

# BUSINESS

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<p>Paper 9609/11 Short Answer and Essay</p>
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## Key messages

- Many candidates secured a relatively low total mark for **Section A** in this paper because of a poor knowledge of the business concepts relating to **Question 1** and **Question 3**. A social enterprise was often confused with social media and the specific aspects of price elasticity of demand were not well understood or explained. It is important that candidates develop a sound definitional understanding of the syllabus that will equip them to respond confidently to the explanatory questions in the first section of the paper.
- Candidates are reminded that in **Section B** of the paper **Questions 5 (a)** and **7 (a)** require analysis but not evaluation. There are no evaluation marks awarded in these two questions.
- Although more candidates are accessing evaluation marks in **Questions 5 (b)**, **6**, and **7 (b)** there are still many examples of essays that contain well developed analysis and application but fail to make appropriate judgemental conclusions or recommendations.

## General comments

- Definitions given in response to **Questions 1(a)**, **2(a)**, and **4(a)** should be accurate and concise. Too often information is given that goes beyond a definition. It is not good time management to provide excessive explanatory material for these definition questions.
- It is important that answers to **Questions 1(b)**, **2(b)**, and **4(b)** however contain enough material to explain issues and concepts. There needs to be a measure of concept development or exemplification rather than answers that give little more than definitional statements.
- It is important that candidates use the contextual focus of questions in **Section B** to apply business concepts and theories to real business situations.

## Comments on specific questions

### **Section A**

#### **Question 1**

- (a) A significant number of candidates did not understand the nature and purpose of a Social Enterprise. Many definitions confused the term with social media or social networks and as a result no marks were awarded. A social enterprise is a business whose primary objectives are social. These business's very much focus on activities (often environmental) that benefit local communities or society in general. They may well achieve profits, but those profits are reinvested in the business and/or in the community.
- (b) Those candidates who were able to accurately define a social enterprise responded well to this question. The advantages to a business of being a social enterprise were well explained. The advantages presented included the attractiveness to consumers and employees of such distinctive businesses, and the likely support of governmental organisations through grants or subsidies.

#### **Question 2**

- (a) The knowledge and understanding of the term 'emotional intelligence' was generally sound although some definitions did not refer to manager awareness of *own* emotions *and* an awareness of the emotions of *others*, therefore giving only a partial definition. Some answers also referred to

the four EI competencies associated with the Goleman concept of emotional intelligence as a means of explanation, but this was not necessarily useful for a definition question.

- (b) The concept of autocratic leadership was also generally well understood. Explanation of the advantages to a business of autocratic leadership included reference to quicker decision making, more precise communication, clarity of business objectives and the efficient performance of employee tasks. Some answers however confused autocratic leadership with democratic leadership and some candidates misread the question and explained disadvantages rather than advantages.

### Question 3

This proved to be a challenging question to many candidates. Weak answers discussed the concept of demand or referred generally to a range of pricing strategies but failed to relate either of these to the concept of price elasticity of demand (PED). Strong answers clearly defined and explained PED and then applied some simple examples of PED information to the pricing decisions of a business. The degree of elasticity or inelasticity of a product can clearly influence business decisions relating to the setting of an ideal price for a product in the marketing mix. Strong answers also recognised that such ideal prices very much depend on the objectives of a business, for example a business aiming to maximise revenue will likely take different pricing decisions to a business seeking to maximise sales to gain market share. However, in both these cases information about PED will be very influential when pricing decisions are taken.

### Question 4

- (a) Definitions of Computer Aided Manufacture (CAM) were generally sound and referred to the use of technology/software/robots/machines in the production or manufacturing process. A significant minority of answers however were not able to use words other than computer and manufacture and simply moved the two words around which is not rewarded.
- (b) Most answers identified and explained two disadvantages of CAM. The most popular disadvantages to a business of CAM given were the initial high cost of installation, high maintenance costs, and the need to employ highly skilled workers. The potential impact of job losses was also often given as a disadvantage although very few answers related this factor to the business as required by the question.

## Section B

### Question 5

- (a) Strong answers presented accurate definitions of the 4Cs together with a clear understanding of market share. This base was then used to analyse how consumer cost, convenience, communication, and customer solution could be used to motivate consumers to buy products. The context and application of this analysis was clearly related to the necessity for businesses to understand consumer needs and what they are willing to pay for products. Weaker answers demonstrated only a partial understanding of the 4Cs and often confused them with the 4Ps.
- (b) Strong answers presented a sound understanding of secondary market research and analysed its usefulness in the context of a business planning to launch a new luxury perfume. Such analysis consisted of a review of the limitations of secondary research relating to such issues as relevance, age, and appropriateness. Evaluative comments focused on factors such as the financial strength of a business which might determine the type and extent of market research activity; how specific the luxury market segment might be which might reduce the relevance of secondary market research; and the extent to which primary market research might be more useful through, for example, focus groups testing the new perfume scent. Weak answers presented analysis unrelated to the context of the question and presented little evaluative comment.

### Question 6

- (a) This was a very popular question. Strong answers made some evaluative comments very early in responding to the assertion made in the question that non-financial motivators are the most effective ways of improving motivation in a house building business. Some candidates disagreed immediately with this assertion and developed arguments and used motivational concepts and theories (notably Taylor, Maslow, and Herzberg) to support this judgement. Other equally

successful responses analysed the evidence for and against financial/non-financial motivators and then made a judgement. The application to a house building business was very strong in many of these successful answers, often leading to the conclusion that money was the strongest motivator in such a business. Some candidates were very perceptive in recognising that the same motivational methods do not necessarily work for all employees in a business. Construction employees have different backgrounds, interests, life experiences, beliefs, and goals. Weak answers often failed to relate to the context of the question, adequately distinguish between financial and non-financial methods, or use any relevant business concepts or theories.

### Question 7

- (a) This was not a popular question and the performance of many who chose this essay was not good. Some answers described break even as a period of time rather than a number of units of output and presented unsupported generalisations such as 'break even could help understand the financial position of a business'. Few answers were able to show how break even could help to set prices and analyse costs. Strong answers demonstrated how break even could be used to determine the level of output for a desired level of profit and gave a clear indication of the possible success of a product by analysing costs and likely revenues. Other advantages identified and analysed included the contribution break even analysis could make to decisions relating to loan applications, location choices, and any resource choices which affect costs.
- (b) Most answers provided relevant responses to this question. Strong answers recognised the limitations on private limited companies to raise significant levels of finance but assumed that the plans to finance an 'additional' factory indicated that the business was perhaps already substantial and would qualify for a long-term loan, have some retained profit, or be attractive to venture capitalists. Relevant sources of finance were analysed with the majority of candidates suggesting that a loan was the most appropriate source. Strong evaluation often focused on the potential loss of control and ownership for a private limited company, often family owned, if venture capital was selected as a source of finance. Weak answers often did little more than list possible sources of finance with little analysis and no evaluation. Some weak answers suggested that overdrafts were the most appropriate source of finance for the purchase of an additional factory without recognising that factories are likely to require a long-term source of finance for a large level of capital expenditure.

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<p>Paper 9609/12 Short Answer and Essay</p>
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## Key messages

- It is important that candidates determine the specific demands of each question so that only relevant information and analysis is given.
- In **Section A** many answers for **Question 1(b)** added advantages of a time-based method of payment to 'employees' rather than to a 'business' as required by the question. Marks were not awarded to those who only related advantages to employees.
- In **Section B** many answers to **Questions 5(a)** and **7(a)** included analysis of disadvantages as well as advantages. Only correct analysis of advantages was rewarded.
- It is important that candidates make a careful assessment of the demands of a question in terms of business knowledge, analysis, application, and evaluation. In **Section B** many candidates are accessing the marks for knowledge and analysis but not for application and evaluation.

## General comments

- It is important that candidates do not generalise or present out of date arguments, for example in answers to **Question 7(a)** it is incorrect to suggest that all older people are not competent to take advantage of online opportunities.
- Many answers to **Question 2(b)** over exaggerated the financial benefits of owning a franchise by suggesting that franchisors provide free employee training, free marketing and free advice and support for running the franchise business which is not always true so a little more precision is required.
- It is important that the definitions given in answers to **Questions 1(a), 2(a), and 4(a)** are accurate and concise. A succinct definitional answer should not require more than one or two sentences.
- It is also important that answers to **Questions 1(b), 2(b), and 4(b)** do explain issues and concepts. There is no requirement to write an essay, but answers should consist of examples or concept development rather than answers that are little more than definitional statements.

