BUSINESS

Paper 9609/11
Business Concepts 1

Key messages

- While there is evidence that more candidates are attempting to make more evaluative comments in **Questions (5b)** and **6(b)**, there is still a tendency to leave all the contextual detail in analytical discussion.
- A logical place for evaluation is in the concluding section of the essay (this does not, of course, prevent evaluative comments throughout an essay). Any concluding evaluative section should make detailed reference to the specific context business in the question- an electric car manufacturer in **Question 5(b)** and a mining business in **6(b)**. This concluding evaluative section can lead to the award of up to 6 marks for evaluative comments, conclusions and judgements. It should contain not just general evaluation but lots of context- informed comment. The references to the context business should be as explicit and detailed as set out in the supporting analytical comments.

General comments

- It is important that candidates spend time on fully understanding the requirements of a question. In this paper, **Question 4** was misinterpreted by a significant number of candidates. The question asked for an analysis of employee responsibilities to a business, not business responsibilities to employees.
- The evaluative **5(b)** and **6(b)** questions also require careful consideration of the balance between the understanding and application of relevant business concepts and the evaluation of those concepts in a specific business context.

Comments on specific questions

Section A

Question 1

(a) Many candidates gave only a partial definition of the term 'fixed costs' with a response such as 'costs that do not change'. Definitions that indicated a clear understanding and awarded 2 marks included answers such as 'business costs that remain constant when output levels of goods and services are altered (over time)'. Some answers revealed a knowledge gap in this section of the syllabus with confused statements about prices rather than costs.

(b) Explanations of a way to reduce variable costs were more confidently addressed. Relevant responses included reducing expenditure on utility payments where possible, switching suppliers to purchase cheaper raw materials and bulk buying to achieve discounts. Some responses gave more than one way and consequently failed to fully develop and apply the one way the question required.

Question 2

(a) The majority of answers gave accurate and comprehensive definitions of the term 'product differentiation' with a focus on the efforts of a business to make products distinctive and different from competitors, often with a feature that is unique. Some saw the term as a marketing strategy and linked it to the concept of a USP. Less successful answers did not understand the term and used it to describe the different products a business might have in its product portfolio.

(b)   Most candidates understood the term and were able to clearly explain why product development could be important to a business. Reasons given included extending the life cycle of a product; adaptability as customer tastes and fashions change; reactions to competitor actions; targeting new markets, often with new products, to increase market share and response to new advances in technology. Weaker responses confused the term with product differentiation and repeated much of the material presented for *section (a)*.

Question 3

(a)   The term 'commission' was generally well defined and recognised by most candidates as a financial payment made to employees based on the value/volume of sales achieved. However, there are a number of interpretations of the term, one of which is a contract agreed for a special product (a piece of sculpture, a portrait, or a piece of jewellery).

(b)   Most candidates responded confidently to give a relevant explanation of one type of training that a business might use. The most popular types of training presented were induction training, on- the-job training and off-the-job training.

Question 4

This question was misinterpreted by a significant number of candidates. The question required candidates to analyse one responsibility employees have to a business as stakeholders in that business. This question required a careful read to see that it was asking about employee responsibility to a business and not business responsibility for an employee. Correct and relevant responses included the identification and analysis of employee responsibilities such as the responsibility to keep to the conditions set out in a contract of employment; to work efficiently and productively; to obey all regulations and protocols; to maintain and support the reputation of the business and to be honest and trustworthy at all times while employed by the business.

Section B

Question 5

(a)   This was not a popular question. Most candidates who selected this question produced sound answers relating to the business benefits of holding high levels of inventory. The benefits identified and analysed included: the ability to respond to an unexpected change in consumer demand leading to the opportunity to make more sales, the ability to continue production even if there is a disruption in the supply chain, and the ability to take advantage of discounts given for bulk purchases. Successful answers logically identified and explained each benefit then applied the benefits in terms of potential business advantages and presented analysis and further explanation of those benefits. This logical progression through the AO1, AO2, AO3 (knowledge, application, and analysis) skills prevented candidates drifting into detailed discussion of less relevant areas such as JIT and/or the limitations of holding high levels of inventory.

(b)   This question proved more challenging to many candidates. Supply chain management as an operational activity was not well understood, either as an activity to manage the flow of processes that transform raw materials into final products, or more specifically as managing the stages involved in making, distributing, and selling products.

