain of analysis of the benefits and a chain of analysis on the issues that may arise.

Evaluative judgements were generally more accessible to candidates and stronger. This is because the question is asking whether scenario planning is the best approach. Many candidates suggested other approaches. It is imperative that candidates answer the question first. For example, by saying whether scenario planning is the most useful approach before suggesting or advising the business on a new tool.

Evaluative judgments were generally stronger, often linked to the business's context: 'Scenario planning is essential in industries prone to rapid technological changes. For this business, implementing a basic model would be cost-effective while improving flexibility. 'Better responses incorporated two evaluative points, one focusing on the usefulness of scenario planning and another considering constraints or external factors.