## Comments on specific questions

### **Section A**

#### **Question 1**

- (a) Accurate answers stated that piece rate relates to payments made to employees based on the number of units produced by each employee. The majority of answers presented this accurate and concise definition.
- (b) Many candidates were able to explain two advantages to a business of a time-based payment method. The most popular responses focused on employees willing to extend working hours to increase productivity, the potential impact on quality of output, and the ease of calculation for employees. A significant number of candidates however misread this question and presented benefits to employees rather than to a business.

#### **Question 2**

- (a) Most answers accurately and succinctly defined the term franchise as a business legally agreeing to operate using the name and logo of another existing successful business. Examples of franchise business's such as KFC, and MacDonalds were often included.

- (b) The majority of candidates were able to explain two advantages to a business of buying a franchise and focused on issues such as the reputation and customer base of the franchisor, help with advertising, marketing, and employee training, and the likely availability of business loans. Some candidates misread the question and referred to the advantages to the franchisor rather than to a franchisee who buys a franchise from the franchisor.

### Question 3

This question was not well answered by many candidates. Strong answers made a clear differentiation between capital expenditure and revenue expenditure giving examples for illustration. Capital expenditure was generally explained in terms of the purchase of fixed assets such as buildings and machines and revenue expenditure in terms of money used to pay for day-to-day running costs of a business such as wages and inventory. The different sources of finance to support these expenditures and the different ways of recording these expenditures provided evidence of why business managers need to understand the difference between capital and revenue expenditure. Many candidates were unable to differentiate between capital and revenue expenditure and consequently were awarded very few marks.

### Question 4

- (a) The concept of price elasticity of demand was not well understood by some candidates who gave only a partial definition in terms of a change in quantity demanded over price. Accurate definitions referred to the degree of responsiveness of demand to a change in the price of a product. Some candidates presented an accurate equation of the percentage change in the quantity demanded of a product divided by the percentage change in the price of a product.
- (b) Strong answers to this question explained how knowing the price elasticity of demand could be beneficial to a business by explaining how such information would assist a business to determine a successful pricing strategy. The application of price elasticity and/or price inelasticity understanding to specific products was given to explain, for example, benefits to a business in terms of revenue maximisation through price skimming or price penetration. Price elasticity of demand information could also inform marketing mix and product portfolio decisions. Weaker responses did not use the concept with precision and presented very general statements such as elasticity could determine the ability of consumers to buy goods and services.

## Section B

### Question 5

- (a) There were some sound definitions of mass customisation, but many answers failed to fully unpack their definitions so gave only a partial analysis of the concept. Many answers focused just on the advantage of mass production or on the advantages of satisfying customers but not on the advantages of combining the elements. Strong answers gave examples of businesses such as Dell and BMW using mass customisation to satisfy customer needs while enjoying the benefits of mass production leading to increased market share and product differentiation. Weaker answers, as with **Question 7(a)**, presented disadvantages as well as advantages. The question asked for the advantages to a business of mass customisation. Any discussion of disadvantages did not gain marks and wasted candidate time.
- (b) This question on the importance to a hotel of effective inventory control was generally well answered. Answers recognised the importance to a hotel in terms of its reputation. Specific and relevant examples of inventory issues were given such as keeping sufficient bedding and towels to meet the needs of guests and ensure customer satisfaction. Strong analysis recognised the risks to reputation and guest repeat visits if there were insufficient levels of inventory. The level of evaluation however did not always match the quality of analysis in many answers. Strong evaluation considered whether there were more important factors than inventory management that might affect the performance of a hotel. Factors such as levels of customer service, the quality of leadership/management, and the skill and training of hotel employees were presented as evaluative issues.

### Question 6

There were very few answers to this question, but the answers given were generally satisfactory. Strong answers presented a sound analysis of Goleman's concept of emotional intelligence and used his four

competencies of self-awareness, self-management, social skills, and social awareness to illustrate the claims made for the concept. Some answers got too involved in the detail of the concept and failed to apply the concept to the context of the question - a luxury holiday resort. Strong answers did however apply the four competencies to the management of a luxury holiday resort and provided some evaluation at the conclusion of each of the four competencies. The strongest level of evaluation came from those candidates who considered factors other than emotional intelligence that could be important to a manager of a luxury hotel resort, for example, management ability to plan and meet financial targets, to maintain a high level of employee performance, and to ensure an efficient level of inventory were considered to be as important as levels of emotional intelligence.

### Question 7

- (a) This was a very popular question. Some answers did not fully explain the term online advertising and focused on advertising in general. This approach created a limit to the ensuing discussion and analysis and reduced the award of marks. Strong answers related advertising to the internet and social media platforms and identified and analysed such advantages as increased market share, the building of an international brand, convenient shopping for users, and cost-effective advertising for business. The question did not ask for disadvantages although many candidates gave some and in consequence presented a more limited amount of relevant analysis.
- (b) It is clear that most candidates understand market research. However, this question produced very few strong responses. There were some quite weak answers that failed to define secondary market research at all, or accurately distinguish between primary and secondary market research. Some answers ignored the context given of a furniture retailer and incorrectly assumed a context of a furniture manufacturer. Stronger answers analysed the potential requirements of a furniture retailer entering a new market and then made an assessment of how secondary market research might be useful and relevant. Evaluative comments were made regarding the limitations of secondary market research often with a suggestion to add some more direct market research activity.



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<p>Paper 9609/13 Short Answer and Essay</p>
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## Key messages

- Candidates are reminded that the ‘explain’ command for **Questions 1(b), 2(b) and 4(b)** requires enough detail and development to gain full marks. A brief statement is not likely to do this, nor is extensive writing required. Two or three developed sentences should be sufficient.
- Whilst many candidates gained marks for good analysis, they failed to build upon this and attempts at evaluation were often either very limited or non-existent. Up to 6 evaluation marks can be awarded for answers to **Questions 5(b), 6 and 7(b)**. In order to access evaluation marks, candidates need to make critical comments and/or judgements rather than a summary that repeats what they have already said in their analysis.

## General comments

- Candidates generally showed a good knowledge and understanding of the syllabus in both parts of the paper. Finance questions continue to be the least favoured option.
- Candidates demonstrated reasonably good knowledge, understanding and analysis when answering **Section B**. However it is important to focus on the specific demands of the question ensuring answers are contextual and that an opinion or judgement is based on analysis. Too many candidates fail to gain evaluation marks which are a significant amount of the total marks on **5(b), 6 and 7(b)**.

## Comments on specific questions

### *Section A*

#### Question 1

- (a) Most candidates struggled with this question with many gaining 0 marks. Incorrect answers were related to the Human Resource Management section of the syllabus but couldn’t accurately define the term. For example many incorrect answers defined training or different aspects of recruitment. Correct answers made reference to skills and/or numbers of employees and tended to relate this to achieving business objectives.
- (b) This question was generally poorly answered with many responses not specific enough to the question. Even when candidates showed understanding of induction planning, they were unable to explain an advantage to the business. A common error was explaining an advantage to the employee, such as getting to know some of your colleagues, but not why this might be an advantage to the business. Stronger responses were able to explain how employees can settle into their role quicker so becoming more productive sooner. Further relevant responses explained how an understanding of health and safety in the workplace could reduce accidents.

#### Question 2

- (a) This question was generally well answered with the majority of candidates gaining at least 1 mark. Clear definitions tended to mention the impact on society of business activities and linked this to the environment or going beyond their legal obligation. A significant number of responses gained 1 mark by simply stating the business considers the impact on the environment.

- (b) Most candidates were able to gain at least 2 marks for this question. Most candidates focussed on disadvantages such as increased costs or conflict with shareholders due to lack of business focus on profits. Other accurate answers discussed the impact on a business's reputation if it failed to adopt CSR as an objective. Weaker candidates tended to list relevant points without any development and gained a maximum of 1 mark.

### Question 3

This question was generally well answered with many candidates gaining at least 3 marks. Candidates generally understood the concept of inventory and why it might be advantageous to a business to hold low levels of stock. Common responses tended to focus on the cost saving of reduced storage space, less chance of wastage for items such as food, and less chance of being left with stock that had gone out of fashion, e.g. clothing. Many candidates were able to link reduced inventory to JIT. It is worth reminding candidates that 5 mark questions require a more detailed response to access the 4–5 mark band. Responses were often limited to 3 marks by not going into enough detail to be considered *effective explanation*.

### Question 4

- (a) This question was very well answered with many candidates giving accurate definitions. Candidates would often back up accurate definitions with relevant examples such as rail fares. Weaker candidates tended to get mixed up with price penetration.
- (b) This question was reasonably well answered with many candidates gaining at least 2 marks. Common responses discussed how businesses might not be able to cover their costs and make little or no profit. Strong responses discussed how smaller businesses might be at a disadvantage if they could not gain economies of scales,, unlike larger more established competitors who would have lower costs and be able to absorb lower prices and still make a profit. Customer perception of reduced quality if prices were lowered was another common response as was spending too much time researching prices of competitors and losing focus on other aspects of the business.