Successful answers used the importance of managing the component supply process for the manufacture of electric cars such as wheels, tyres, and most significantly the car batteries as an example of the application and importance of efficient supply chain management. Such answers then analysed the likely benefits to a car manufacturer of a dependable component supply process, where quality is assured and delivery time of the finished car is guaranteed.

Many answers did not move on from analysis to respond to the question: whether supply chain management is the most important operational activity for the success of an electric car manufacturer.

Those candidates who did attempt evaluation often did so in very general terms and made little reference to the specific features of electric car manufacturing, for this question must identify that the manufacture of electric cars poses some specific operational challenges/opportunities in the manufacturing process. The evaluation section must show that it is not just the importance of

supply chain management to any product/service that is being assessed- it is the importance of supply chain management to a clearly identified electric car manufacturer.

Question 6

(a)   The analysis of reasons for a business to set SMART objectives was generally well presented by many candidates. Successful answers initially unpacked the 'SMART' acronym and used the meaning of each part to explain, apply, and analyse reasons for use by businesses. In successful essays, the value to a business of giving focus, of facilitating measurability, clarity, realism, and timeliness to objectives was made clear. This initial knowledge statement for each reason then led to application and analysis examples. For example, a SMART objective giving focus to employees (reduce costs by 20 per cent) will provide criteria to measure progress leading to the provision of evidence which can result in action to be taken if necessary. Successful answers selected 2 out of the 5 parts of the 'SMART' acronym and produced two effectively analysed reasons for business use of SMART objectives. Some candidates, however, misinterpreted the question and/or had insufficient material to analyse only one reason.

(b)   Weaker responses tended to see this as a simple human resource management question and made little reference to the concept of business ethics and wrote little about the moral issues associated with an extraction business such as mining. A mining business raises many HRM and ethical issues related to employee health and safety, working conditions, and training and development together with ethical issues affecting the community, however many answers missed opportunities to exploit these areas in application, analysis, or evaluation terms.

Better responses made explicit the necessity for a caring and responsible HRM to maintain an ethical approach to a very dangerous business such as mining, but also recognised the potential cost of such a caring HRM approach. A strong evaluative approach opened the opportunity to discuss the business dilemma of balancing ethical HRM approaches with profitability objectives. Such relevant application and analysis often resulted in a very strong conclusion/judgement that explicitly addressed the proposition that ethics should *'always'* influence the HRM activities of a mining business.

As mentioned in the comments made in **section 5(b)**, many candidates reduced the strength of their evaluation by not linking evaluative comment to the distinctive features of the context business-the mining business.

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Business Concepts 1

Key messages

* It is important that candidates determine and interpret the specific demands of each question carefully for relevant information, analysis and evaluation to be given.
* In *Section B* of the paper many candidates could not access the marks available for relevant application and evaluation in their essays. Presenting relevant analysis without application to general or specific business contexts limits the award of marks. In particular, the absence of relevant and explicit contextual application in the evaluation sections in **Questions 5(b)** and **6(b)** prevents the award of high evaluation marks (there are 6 evaluation marks available in each of these two questions).
* Candidates continue to underachieve in terms of marks awarded by developing only very limited evaluative sections in essays. Knowledge, application, and analysis carry just 2 marks for each skill. Evaluative comments, conclusions and judgements can be awarded up to 6 marks. Very few answers contain enough well supported evaluative conclusions/judgements (with detailed contextual application) to access more than I or 2 evaluation marks. Clearly, many candidates have the knowledge and analytical foundation to present strong evaluative conclusions and judgements. It may be only a re-emphasis on content and essay construction priorities that might be needed to increase the award of evaluation marks. Evaluative comments throughout an essay and a carefully constructed, evaluative concluding section, with explicit references to the business features of the specific context set out in **Questions 5(b)** and **6(b)** could significantly benefit many candidates.

General comments

* It is important that candidates allow time for careful consideration of what a question is really requiring in terms of the skills tested (1. the knowledge and understanding of relevant business concepts, 2. the ability to apply these business concepts to general and specific business contexts, 3. the ability to analyse these business concepts (e.g. discuss connections, relationships, impacts, and consequences) and 4. when required, present well supported conclusions and judgements relating to question assertions or propositions).
* In **Question 4,** for example, many candidate answers failed to identify that the relevant focus of the question was to determine how a business might be affected by stakeholder conflict within the business.
* In *Section B*, many candidates presented a very limited interpretation of **Question 6(b)**. The requirement to discuss whether marketing is the most important factor affecting the success of a new coffee shop was often interpreted as a simple marketing question resulting in an essay on the marketing mix.