## Section B

### Question 5

- (a) **Question 5** was the most popular choice for candidates and was generally well answered with many candidates gaining 5 or more marks. Most candidates clearly understood the two different types of business ownership (sole trader and partnership) and were able to provide some appropriate application and analysis. The most common disadvantage that gained analysis was shared profit and how it would have to be divided amongst all the partners, potentially meaning less profit compared to when they were a sole trader. Shared decision making was also a common disadvantage that gained analysis with stronger responses able to explain how slower decision making could lead to missed business opportunities. Weaker candidates tended to understand what the disadvantages were but were unable to develop their answers.
- (b) Overall this was a well answered question where most candidates were able to demonstrate knowledge, (entrepreneurs and franchise) application and analysis. Candidates on the whole were able to place their answers in context and some took the opportunity to make an evaluative and supported judgement, but these were in the minority. Most candidates had a good understanding of what a franchise was and were able to give contextual examples, e.g. KFC or McDonalds. The majority of analysis tended to focus on the advantages of becoming a franchise and this was often very good. The analysis of the disadvantages to the entrepreneur tended to be fairly weak. This would often mean candidates were more limited in their evaluation as they could not evaluate both analytical arguments as strongly. Stronger responses understood that while a franchise might be a very good option it might not appeal to an entrepreneur who has strong ideas and creativity as they may feel restricted in a franchise form of business ownership.



### Question 6

This was the least popular question and attempted by very few candidates. Those that did attempt the question tended to do reasonably well and gain 10–14 marks. Knowledge of internal stakeholders was reasonably good and candidates were often able to provide analysis, although on the whole this tended to be limited as opposed to good. Some candidates found it easier to analyse external stakeholders such as how banks or investors might use the published accounts. This was fine in the context of the question. Knowledge of financial accounts was less good with many weaker candidates discussing cash flow forecasts.

Candidates tended to find it easier to discuss the statement of profit and loss when discussing how stakeholders might use this information as opposed to the statement of financial position (balance sheet). A very common theme used for analysis was window-dressing but it tended to be fairly limited. Stronger candidates discussed how employees could use the statement of profit and loss to demand a wage increase or how managers would use them to see where they might be able to cut costs. Evaluation on the whole tended to be limited with most candidates gaining a maximum of 2 marks for evaluation. A few stronger candidates were able to demonstrate effective evaluation having analysed how external stakeholders may find the published accounts more useful.

### Question 7

- (a) This was not a popular question but those candidates who did attempt it provided responses that showed good knowledge and understanding of niche marketing. The majority of candidates were able to give advantages of niche marketing and tended to develop this to gain analysis marks too. Most analysis tended to be in the 5–6 mark range, being limited as opposed to good. Stronger responses focused on how a business might have lower marketing costs as they are only advertising to a very small section of the overall market and could charge a higher price for their product or service which could lead to higher profits. A further common advantage analysed was the lack of competitors in this market.
- (b) Candidates generally produced average responses to this question with most candidates in the 5–7 mark range. Most candidates had a very good knowledge and understanding of market research. However the problem many candidates had was to write too much about what market research was (both secondary and primary) without really addressing the question and particularly the context of the question which was a soft drinks manufacturer. It is worth reminding candidates that for a 12 mark question there are only 2 marks for knowledge and understanding. Application tended to be weak on this response with many candidates failing to make any reference to a soft drink manufacturer. Those that did tended to focus on sugar-free drinks and how new market research would be useful if launching a new drink. Analysis tended to focus on the cost saving of secondary research compared to primary, or how primary research might be useful to find out what new products customers might want. Evaluation tended to be very limited with most marks given in the 1–2 mark range. It is worth reminding candidates that for a 12 mark essay, 6 of those are for evaluation. This should be reflected in the responses by how much of an essay is devoted to the candidate offering their opinion or judgement on the question put forward. Strong responses evaluated how competitive the market was; how strong the business brand image was; or how fast changing the market was. All these factors could be used to demonstrate good evaluation.

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Paper 9609/21  
Data Response

## Key messages

- It is important that candidates and teacher are aware that **Questions a(i)** and **a(ii)** are not data response questions and require candidates to answer the questions using knowledge and understanding only. Many answers are given that contain examples or copied text from the case and these answers are not rewarded as they do not show understanding.
- In this series, poor understanding was shown of key terms (please see below for specific comments). It is important that candidates are taught the value of learning definitions and ensuring that definitions given are specific, accurate and meet the requirements of the questions. Vague and undefined answers will generally not gain high knowledge marks.
- Candidates should understand the requirements for an 11-mark 'Recommend' or 'Evaluate' answer. Many candidates try to start their answer with their 'recommendation' or 'evaluation', which is often a simple one-line statement. As the candidate has used no evidence or analysis by this point, the absolute maximum that can be awarded is 1 evaluation point as there is no justification or development of the answer. Structures should be taught and used to ensure that evaluations and recommendations are completed well at the end of analyses and the answer to enable candidates to develop and justify their final judgement.
- A significant minority of candidates only answered the first question. Candidates should be aware that there are two questions and both should be answered.

## General comments

- Candidates must have a solid preparation in exam technique. Candidates must also understand that this is a business exam and business terminology is expected. Textbooks provide definitions, examples, and a guide to exam structure – these should be used and a core part of the teaching and learning process.
- Candidates must also be aware of the marks available for each question; a significant minority of candidates chose to write page long answers for 3-mark questions and then answered the 8 and 11-mark questions in a few lines. Definitions and explanations should be short, clear and concise. For example, if two marks are available, two separate and defined elements must be seen in an answer.
- Repetitive answers will not be rewarded, for example, market segmentation must not be explained with the words 'market' and 'segmentation'. Candidates must use their business terminology to show understanding and explaining the term.
- Candidates should read the text carefully. Ray's Taxi, for example, is a one-person, sole trader, however many candidates wrote about Ray being the owner of a multiple taxi business with many drivers employed – this lack of clear reference to the text means that valuable application marks are missed.
- Candidates generally used the data in the text of **Question 1** very well. Supporting evidence was generally clear and explicit.

### Comments on specific questions

#### Question 1

Care should be taken in **Questions b, c and d** to ensure specific examples from the text are used.

- (a) (i) Candidates should not use the word 'market' or 'segment' in the answer – most candidates identified that segmentation involved splitting or dividing the market, however a significant minority did not give an example, such as age or gender which is an effective way of gaining the second mark.
- (ii) Where a difference is asked for, there must be some comparison shown, often by the simple use of the word whereas. Two simple statements would only get two marks as there is no difference identified. Although a simple concept, cash was poorly defined on occasion.
- (b) (i) A significant minority of candidates omitted the opening balance when calculating the closing balance, however the question was well answered as a whole.
- (ii) A cash flow forecast is a prediction which many candidates did not seem to understand. Words like a guaranteed figure does not show understanding. Cash flow also has no impact or relation to profit, which is where many candidates showed confusion. While there may be surplus cash available, this does not mean it is profit as cash flow does not consider costs.
- (c) This question was very well answered. There were many examples in the text and entrepreneurial qualities are plentiful.
- (d) Candidates generally chose relevant promotional methods for Priya's bookshops. Candidates also highlighted unsuitable methods which also collected marks. Context was very well used and applied to the different promotional methods identified. Analysis was generally strong and well developed, however the evaluation was not always fully justified and in some cases a recommendation was not made after the analysis. It is important to read and answer the question asked.

#### Question 2

Generally well answered, although knowledge and understanding of process innovation was weak which affected the final question.

- (a) (i) Lead time is the difference between the start of a process and the end. A common 1-mark answer usually only focused on the delivery or completion of the process without mentioning the time taken from the beginning of the process.
- (ii) There seemed to be a lack of understanding of a mission statement being an aspirational target. It was also not clear from many answers that it should be broad and unfocused. The third mark for an example was often missed – motivating employees or giving customers an idea of the values of the organisation was not clear.
- (b) (i) Candidates should be able to present a ratio in the correct format, for example 2:1. A fraction is not a ratio. A significant proportion of candidates calculated the current ratio as they did not deduct inventory. Even when there was a correct formula errors were made. Care needs to be taken in calculations and working shown so that the own figure rule can be applied by examiners which can result in some marks being rewarded even if the answer is not entirely accurate.
- (ii) The acid ratio measures the risk of illiquidity, which is the basic understanding needed. A simple 'to check if short term debts can be covered' was also not always evident. There were few candidates who applied the ratio to the text by either using the answer from **b(i)** or any relevant data. It is vital that candidates explicitly use data rather than an oblique reference.
- (c) Just in time does not ensure good relationships with suppliers, a common error. Good relationships are helpful/essential for JIT, however it is important to understand that this is not a benefit of JIT. Candidates who identified this as a benefit were not credited with marks. However, those who answered the question with two appropriate benefits generally gained developed analysis due to expanding the analysis to show the effect and then a relevant impact. It is also important to ensure

that candidates read the question carefully – only two benefits are asked for – those who provide many benefits often fail to analyse thoroughly.