Comments on specific questions

Section A

Question 1

(a)   Many candidates gave only a partial definition of the term 'demand' with statements such as 'the quantity that customers want to buy'. Stronger answers referred to 'the quantity of a good or service that customers are able/willing to buy at a given price and/or in a specific period of time.

(b)   The responses to this question were generally more confident. The influencing factors affecting the supply of a product were accurately identified as including price, cost of production, natural conditions, government action, technology, international incidents, and the level of demand. Knowledge and understanding of one of these factors resulted in the award of one mark. The

second and third marks available for a strong answer to this question required one of these influencing factors to be explained and applied to a clear business context. A developed explanation and application of the influencing factor 'price', worth a further two marks, would suggest that price variations would mean that the supply of a product might well increase as the market price of a product rises and might well fall as the product price falls.

Question 2

(a) Some candidates gave an imprecise definition of the term 'factors of production' referring to elements of production rather than clearly stated resources or inputs available and needed to produce/supply goods and services. Many strong definitions also gave examples such as land, labour, capital, and enterprise but these were not needed to gain the two marks for a clear definition.

(b) Many candidates found this question challenging and did not identify one stage of the transformational process such as the input stage or the output stage. There was a tendency to focus on the concept of 'added value' rather than explain how added value is part of an output stage where raw materials are used to produce outputs that consumers value. Successful answers identified and described the transformational process and then gained the two application marks by explaining one stage of this process. Less successful answers referred to a number of stages instead of focussing on just one stage as the question required.

Question 3

(a) Most candidates produced a clear definition of the concept of 'equality'. Such definitions included references to organisational environments that supported fairness to all employees regardless of gender, race, religion, disability, age, or sexual orientation, where all are treated the same way and there is an absence of bias or discrimination. Only a minority of answers failed to define the term as it applies to employees and produced some vague definitions associated with equality between products or prices.

(b) Some candidates did not understand the concept of 'diversity' and consequently produced very vague and weak responses to this question. Successful answers accurately defined 'diversity' in terms of a variety of skills, experiences, and characteristics of employees in a workforce and applied this knowledge and understanding to explain the benefits of a business of having a diverse workforce. Benefits applied and explained included the potential for increased creativity; a rich variety of ideas and suggestions; a greater range of skills; an inclusive culture; a more attractive work environment and enhanced reputational value.

Question 4

A significant number of candidates failed to manage their resources appropriately in their answers to this question. This question gives one mark for knowledge and understanding, two marks for application of this knowledge, and two marks for analysis of relevant material. Many answers did not recognise the focus of this question was on the **effect** on a business of stakeholder conflict. Candidates often used their knowledge and understanding to define or explain, in great detail, different kinds of stakeholders and how different scenarios of stakeholder conflict might occur rather than focus on how such stakeholder conflict could affect the operations of a business.

Better answers recognised that the knowledge and understanding required for this question related to how conflict could affect a business in ways such as leading to demotivated workers, slow decisions, industrial action, conflicting objectives and reduced profit. In successful answers, these points of impact were then applied to a general business context and the likely ways a business might be affected were analysed. An example of a relevant answer to this question could refer to the negative effect on a business if there is disagreement leading to conflict between the managers and workforce of a business. This could result in employees refusing to participate in business decisions and/or take industrial action resulting in reduced production. This could lead to frustrated consumers losing trust in this business as availability of the product is reduced. Customers now switch their purchasing to competitor suppliers and the survival of the business experiencing stakeholder conflict is threatened. Stakeholder conflict is the context and knowledge base for this question. The application and analysis on the business of such conflict needed to focus on the **effect** on the business of conflict.

Section B

Question 5

(a)   This question required an analysis of two benefits to a business of receiving government grants as a source of finance, which proved challenging for many candidates. Less successful answers concentrated on irrelevant issues such as why and how such government grants might be awarded rather than focusing on the benefits such finance might provide. Relevant answers identified benefits such as the provision of finance where none other is available and the advantage of not having to pay interest on this finance or pay it back to the government. These benefits were then applied and analysed in an organisational context. After explaining that government grants could be a critical source of finance for a business, the opportunity to use this form of finance to stimulate investment in new robotic technology and hence increase efficiency was the subject of effective analysis. A second benefit of receiving this critical source of finance was identified and analysed as a vital support for the survival and growth of a business. Such analysis referred to a business not having to rely on banks or venture capital with the consequent advantage of not having to surrender equity or control. Some candidates analysed only one benefit. Once again, candidates are reminded that careful reading and interpretation of each question is very important.