- (d) This question was not answered as well as was expected. There was a clear lack of knowledge of process innovation. Many candidates ignored the process element of the question and provided answers related to the innovation of the product, which did not gain marks.

Process is to do with how the products are manufactured, rather than the products themselves. The common correct answers focused on automation and the cost of the innovation and where this occurred the answers generally achieved developed analysis.

Evaluation on this question however was not common. A simple potential outcome of new machinery and the cost, focusing on potential cash flow problems or standardisation of products for example, were not seen often. Candidates need to be able to project into the future and suggest possible outcomes of future decisions. As these are future decisions, any valid predictions can be awarded as there are no real wrong possible outcomes as long as they are in context and justified.

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Paper 9609/22  
Data Response

## Key messages

- Content is king on this examination and the data is there to allow candidates to apply their knowledge, analysis and evaluation to the data given. Some candidates ignore the context, and this always restricts the mark available. If a question mentions a specific stakeholder group or the name of the business, then the answer must be applied to that type of business, etc.
- The data signposts the most likely answers to the longer questions. Although candidates are not restricted to only using these points, it is likely to be easier for candidates to access the higher marks using these points. For example, on **Question 1(c)** any supply factors could have been used, but the ones most likely to affect a farm selling a perishable product will provide the best analysis.
- Candidates should not repeat the words in the question and expect to gain marks. For example, on **Question 1(a)(i)** a candidate cannot be rewarded for stating that a labour intensive business uses labour intensively.
- Candidates should carefully follow the instructions of each question. Responses that ignore the instructions are unlikely to gain many marks and may leave a candidate with less time to complete the question paper. For example, on **Question 2(b)(ii)** candidates were asked for limitations of break-even analysis. To answer this question, there is no need to define the term 'break-even analysis' and yet many candidates did this. Likewise, **Question 2(c)** asked for an advantage and a disadvantage of Tia's autocratic leadership style. An answer to this question does not require a definition of autocratic leadership to gain full marks. In these situations, knowledge will be implicit within the explanation.

## General comments

Candidates engaged with both pieces of data well and the contexts were well understood. However, there were obviously some candidates who attempted the questions without having fully read the data. While this is unlikely to obstruct candidates from gaining marks on question (a), it is essential that the data is used in later questions. It is not unreasonable to assign five minutes at the start of each question, reading and understanding the data before attempting any of the questions.

Candidates did well in distinguishing the major differences between FP, as a primary sector farm and SH, as a tertiary sector hotel.

Most candidates attempted the questions in the same order as the question paper. This has a major benefit as the calculations in **Question 1(b)(i)** and **Question 2(b)(i)** could often be used in later questions as application to the context. Those candidates who approached the paper out of order often ignored this data. Where candidates have completed the questions out of order, they should make it very clear which answer is in response to which question. On some occasions this was difficult so examiners had to make a best guess.

## Comments on specific questions

### Question 1

- (a) (i) Labour intensive was a reasonably well-understood term, with most candidates able to show their understanding. However, the most common issue surrounded candidates' ability to fully explain the term without using the words 'labour' and 'intensive'. For example, a common approach was to state that labour intensive was about using a larger proportion of labour to capital. Whilst this is correct, it does not show any understanding of what labour actually is. This often led to partially correct answers. Whenever a definition of a term is asked for candidates must ensure they do not repeat the words in the term.

- (ii) A co-operative is a specific term in the syllabus and refers to a legal structure of business. Sadly, many candidates confused this with the word 'cooperation' and explained this word. Candidates must pay careful attention to the term asked and the context given can often help.

In this piece of data, FP is described as a co-operative, and this should have given a clue that this was a form of business ownership. The most basic defining characteristic of a co-operative is that it is owned by members who may be workers and/or customers. Candidates who understood the term often identified this aspect of the business, but then failed to go further and develop their answer into a full explanation.

Teachers should note, since the data stated that FP is a co-operative, no marks can be awarded for repetition of this as an example as it does not show any further understanding. However, other examples of co-operatives from a candidate's prior studies can be used to show a good understanding.

- (b)(i) There were many routes that a candidate could take to calculate the profit made by FP in April 2022. Any relevant and correct method could achieve all of the marks. However, when a candidate has not given a correct answer, it is necessary for the examiner to try and award as many marks as possible and this usually requires a clear set of stages so that they can identify the correct stages of the calculation.

In this question, candidates often made it difficult for the examiner to follow their chain of thought and this can be avoided by clearly showing each stage of working.

The most common approach was for a candidate to calculate the profit made from each size of box. This approach also allowed candidates to identify that the small box makes a loss (with the current proportion of fixed costs allocated) and this could be used in **Question 1(b)(ii)** as context.

The most common error was that candidates forgot to subtract the fixed costs, which gives a very different overall figure of profit for FP.

- (ii) This question was done poorly by candidates, and this was most often caused by a misunderstanding of the nature of fixed costs. Fixed costs do not change (in the short run) based on output and as such, they have nothing to do with the sales of the boxes. FP has decided to apportion these costs equally between the three products and this makes the small box appear to be unprofitable for FP. The use of this method may lead to FP making poor decisions about the small box size, including stopping its sale and how it is priced. This was the easiest problem to identify and to explain in context, using the figures calculated in **Question 1(b)(i)**. However, relatively few candidates actually focussed on this problem.

Other problems of allocating fixed costs could have been explained, but these were more difficult to contextualise, and teachers should encourage candidates to use the data to find the answer most applicable to the business, not just the first one that can be remembered.

- (c) This question is more about stakeholders than it is about FP's decision to stop selling the small box size. Good responses identified each stakeholder, explained how the stakeholders might be contextually affected by the decision and then analysed the effect of the decision on each stakeholder.

The key to answering the question well, is to make sure the analysis is based on the stakeholder, not FP. The business is never a stakeholder of its own decisions. Far too many candidates analysed the effects on FP, not the stakeholder.

The data gave signposts to the easiest stakeholders to analyse in context. In this case there was clear data to support answers about the likely effects on the owners, the government, the employees, and the customers. Other stakeholders could have been used, but it was more difficult to make the answer contextual. Again, candidates must look to the data to find the best stakeholders to use in the context given, to gain marks for Application, as opposed to the ones that a candidate can best remember.



Candidates who correctly identified stakeholders in context, but then went on to analyse the effects on FP (as opposed to the stakeholder) could not be awarded analysis marks.

- (d) This question specifically asks about the factors affecting supply, which is a specific business term with relation to 'supply and demand'. The factors affecting a business can be separated into those which affect the demand for a business or its products and those factors which affect the supply. Supply factors are those which would either lead to a shift in the supply curve, or those which would lead to an extension or contraction of the supply curve. Factors which affect demand could not be rewarded in this question.

The most common correct factor was the weather. Candidates often recognised that FP, as a farm, would be affected by the weather because the supply of crops would obviously be affected by climate. This was a relatively easy factor to analyse and evaluate. Other factors were also signposted in the data, such as government grants and wages.

However, many candidates gave incorrect answers focussing on demand factors. Some candidates spent a great deal of time analysing factors such as advertising and consumer tastes, neither of which could be rewarded in this question.

The analysis of each factor also needed to be focussed on supply and good responses often analysed how the factor could lead to an increase or decrease in supply and then went on to show the effect of this increase or decrease on FP.

The question called for evaluation of the most important factor. It was an obvious route into this evaluation for a candidate to come to a judgement over which, of the factors analysed, is most important within the context of FP.

## Question 2

- (a) (i) Redundancy is a form of dismissal where a job role is no longer required by the business. It is not about requiring or wanting the person doing that job. Those candidates who provided good answers to this question, often did so relatively quickly and this should always be the case for a definition question.

As with **Question 1(a)(ii)**, there was some confusion with candidates trying to define redundancy as a more general term – not needing a piece of equipment, for example. Whilst this might be a way in which the term is used, the syllabus only uses the word redundancy in reference to human resource management and the legal act of making an employee redundant because the role is no longer needed.

- (ii) Joint venture was a well understood term and most candidates understood that this was two or more businesses choosing to work together. However, there is a distinct difference between a joint venture (where each business maintains its own identity) and a merger (where two businesses become one). For a full-mark answer, candidates explanation needed to show a clear understanding that the answer was about a joint venture and could not be confused with a merger.

Examples are always a good way of showing good understanding in an explanation question. However, as the data clearly states the joint venture that SH has with a local restaurant, this example cannot be used to show good understanding. Other examples can be used from candidates' prior reading and learning.

- (b) (i) This was a relatively simple calculation as long as the candidate knew the formula. There were two common routes to finding the correct answer: using the actual figures and using a percentage. Either correct answer was fully rewarded and, where a candidate made a mistake in their calculation, the correct stage of the calculation could be rewarded.

However, a few candidates just gave their answer, without showing any working. This is a risk and the small amount of time it takes to show working is well worth it in many cases.

- (ii) The uses and limitations of break-even analysis tends to be a well understood section of the syllabus. However, this question asked for limitations specific to SH and many answers were generic and could be applied to any business and any technique. For example, to state that break-

even can be based on incorrect data does not show any real understanding of the technique or context. Any technique can be based on incorrect data and therefore be irrelevant.

Good answers focussed on the problems facing SH, such as their occupancy issues in the off-peak months (October – March), and then applied these to the limitations of break-even analysis.

- (c) This was a well answered question and most candidates understood what was meant by autocratic leadership. Again, a few candidates gave generic analysis of the advantages and/or disadvantages instead of looking for the best contextual answers.

The data clearly showed Tia was in charge of the cleaners and marketing employees and from this, and the data in Table 2.1, candidates had some useful context to analyse an advantage and a disadvantage of her leadership style. The most common context used was that cleaning staff might need more control, appropriate to autocratic leadership, whereas marketing staff are likely to need more flexibility. This could provide excellent answers.

A minority of candidates mixed up autocratic with democratic or laissez-fair leadership.

- (d) This question had a large variety of possible answers any of which could be developed into a good answer. The most common responses often focussed on marketing methods of adding value, such as building SH's own restaurant to gain more revenue and profit and other similar facilities such as swimming pools and spas.

There were other routes into the question, adding value through operations, such as increasing quality or capacity utilisation, and HRM, such as training customer service staff. However, marketing routes were by far the most popular.

This question asked for a recommendation and the best responses often analysed a couple of different methods that SH could use to add value and then came to a judgement about which was the best / most appropriate method for SH to use.

# BUSINESS

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Paper 9609/23  
Data Response

## Key messages

- There is an improvement in candidates using the case material in attempting ‘analyse, evaluate and recommend’ questions.
- The majority of candidates managed to score ‘application and analysis’ marks 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 1(d) and 2(d)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates must avoid repeating previous analysis when evaluating an answer.
- Advise candidates to use clear handwriting.
- In calculation questions, **1(b)(i) and 2(b)(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 **Questions 1(b)(ii), 1(c), 1(d), 2(b)(ii), 2(c) and 2(d)**.
- Advise candidates that answers requiring the use of context, such as to **Question 1(c)**, should integrate the information from the case, but avoid repetition of the case text.
- Ensure full understanding of the command words.
- Practice ‘explain/definition’ questions and get candidates to produce their own list of definitions and explanations with examples.

## General comments

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

*Teaching tip:* Integrate context in the answer!

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

- Use the context to achieve Application marks
- Identify opportunities to analyse – good analysis based on a contextualised chain of reasoning
- Identify opportunities to evaluate – **Question 2(d)** required a justified recommendation as to how employees could participate in the management and control of the business
- Answer the set question – **Question 1(c)** only asked for one advantage and one disadvantage. **Question 2(c)** required only two advantages.

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

### Comments on specific questions

#### Question 1

- (a) (i) Candidates generally did well on this question and were able to at least partially define 'supply'. A few candidates confused supply with inventory.
- (ii) Most candidates managed to score 2 marks by explaining 'product differentiation' but did not develop their explanation for the third mark. Most candidates referred to a good or service having a USP and some gave an example for full marks.

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

- (b) (i) This elasticity calculation required candidates to work out the percentage changes in quantity and price. A few candidates incorrectly used the absolute changes in the calculation. Some candidates inverted the equation but could still pick up some marks if they showed workings.
- (ii) Nearly all candidates could explain how to measure the size of a business. Stronger candidates could do this in the context of a small, sole trader service business.
- (c) Good answers used the context of a small business (CP) using working capital as a source of finance for the new café, developing a chain of reasoning for one advantage and one disadvantage. A few candidates confused working capital with machinery.
- (d) It is very encouraging to see some candidates score full marks. Those candidates analysed promotion methods specifically suitable for a small business, developed chains of reasoning and concluded with a justified recommendation as to which type of promotion would be most appropriate. Most candidates demonstrated good knowledge of 'promotion' in context and scored good analysis marks but failed to make a balanced recommendation which was required to gain the evaluation marks available.

#### Question 2

- (a) (i) Candidates demonstrated good understanding of 'capital'. There were a number of ways defining capital, e.g. fixed assets, machinery, start-up money, all acceptable in answering this question.
- (ii) Most candidates scored 2 marks by explaining the meaning of a dynamic business environment, but many did not develop their explanation / provide an example to achieve the third mark.
- (b) (i) Many candidates correctly calculated the sales in 2021. A few calculated sales for 2020. Many candidates showed their workings for this question.
- (ii) Most candidates spotted the forecast fall in economic growth and could relate this to a fall in demand but then gave generic answers. This question requires context/application to the case so answers should focus on the implication for CTV.
- (c) Candidates demonstrated good knowledge of 'automation' and managed to give two advantages to CTV. Some candidates spent valuable time giving disadvantages even though the question only asked for two advantages. Many candidates scored 2 + 2 or 4 + 2, but lack of developed analysis meant that some candidates did not get beyond 6 marks.
- (d) Candidates who are familiar with employee participation managed to score very high marks. Some candidates wrote at length on employee motivation methods and scored zero or very low marks. Excellent answers used the context very effectively, e.g. a public limited company, autocratic management, automation and process innovation.

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<p><b>Paper 9609/31</b> <b>Case Study</b></p>
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## Key messages

- Time management is an essential exam skill and there was some evidence that candidates found it challenging to complete questions fully. Many candidate answers to **Section B** were very brief and some presented in note form. This might indicate that candidates allocated relatively less time to the essay section. As **Section B** is worth 20 marks it is recommended that candidates spend up to 40 minutes on this section.
- Learn financial ratios and practice calculating them using unseen data. As there are 14 marks for calculations on this paper, they have a significant impact on overall grades.
- Read the case material more than once and take time to identify relevant context for each question.
- Read the questions carefully and consider what precisely is being asked.
- Actively use the case information when answering questions, simple repeating text or data is not rewarded.

## General comments

Most of the questions on this paper proved accessible to candidates. There were good examples of well-focussed responses in which the candidate had read the question carefully and knew how to meet the demands of the question. Good responses were produced by candidates who targeted their answers directly at the questions. The best of these combined evidence from the case to support and develop chains of reasoning while making judgements throughout the response. More effective answers often focussed on a limited number of relevant points rather than attempting to cover all conceivable issues. Analysis often becomes superficial when attempting to develop too many lines of reasoning. The strongest candidates demonstrated a good understanding of the broad range of topics that were tested.

Although there were many candidates who gained full marks on the calculations, over 20% did not attempt one or more of the calculations. Knowledge of all ratios and how to apply them is essential.

Technique and understanding were frequently weaker in **Section B**; these extended essays continue to provide significant challenge. Typically, candidates find it difficult to develop evaluation. Candidates might aim to give point and counter point followed by a judgement throughout the question, although answers are likely to end with an overall judgement or recommendation that refers specifically to the question asked.

## Comments on specific questions

### **Section A**

#### **Question 1**

This question was accessible to most candidates who demonstrated good knowledge and understanding of CSR. Issues relating to CSR were clearly flagged in the case and most candidates made good use of the information referring to the link between CSR and the and the difficult to recycle metals used by the business. However, weaker responses tended to just repeat the case material rather than taking the information and building analysis of the potential benefits of an increased focus on CSR. Stronger answers made links between a focus on CSR as a means of tackling other issues faced by HD such as the labour turnover in the Design Division. Many candidates developed analysis by linking CSR to sales growth and long-term profitability through providing HD with a USP and brand recognition.

Candidates should take time to read the case study more than once to fully understand the context provided. A few candidates mistakenly argued that HD was making payments to foreign governments that did not appear in the financial statements.