(b)   This question was challenging for many candidates who had little understanding of the concept 'working capital'. As a result, these candidates were unable to effectively consider and evaluate the phrase 'poor management of its working capital' and instead drifted into a general discussion of management and leadership functions and styles. Better answers recognised that business failure could be caused by a range of factors such as defective business models/plans, high risk ventures, inadequate start-up capital as well as poor management of working capital. These factors were then applied to the context of a small retailer and analysed with, for example, the inability of a small retailer to pay suppliers or wholesalers through poor management of working capital. The evaluation of reasons for the failure of small retailers was often missing from essays. There are six marks available for coming to a judgement or decision as to what is 'the most likely reason for the failure of a small retailer'. A significant number of candidates evidenced sound knowledge and understanding of relevant business concepts and applied and analysed this relevant knowledge effectively but failed to respond to the first word in the question: 'evaluate'. Many answers did present an evaluative judgement, but they were expressed in very general terms. The application/context of this question was 'the failure of a small retailer.' In order to be awarded high evaluation marks the evaluative judgement/conclusion comments must include explicit references to the features and characteristics of a small retailer. These explicit references need to be made to establish evidence and links to any judgement made.

Question 6

(a)   This was a very popular question and well answered by most candidates, The concept of USP was confidently defined and explained. The potential benefits to a business of having products with a USP were generally agreed to be those of providing competitive advantage, consumer attraction, the ability to command premium prices, brand loyalty, and increased sales and profits. These benefits were then effectively applied and analysed. An example of this application and analysis would be the likelihood of a product with a USP leading to consumers resisting alternative offers, valuing the unique proposition resulting in customers perceiving the USP as evidence of distinction and superior quality, leading to repeat loyal customers, increased sales and/or market share, and a strengthened brand. As with the answers to **5(a)**, some candidates analysed only one benefit.

(b)   Weaker answers to this question did not recognise that the question/statement was not a simple marketing question but an evaluative question relating to factors that could affect the success of a new coffee shop. While a sound understanding of the advantages and limitations of marketing were relevant and appropriate, long explanations of the 4 Ps and different types of advertising avoided analysis of alternative success factors for a coffee shop and did not allow for effective evaluation of such factors. Many candidates did not present an effective evaluative section in the essay and/or did not link the judgement/conclusion made to the specific features, characteristics, and success requirements of a new coffee shop. The contextual/application details often made in effective analysis need to be repeated and reinforced to support an explicit judgement or decision.

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Key messages

- Candidates are reminded that the 'explain' command for **Questions 1(b), 2(b)** and **3(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.
- Candidates are advised to pay close attention to what is asked for in the questions. **Questions 1(b), 2(b)** and **3(b)** ask for **one** weakness, advantage etc. **Question 4** asks for **one** reason to be analysed, and **Questions 5(b) and 6(b)** for **two** purposes and benefits to be analysed. Candidates are advised to check the marks available for each question and not write more than is necessary.
- For **Questions 5(b) and 6(b)** candidates must make sure answers are applied, where possible, to the business context in the question e.g. a low price airline or a new manufacturer of bicycles. This means giving examples of how they operate using terminology such as carbon/aluminium, tyres, components, chains, cables or flights, tickets, cabin crew or holidays. Without such specific reference, simply repeating 'bicycle' or 'airline' will not count as application and will limit the marks given.
- Candidates should practise analysis i.e. three stage reasoning, using words like – 'because', 'therefore', 'as a result', 'this leads to'. Some candidates cannot be awarded analysis marks because they make statements or give brief descriptive explanations without fully developing their answer. Many candidates gained limited analysis marks because development was not evident.
- Whilst candidates did gain marks for analysis, 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) and 6(b)**. To access evaluation marks, candidates need to make a critical comment or judgement rather than repeat what they have already said. It must be noted that candidates can only access Level 3 evaluation by placing their evaluation in the business context. This means using relevant contextual words and not merely repeating the words 'bike manufacturer' or 'airline.'

General comments

- Candidates generally showed a good knowledge and understanding of the syllabus in both parts of the paper. Finance, however, continues to prove a problematic area of the syllabus regarding essays.
- 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 did not gain application or evaluation marks on **5(b)** and **6(b)** which are a significant amount of the total marks.