## Question 2

- (a) (i) The majority of candidates correctly calculated the difference in labour turnover between the Design Division and the Manufacturing Division. Clear method was demonstrated by most candidates, setting out steps in the calculation including stating the formula for labour turnover. A few candidates calculated labour turnover for both divisions but did not calculate the difference. It is important to answer the question fully.
- (ii) Capacity utilisation was well understood and correctly calculated by most candidates.
- (b) This was an accessible question and candidates frequently gave a definition of capacity utilisation and used their previous calculation to comment on the situation faced by HD. However, weaker responses tended to just repeat points from the case without demonstrating appropriate interpretation of the information. A few candidates devoted too much time to analysing the consequences of operating at 105% capacity rather than considering how the problem could be solved. It is important to read the question carefully and direct answers to the specifics of the question.

Most candidates focussed on the choice between outsourcing production or building a factory extension as suggested in the case. Candidates were able to identify relevant factors in the decision such as control over quality, cost, flexibility and how quickly the problem would be solved. Better answers made links between these points and the context, for example, noting the significance of quality to the success of HD. Evaluation was often limited to Level 1 as there was often only superficial support given to the recommendation. It is good practice to make evaluative comment throughout an answer rather than just providing a recommendation at the end. The best answers provided evaluative comment in context, for example, considering whether HD could finance the building of an extension by referring to the information in the financial data.

## Question 3

Candidates seemed more comfortable with this style of question - looking back at the business and considering how structure contributed to success - rather than questions which required analysis of changes that should be made by the business such as in **Question 4(b)**.

Most candidates were able to define the term 'organisational structure'. Candidates obtained knowledge marks for this as well as demonstrating an understanding of appropriate features of organisational structures including, for example, delegation, channels of communication and the span of control.

Weaker answers took the approach of simply repeating case information about the organisational structure of HD. Better answers made links between organisational structure and outcomes for the business, for example, analysing how the matrix structure in the Design Division might foster creativity and contribute to the strong reputation of HD. A small number of answers provided evaluation of the role of structure in HD's success commenting on the extent to which it was critical or whether other factors were equally or more important.

## Question 4

Many candidates were unfamiliar with the required ratios and omitted the calculations.

- (a) (i) 12% of candidates omitted this question. Marks were awarded for stating the correct equation and for calculating capital employed as part of the process. Many candidates did not include reserves in their calculation of capital employed, however, they were able to gain three of the four marks for own figure rule where method/working was shown.
- (ii) Many candidates were unsure of how to calculate gearing and 19% did not attempt to answer the question. As this question also required knowledge of how to calculate capital employed candidates could reuse their incorrect calculation of capital employed from the previous question without any penalty.



- (iii) Candidates found this the most challenging numerical question on the exam and over 20% omitted the question. Many candidates divided operating profit by dividends payable for the year rather than profit after tax.
- (b) Many candidates produced well structured answers that used case material to analyse arguments for and against HD proceeding with the joint venture offer. However, weaker answers were often one-sided and only focussed on the negative issues such as the limited sales opportunities within a niche market and the short product life cycle of the product as reasons to reject the joint venture. Well balanced arguments often resulted in effective evaluation of which points were the most important. Evaluation was also developed by contrasting short and long-term outcomes for the business. Some candidates made excellent use of the case material linking the decision to issues of finance, capacity utilisation and labour turnover. Candidates often missed the opportunity to use their previous calculations as part of the evidence for or against the joint venture. Candidates should always consider how quantitative information can be used to help decision-making. A few answers used the data to contrast the profitability of this venture with HD's much higher current operating profit margin.

### Question 5

This proved to be the most challenging extended answer question in **Section A**. The main weakness in answers was the amount of time devoted to repeating all the detail from the website manager's market report. Although important to analyse the deficiencies in the current marketing, this question required analysis and evaluation of changes that should be made to HD's marketing. Better answers included comment on the existing marketing and suggestions for changes to the marketing mix. However, some candidates lacked focus and tried to comment on all aspects of the marketing mix and/or all the factors in the website manager's market report. Good answers often focussed on two or three selected issues seeking to identify the most important elements of marketing that needed to be changed. Most good answers focussed on the issue of pricing and evaluated the extent to which HD should reduce price considering the possible impact on product quality, sales, and profit. It was also common in stronger answers to identify the limited promotional activity undertaken by HD as requiring change.

### Section B

### Question 6

Over 80% of candidates chose this essay. Naturally, many candidates focussed on Appendix 1 in their answer. However, weaker candidates did not go beyond repeating the information in the appendix so did not show either knowledge or application. Knowledge was shown by some candidates by noting that SWOT was a strategic analysis technique which provides a situational analysis of where the business currently is. Well focussed answers selected two or three points from the appendix and analysed how these might specifically inform decision making and how the SWOT technique provides a framework for developing business strategy.

Candidates developed simple evaluation by commenting that SWOT analysis should be used alongside complementary techniques such as PEST and Porter's Five Forces. The best answers focussed on the distinction between strategic analysis techniques and strategic choice techniques observing that ultimately it is choice techniques that provide the quantitative and qualitative information on which to base decisions.

### Question 7

This proved to be a challenging question and the data suggests it was attempted by weaker candidates in general. Candidates often provided very general answers about corporate planning and did not apply it to the case, so frequently no application or evaluation marks could be awarded. Candidates able to define corporate planning often identified some of its benefits including setting objectives and creating a road map for implementing strategy as well as aiding with motivation of employees. Contextually focussed answers were more highly rewarded as evaluation marks were then available. A few candidates considered the need for external finance in option 1 and analysed how planning would help HD secure that finance with reference to issues such as the low gearing of the business. Other answers commented on aspects of option 2 that required planning such as the need to recruit design engineers with different skills. This provided a platform for further analysis of corporate planning, for example explaining how it could help control expenditure and reduce risks of cash flow problems. Effective evaluation was only seen in a few answers and most commentary was at Level 1 with identification of the limitations of planning but with little development.

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<p><b>Paper 9609/32</b> <b>Case Study</b></p>
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## Key messages

- Define key terms or concepts within the answer. Without demonstrating knowledge of the concept being questioned candidates cannot access marks for higher level skills such as application and analysis.
- Learn financial ratios and practice calculating them using unseen data. There are 14 marks for calculations on this paper, so they have a significant impact on overall grades. Knowledge of ratios needs to be underpinned by an understanding of how to interpret results and how those results might support appropriate business decisions.

## General comments

Most questions on this paper were accessible to candidates. On average candidates scored well on the numerical questions. However, over 10% of candidates did not attempt one or more of the calculations.

Good responses were produced by candidates who targeted their answers directly at the questions. The best of those combined evidence from the case to support and develop chains of reasoning. There were some sophisticated responses that were effectively structured with a clear focus on the question. Such answers made judgements throughout the response and provided a conclusion based on analysis previously developed, without repeating it. Candidates should read the case carefully and then spend time planning answers to ensure a greater degree of focus in their responses. With careful planning candidates will be clearer of the demands of each question.

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

Candidates continue to make progress in making more effective use of the case material but there are still a minority of candidates who simply repeat case material without showing why it is relevant to the question under consideration.

Most candidates find it difficult to develop evaluative points as their answer progresses. This is an important skill to practice through using past papers. Candidates should aim to give a point and counter point followed by a judgement/evaluation. Often candidates do not give a final judgement or recommendation. This continues to be a particular problem in **Section B**.

## Comments on specific questions

### **Section A**

#### **Question 1**

It is essential that candidates provide clear definitions of terms on which to build subsequent analysis. The case study provided a basic definition of Kaizen referring to WTZ wishing to introduce a 'lean approach to production including the introduction of Kaizen (continuous improvement)'. Most candidates repeated this definition and added some comment about lean production and the reduction of waste. Weaker answers frequently focussed on the beneficial impact of lean production rather than explaining the role of Kaizen in bringing improvements to the business so it was often unclear whether the candidate had any knowledge of the concept beyond the definition provided in the case study. Better answers showed an awareness of the

role of employees within Kaizen by referring to Kaizen groups or quality circles which could build on the experience of employees to make small incremental improvements to operations and tackle problems that WTZ was experiencing, such as the increasing reject rate at the factory. The case study also commented that training would be required to successfully introduce Kaizen. A few candidates focussed only on the benefits of training without demonstrating an understanding of the core concept of Kaizen. Such responses could only attract low level marks at best.

## Question 2

Candidates often struggle with the application of the elasticity concept. However, this series provided evidence that candidates are becoming more comfortable with the calculation of elasticity and can offer some insight as to whether it is useful to a business. In the past a much higher proportion of candidates have omitted answering elasticity questions. As 14% of marks on this paper are for calculations, it highlights the benefit of candidates practising a wide variety of numerically based questions.

- (a) (i) Cross price elasticity measures the impact of a change in the price of one product on the quantity demanded for another. Its calculation requires two pieces of information – the percentage change in the price of one product and the percentage change in the quantity demanded of the other product. This information was provided in the case. Therefore, with knowledge of the equation the calculation was relatively simple. Many candidates gained both marks. A few candidates gave the answer as negative 0.4 rather than 0.4 and gained only one mark. The most common error was to invert the equation. As in previous series there were a significant number of candidates who had no knowledge of the equation.
- (ii) This was a multi-stage calculation which many candidates found challenging. However, most candidates were able to gain three of the five marks by correctly calculating the new price and using this to calculate revenue based on the candidate's assumption about the quantity demanded. However, only a few candidates used an understanding of price elasticity of demand to calculate the new level of demand.
- (b) The implications of elasticity were not well understood with many candidates making no comment on the elasticity concept and some made no comment on marketing strategy either. Candidates with some understanding observed that knowledge of PED could help WTZ set an appropriate price for its products. Better answers used case material to put this in context and argued that as demand was estimated to be price elastic that WTZ could decrease price to increase revenue. Candidates understood the meaning of cross price elasticity of demand and that demand for WTZ's product was not responsive to a change in the price of competitor products. However, only good answers were able to make use of this data in relation to marketing planning. Many candidates also commented on promotional elasticity and advised that as demand was advertising elastic WTZ should increase spending on advertising. Some strong answers linked calculations of demand changes to WTZ's marketing objective, noting that in theory a relatively modest increase in promotional spending could achieve the desired increase in sales.

However, understanding of elasticity was frequently limited; candidates believed that price elasticity measured whether demand would rise or fall. A common assertion was that if demand were price inelastic then demand would not change.

Good candidates focussed on the usefulness of the elasticity concept and highlighted weaknesses of the concept such as the difficulties in its estimation and the significance of competitor decisions in response to any pricing or promotional decisions of WTZ.

## Question 3

This question was accessible to most candidates. Candidates demonstrated good knowledge and understanding of CSR often linking this to environmental considerations in decision making. Many candidates noted that WTZ was to some extent a business that inevitably demonstrated strong corporate responsibility as a business involved in recycling. However, weaker responses tended to just describe what had been read rather than taking the information and building analysis through considering the consequences for WTZ's profitability of an increased focus on CSR. Better answers considered WTZ's current focus on cost cutting and its consequent treatment of employees as a basis for considering how a change in approach could impact employees. The positive impact on employee motivation was linked with productivity and reduced HR costs due to better employee retention and lower recruitment costs. Many

candidates developed analysis by linking CSR to sales growth and long-term profitability through providing WTZ with a USP and brand recognition.

Evaluation was lacking in most answers. Some candidates did not evaluate at all, and others simply stated 'CSR is beneficial to WTZ' without providing any justification so could not be rewarded evaluation marks. Better responses provided reasoning for their judgement of the extent to which an increased focus on CSR would impact profitability. Many candidates did recognise that the short-term investment in CSR might be outweighed by longer-term profitability. However, some of the best answers questioned the extent to which CSR was an important consideration for the business customers of WTZ noting that price might be the more important factor in customer decision making.

#### Question 4

Many candidates were unfamiliar with the required ratios and omitted the calculations. Around 10% of candidates did not give an answer to **Question 4(b)**. However, stronger candidates performed as well on this question as on other questions in the examination.

- (a) (i) 12% of candidates omitted this question. Marks were awarded for stating the correct equation and for calculating capital employed as part of the process. Many candidates did not include retained profit in their calculation of capital employed, however, they were able to gain two of the three marks for own figure rule where method was shown.
  - (ii) Candidates found this the most challenging numerical question on the exam. The most common error was not to calculate the dividend per share. However, most candidates did gain at least a mark for stating the correct equation. Candidates could also gain a mark for calculating the dividend per share.
  - (iii) Most candidates could calculate the profit margin and gained full marks. However, nearly 10% of candidates did not attempt the question.
- (b) Candidates found it difficult to link ratio analysis to decisions about the sources of finance. Many candidates repeated the ratios from **Question 4(a)** as examples of financial ratios but without showing any understanding of how the ratios were useful to decision makers. Many candidates who had found it difficult to calculate gearing did understand that high or low gearing was relevant to decisions about finance. It was commonly asserted that as WTZ was highly geared it should not borrow further capital for expansion or that banks would not lend to WTZ. Better answers offered some support for this assertion, but only the strongest candidates were able to explain how loan finance could still be appropriate. Recognition of the quantitative nature of ratio analysis led to some candidates identifying the limitations of just using ratios to make decisions and this provided a useful element of evaluation.

#### Question 5

This seemed to be a challenging question and many answers needed to provide a much clearer analysis of how the organisational structure could be changed to meet the needs of the business as it continued its expansion and to support innovation. Most candidates were able to define the term 'organisational structure'. Candidates obtained knowledge marks for this as well as demonstrating understanding of appropriate features of organisational structures including, for example, centralised structure, tall structure, channels of communication and chain of command. More limited answers took the approach of simply restating the issues with the current structure without using this information as a basis for suggesting appropriate changes. A small minority of candidates did not demonstrate understanding of the current structure and proposed changes that were features of the existing structure. Weaker responses often went through the process of describing and analysing different structures, without making a final recommendation, or only offered simple assertions such as 'the structure should change'.

Good answers used the 'hooks' provided in the case material such as the increasingly diversified nature of the business or its expansion abroad. This naturally led to recommendations of a more product or geographically based structure. Other good answers focussed on the innovation part of the question and analysed how a matrix structure could support innovation. Strong evaluation linked recommended changes to the specific needs of the business and was often balanced by consideration of how easily/quickly changes could be made. The importance of the WTZ's existing culture and how it might react to making change was used by some stronger candidates to evaluate whether change would be easy or even possible.

## Section B

### Question 6

In previous sessions candidates have often shown a very strong preference for essay questions relating to strategic analysis. However, in this session there was a more even balance of responses to the two questions. PEST analysis is well understood by most candidates as a strategic analysis technique. Many candidates used the case material to outline the technique and naturally focussed on the information in Appendix 1. However, weaker candidates did not go beyond repeating the PEST analysis and did not show any interpretation of the data. Some candidates explained the implications of the data and provided analysis of how it might affect WTZ but still lacked focus on how the technique provides a framework for developing business strategy. Consequently, although many answers gained knowledge and application marks, analysis marks were very limited. Candidates must focus on the question to achieve marks for analysis. Good answers linked PEST analysis to guiding decision making and reducing risk. The best answers recognised that PEST analysis should be used alongside complementary techniques such as SWOT and Porter's Five Forces. This often provided a route into making evaluative comment.

### Question 7

43% of candidates chose this question. A few candidates could not identify any relevant strategic choice techniques despite the case clearly identifying strategic choice techniques in Appendix 2. As with **Question 6**, weaker answers did not go beyond repeating the information in Appendix 2 and did not offer any definitions of different choice techniques. Better answers identified and defined choice techniques and made comparisons for the two options proposed. For example, most candidates understood that consideration of the ARR results favoured option 1. However, only good answers focussed on developing analysis of the usefulness of different strategic choice techniques. The best answers applied knowledge to the case material and developed evaluative comment within the main body of their answers and in their conclusions. Showing an understanding of the limitations of strategic choice techniques provided an effective way of developing evaluation. In this case, the lack of weighting of the driving and restraining forces could be considered as a limitation of the data, or the likely accuracy of investment appraisal techniques over an extended time period.

# BUSINESS

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<p><b>Paper 9609/33</b> <b>Case Study</b></p>
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## Key messages

- Candidates should practise applying numerate and written theory concepts across a wide range of case study contexts. This can be best achieved using recent past papers and mark schemes.
- In all cases, teachers should advise candidates to spend the first 15–20 minutes of time allowed reading the case study and then return to the relevant parts before answering each question. Line references given in the insert will help with this. Candidates should plan for approximately 1.5 minutes per mark for planning and writing answers, so a 16 mark answer should take around 24 minutes to read carefully, plan and write.
- Candidates should read all of the questions in the paper carefully before starting their answers. This will assist in making the choice between option questions and also avoid misunderstandings that may occur. There are examples of such misunderstandings in the comments on individual questions.
- Answering questions in order is the best approach, as it allows an overview of the business to be developed. The booklet style paper makes it easy to return to an answer if candidates have more to add or have moved on due to time constraints.
- The best use of financial analysis, such as ratios and other calculations, is provide an explanation of what the results or changes mean for the business or project in question. An integrated approach, that relates financial calculation from different parts of the case, should also be analysed in the context of the business financials in overview. Candidates should consider to what extent the business is a success, using a range of financial and other criteria.
- A good evaluative answer includes detailed application to the context of the case as well as judgments throughout and a well supported/justified conclusion. Candidates should always return to the precise question and read the wording carefully before writing their conclusion, especially in the **Section B** where some answers lost focus on the case context and the question.