Comments on specific questions

Section A

Question 1

(a) This question was generally well answered with most responses gaining at least one mark, and many gaining two marks. Most two-mark responses made reference to 'social objectives' and 'reinvest profits to benefit society' which demonstrated a clear understanding. Weaker responses tended to refer to 'triple bottom line' which only showed partial understanding and gained one mark. These candidates would benefit from understanding the role of profit in a social enterprise.

(b) Responses to this question covered a range of weaknesses of family businesses. The most commonly stated being: family conflict and how this affected the business, lack of interest from younger family members and the impact on continuity, and an inability to stray from traditional

approaches to work leading to the business being unable to adapt to changes in the market. Candidates were often able to develop these answers and gain two or three marks. Candidates are reminded that this question is not asking for a definition of a family business and time spent doing this does not gain any marks. It is also worth reminding candidates that the question only asks for one weakness.

Question 2

(a) Most responses gained two marks for this question, demonstrating a clear understanding of 'dismissal.' Generally, responses made reference to dismissed/sacked/fired for the first mark and incompetence/misconduct for the second mark. Weaker answers made reference to being sacked/fired without stating why, or sometimes confused this with redundancy.

(b) Candidates generally found this question difficult with many responses gaining one or two marks. Responses were often able to gain the knowledge mark for reference to one of the needs such as physical, safety, social, esteem or self-actualisation. The difficulty most candidates found was explaining how the business satisfied this need. Stronger responses tended to focus on social needs and how these could be satisfied through teamwork, as it allows employees to develop relationships at work. Candidates are reminded that the question only asked for one need to be explained.

Question 3

(a) This question was generally well answered with most responses gaining at least one mark.

Whilst candidates were able to state that it was aimed at the 'whole of the market' or a 'large part of the market', they often didn't mention the marketing aspect such as targeting/selling/appealing. Less successful candidates tended to confuse the mass market for mass marketing.

(b) Candidates performed reasonably well on this question with many gaining 2 marks. It is worth noting that the question is asking for just one advantage, so an explanation of two advantages, no matter how good, does not gain extra marks. Starting a response by defining 'market segmentation' also does not gain marks. Most responses focused on reducing risk, price discrimination, identifying a gap in the market, or the ability to focus on specific customers. Stronger responses were able to develop a point such as focusing on specific customers by explaining how this could lead to more targeted marketing campaigns.

Question 4

This question was reasonably well answered with responses generally gaining around 3 marks. Candidates understood what labour productivity is and would often start their answer with a definition. However, it is worth pointing out to candidates they do not gain marks for definitions in this question. Knowledge and understanding marks are awarded for stating **why** labour productivity is **important** to a business e.g. increased output, increased competitiveness, lower operational costs, sign of a motivated workforce. A common assumption made by many candidates is that more output guarantees more sales and profits. This is not necessarily true and stronger responses were able to explain how it might mean that a business can fulfil large orders or meet demand during busy periods. Analysis was generally limited- responses needed to develop by explaining in more detail instead of just stating 'more sales or profits'. For example, the consequence of being able to meet large orders may lead to customers trusting the business as they are reliable, hence more potential sales and revenue in the future and long-term customer loyalty. Less successful responses confused labour productivity with labour intensive and ended up describing its benefits compared to capital intensive.

SECTION B

Question 5

This was the least popular essay on *Section B* and candidates who did attempt it provided responses that were limited with very few gaining more than 4 or 5 marks. Most candidates were able to define what cash flow forecasts are but found developing answers, demonstrating limited application and analysis skills challenging. Candidates had a weak understanding of the different purposes of a cash flow forecast with the majority focusing on using the cash flow forecast to show to a bank to get a loan, or to know when they have to pay wages or other bills. Few responses discussed other purposes such as monitoring debtors, or sales,

which indicated that candidates have a limited understanding of the different purposes of a cash flow forecast. Candidates continue to incorrectly believe that cash flow forecasts are used to identify or calculate profits.

More successful responses developed points such as 'monitor when they need to pay wages' so they can 'arrange an overdraft to cover these cash outflows' which might 'prevent workers leaving if not paid or industrial action.' Candidates would benefit from clearly structuring their responses to develop a more focused response to the question. For example, the question asks for '**two purposes'** so it is advised to clearly state 'the first purpose is' then, after answering that, 'the second purpose is.'

This question produced fewer successful responses, with many unable to gain more than 4 marks. Most responses demonstrated a limited knowledge and understanding of break-even analysis. Application was very weak with candidates being required to place any application in context. Very few responses were able to make relevant reference to the business context which was a new manufacturer of bicycles. There were several relevant references that could have been used, such as: carbon/aluminium, tyres, frames, components, chains, cables etc. This skill needs to be practised.

More successful responses were able to identify that the business could use projected sales figures to plan advertising campaigns and the subsequent costs that might be incurred. These responses also understood that a break-even analysis could be used as part of their business plan to gain investment. Overall, candidates found it very difficult to analyse why break-even analysis is important to a business and would benefit from understanding the main advantages and disadvantages of break-even analysis.

Evaluation was limited with more successful responses generally gaining 1 or 2 marks and only a very few gaining 3 or 4. To gain 5 – 6 marks, evaluation needs to also be in context. Some responses stated that cash flow forecasts were more important and tended to do better, perhaps having a better understanding of how businesses use it. Stronger responses were able to argue that it depended on the objectives of the business and how good their bikes were and that many businesses go bankrupt in their first few years due to poor cash flow, so it was essential to focus on this first.

Question 6

(a) **Question 6** was the most popular choice for candidates and was generally well answered with many responses gaining 5 or more marks. Most responses clearly understood the benefits of external recruitment and were able to provide some appropriate application and analysis. The most common advantages discussed were: bring new ideas, wider pool of applicants, wide range of skills and experience, and prevents internal employee issues such as jealousy. Some candidates misinterpreted the question and discussed the advantages of using an external recruitment agency. Analysis, overall, was limited as opposed to developed and candidates would benefit from extending their answers when discussing consequences/causes/impacts. Stronger responses were able to develop an advantage such as bringing new ideas into the business to developing an innovative new product which could enable the business to increase its sales or enter a new market. It is advised to practise using key link phrases such as; 'therefore', 'as a result', 'this leads to'. It is advised that candidates perhaps state in their answers 'Benefit one is' then 'Benefit two is' as this will help candidates to remain focused on the specific needs of the question, as quite often responses included three or more advantages, which were not necessary.

(b) Overall, this was a well answered question where most candidates were able to demonstrate knowledge, (motivated workforce) application and analysis, and to a lesser extent evaluation. Overall responses were placed in context with some evaluative and supported judgement, but these were in the minority. Most candidates had a good grasp of the 'importance' element of the question and were able to give contextual examples e.g. tickets, cabin crew, flights, passengers. Most of the analysis tended to focus on the advantages of having motivated staff and particularly its positive impact on passengers such as good reviews, customer loyalty and increased sales and this was often very good. Less successful responses made very basic evaluative conclusions/judgements. There was evidence of some Level 3 evaluation which required the candidate to contextualise their final evaluation. Better responses discussed how passengers might not be concerned about motivated staff and good customer service as all they are interested in is getting to their destination as cheaply as possible and are willing to tolerate poor service if the aeroplanes are safe. Some responses offered counter arguments that marketing was the most important factor as without this it did not matter how motivated staff were if passenger numbers kept falling due to ineffective marketing campaigns.

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Key messages

• It is important that candidates and teachers 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, limited 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 also meet the requirements of the question. Vague and undefined answers will generally not gain high knowledge marks, especially where a specific term within a generic wrapper is expected.

• When a question asks for an advantage to the business, it is important to ensure the advantage given is for the actual business, not the individual or another stakeholder.

• Candidates should understand the requirements for a 12 mark 'Recommend' or 'Evaluate' answer. Many candidates try to start their answer with their 'recommendation' or '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. It is also important to answer the question: by saying both are important, the answer is not specific enough. Structures should be taught and used to ensure that evaluations and recommendations are completed well at the end of analyses and the answer to enable candidates to develop and justify their final judgement.

General comments

• Candidates must have a solid preparation in exam technique. Candidates must also understand that this is a business exam and business terminology is expected. Core textbooks provide definitions, examples and a guide to exam structure – these should be used as 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 12 mark questions in a few lines. Definitions and explanations should be short, clear and concise. For example, if two marks are awarded, two separate and defined elements must be seen in an answer.

• Tautological answers will not be rewarded – for example, market segmentation must not be explained with the words 'market' and 'segmentation'. Candidates must use their business terminology to show understanding and explain the term.