## General comments

This was a very accessible case and candidates clearly understood that TK was a delivery only business. It was also clear that most candidates understood the process of using a smartphone App to have meals delivered.

There is still opportunity for improvement in candidates' performance especially in the Strategic Management topics and the demonstration of higher-level evaluative skills.

There was evidence that many schools had prepared candidates effectively so they knew what to expect in terms of skills and how to structure responses. The best answers demonstrated excellent understanding of concepts and used data and information from the case study to support answers. However, there were still answers that reflected a more general approach, more inclined towards generic textbook knowledge and learnt rather than specific analysis. High marks on this paper depend very much on a candidate's ability to focus their answers specifically on the business scenario in the case, as well as the use of comprehensive subject knowledge.



It is also important for candidates to read the questions carefully to ensure that they are clear on what is being asked. Good analytical and evaluative answers make links between different parts of the case as well as taking an overview of TK's current position, objectives and future plans. When a comparison and choice is required, such as how to finance the ADV trial, candidates should do more than just quote from the text. There should be an attempt to analyse advantages and disadvantages of choices, firmly in the context of TK. Candidates should also be encouraged to consider alternative views, such as the ADV trial may prove to be an expensive mistake or 'vanity project'.

Teachers can help to improve candidates' performance in the important skills of application, analysis and evaluation, by supporting them in working through past paper 3 examinations 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 **Question 1**, will not waste time writing a conclusion in the examination. 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. Candidates also need guidance on how to choose the optional question in **Section B**, as there was some evidence of a choice being made and then changed, wasting time. Time spent planning an answer before starting to write in detail is the best way to avoid this.

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

### **Comments on specific questions**

#### **Question 1**

This question was well answered by many candidates who showed good understanding of external factors and how changes may impact TK positively. Application marks were generally gained by linking economic, political, social and technological changes with aspects of TK's operation, for example the increasing use of smartphone Apps to order meals and the preference for working from home. Analysis points were then built, such as TK's 'first mover advantage' in the meal delivery business leading to higher sales, profits and expansion possibilities. Candidates who had misread the question and included threats did not receive credit for that part of their answer.

#### **Question 2**

(a) (i) Most candidates performed this calculation correctly.

(ii) Many candidates calculated this correctly and others gained marks for correct formula or partially correct calculations. If fixed costs were incorrectly included, then this led to OFR being allowed in part b.

(b) This question was well answered by many candidates. There were plenty of signposts in the text, suggesting possible reasons to use as application to support the decision to close / not close Kitchen 2. Better answers used results of calculations, but then took a whole company rather than required single kitchen approach. Commonly, candidates identified that the low income area location of Kitchen 2 did not necessarily fit with the TK marketing mix, but also argued that the positive contribution may suggest giving more time or changing the menu. Good evaluative points included observation that closure would go against the growth objective of TK and the forward-looking attitude of Thierry. For example, he is unlikely to want to change TK's objectives based on just six months of figures for one kitchen.

#### **Question 3**

The case included plenty of information for candidates to work with in terms of past and future product and process innovation. Most identified and applied the advantages of innovative menus, patented packaging and the TK smartphone App, as well as the future and proposed ADV trial. However, a few candidates took a 'JIT' approach to this question, which they would not have done had they read all the questions, as that was the focus for **Question 5** and also not a good example of innovation in this case. Typically, analysis marks were gained by drawing out the short and potential long term impacts of innovations, such as the boost to competitiveness from the smartphone App and innovative menus while balancing this against high R and D

costs and the ADV trial. Some candidates gained easy evaluation marks by addressing profitability in the short and long term. Better evaluation also focussed on the need for innovation to be an ongoing process, to keep up with consumer market trends, such as veganism, as well as external factors, such as economic changes.

#### Question 4

- (a) (i) Most candidates carried out this calculation correctly. Others also gained 1 mark for a partial calculation or a correct formula.
- (ii) Many candidates carried out this calculation correctly. Others also gained 1 or 2 marks for a partially correct calculation or a correct formula.
- (iii) Many candidates carried out this calculation correctly. Others also gained 1 or 2 marks for a partially calculation or a correct formula.
- (b) It was clear in the case that TK has been a plc since 2019, but no detail in the case about what percentage of control Thierry may have or the nature of the new share issue. This gave candidates the opportunity to make assertions, such as Thierry might currently have a controlling stake or TK employees are an important shareholder group - as mentioned in the text. Better responses compared an advantage and a disadvantage of a new share issue with an alternative, usually bank borrowing. Analytical chains often developed reasons why shareholders may/may not want to buy shares in TK, including above average returns, reasonable profit margins and the potential for bank borrowing as TK is not highly geared at present. Balanced against this, the high-risk nature of the ADV trial and the possibility that it will not work out well. Evaluative comments included supportive judgements and questioned whether Thierry may be over ambitious.

This was not a question about whether or not to undertake the ADV trial, a mistake that was made by some candidates who did not read the question properly. There was also some evidence of misunderstanding, such as the new share issue being a quick source of finance.

#### Question 5

This operations question was quite well answered, with many candidates showing a good understanding of JIT, both in terms of inventory holding and operational processes. Clearly, in theory, reducing inventory (towards zero) will lead to lower stockholding costs. However, the problems that are faced by TK are very largely due to unpredictable demand, so candidates really had to think in detail about how JIT may or may not solve problems such as the over production of some meals or the inability to provide enough e.g. vegan curry. Better responses built arguments on how JIT could help, such as maintaining fresh ingredient supplies and countered this with the need for more effective sales forecasting. Targeted marketing was also suggested, special offers and similar to increase demand towards certain meals. The counter argument was also well analysed and developed, in terms of the need for reliable suppliers, possibly higher delivery costs for more frequent deliveries and the inability of a business holding zero inventory to respond well to sudden surges in demand. A common conclusion was that JIT may help but would not be sufficient to solve inventory problems, with some candidates suggesting alternative approaches in terms of stock-holding and sales forecasting. Outsourcing was not a valid suggestion here, due to the 'on the day' nature of demand changes.

#### Section B

#### Question 6

This was the most popular question, selected by 91% of candidates.

The text and Appendix 1 provided a range of information to be used for force field analysis, decision tree modelling and investment appraisal (ARR). However, candidates must do more than just repeat the given data to gain application marks. Confusion between strategic analysis and choice techniques also led some to focus on SWOT and PEST which could not be rewarded except in terms of knowledge of strategic management and other techniques which could be useful. The two possible future strategies were important here, with option 1 being product or market development and option 2 being diversification or product development, so slightly riskier according to Ansoff. Candidates were not asked to make a choice between the options but to consider how effective the use of strategic choice data and techniques might be when making that decision. Better responses linked the appendix data to the strategic choice techniques and proposed how this could be used, such as comparing driving and constraining forces or commenting that no

numbers had been included to indicate the importance of these. Some candidates analysed how decision tree and ARR quantitative data could be used to compare/analyse the options. Better candidates also evaluated the extent to which the data given was sufficient or helpful in the dynamic food delivery market. However, there was often too much simple repetition of data rather than an attempt to go beyond this to analyse the usefulness of the data/techniques. Most candidates made some justified evaluation as to the usefulness of force field analysis, but these were generally not fully supported. A small number of the best responses considered wider issues in terms of further information needed by TK and evaluated the limitations of strategic choice techniques in terms of which could be more useful.

### Question 7

This was the least popular question, selected by 9% of candidates.

This question was less broad than **Question 6** as it focussed on contingency planning and possible diversification by the takeover of the snack manufacturer. Some candidates also suggested other valid options, including the luxury restaurant chain as this could be seen as a new product and new market. Application to contingency planning often suggested either a complete failure of the takeover and potential reputational damage or other disasters, such as fire at one of the kitchens. However, most candidates wrote generic answers and seemed unsure about how to use contingency planning appropriately in the context of TK and diversification opportunities. A few candidates showed a good understanding of contingency planning stages and how, if done effectively, can make crisis management easier. Most candidates made some conclusions, but these were often unsupported assertions. Evaluation of the limitations of contingency planning were often very general, such as 'you can't plan for all eventualities', but some better responses balanced the costs and benefits effectively, even pointing out that Thierry has built his success on the market changes following a global pandemic that nobody could have predicted.