Comments on specific questions

Question 1

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

(a) (i) This question was very well answered, as there are many possible answers, however a 1 mark answer does not require more than one sentence at most – one word or short phrase is enough.

(ii) Partnership is a form of business ownership – many candidates successfully explained and described a partnership yet were not able to provide the basic knowledge required to access the marks. Descriptives such as run/manage/direct are not the same as owning. Note that this question could have generic APP such as 'having unlimited liability'.

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

   (ii)   Demand cannot be accepted as an answer for something that influences supply – supply is something that a decision maker can control – demand is outside of a person's sphere of influence. As there are two APP marks, it was necessary to have two specific pieces of information from the actual case study.

(c)   A significant majority of candidates did not seem to understand what an overdraft is. An overdraft is a short-term source of borrowing (not long term), it is a pre-authorised ability to withdraw more than the current account balance. Most candidates simply described loans, which was not specific enough, or even stated that overdrafts could be used for the long term.

A generic answer of '*allows a business to start trading*' shows no understanding of what an overdraft is. Neither does '*interest has to be paid*' as this again is common across all forms of borrowing. Candidates need to ensure that a short definition of the term is seen to ensure marks can be accessed.

Candidates' outline answer frames appeared to be generally well structured, however a good tip is to ensure candidates create a: reason/application/impact/outcome structure – a common error was to miss either a specific piece of data or to show the outcome or consequence of the impact. Also ensure that each knowledge mark has its own attached piece of application: two pieces of application for an advantage will only score one mark.

(d)   A question such as this requires both core elements of the question to be understood: price and promotion. There should be two paragraphs for a question like this: one for price and one for promotion, followed by the final evaluative paragraph.

The application is awarded independently – therefore any two pieces of data from the case which are related to the answer would be awarded marks – this answer should be an easy two marks to pick up for application.

Analysis only has two marks – one piece of limited analysis (impact only) e.g. '*if price goes up* (k) *revenue will increase if sales stay the same*' (an) which needs to be developed (outcome/consequence) e.g. '*which means that if costs stay the same, profit margins/ profit/profitability will increase allowing for increased investment*' (dev).

The biggest difference with this question is that half of the marks are awarded for evaluation.

– Level 1 evaluation only requires a simple judgement for one mark, with a qualifying statement for the second L1 mark. E.g. '*price is the most important* (L1 unsupported judgement) *however without promotion no one will know about the brand* (L2 unsupported comment) *This shows one is most important however takes into consideration the other.*'
– Level 2 evaluation simply needs a justification of why. E.g. '*price is the most important because if the price is set too low, the business will make a loss with every sale* (L2 supported judgement) *however without promotion no one will know about the brand and therefore customers will usually buy the better known competitor, reducing potential market share.*' (L2 supported comment).
– Level 3 simply needs some clear context from the case to make the L2 automatically into a L3 answer. E.g. '*price is the most important because if the price is set too low, GR will make a loss with **every subscription sold*** (L3 supported judgement), *however, without promotion no one will know about the GR and therefore customers will usually buy the better known competitor who **advertises in a popular education newspaper,*** *reducing potential market share.*' (L3 supported comment).

Question 2

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

(a)(i)   Generally well answered, however it is important that the correct terms are used – workers/customers/other individual stakeholders and the factors of production are not acceptable.

(ii) This was a challenging question for many candidates – the difference between selling price and cost of raw materials/profit margin was seldom seen – this is the important understanding that is required before the explanation (APP) marks can be awarded.

(b)(i) While many candidates got the full 3 marks, a significant majority failed to give the 2023 figure (4.2 (+5 per cent)) and gave the 2022 figure (4) which mean that if a calculation was shown, two marks could be awarded for a 2022 answer. If no calculation was shown the 2022 figure of 4 would be marked as incorrect and awarded 0 marks.

(ii) Understanding the reasons for a calculation is essential – labour productivity is important to either keep costs down or revenue/profits up. Without this information no other marks can be accessed.

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

Please note, a consequence of 'training' (k) 'which costs $15k' (app) will 'improve productivity' (an) cannot have an outcome of 'increased motivation' as this is the question. A number of candidates used 'increased motivation' in their analysis and did not gain marks.

(d) Elements of this question were well answered – for 'growth of operations', virtually any influencing factor could be used as knowledge – please ensure candidates are aware that two separate elements should be used clearly – one for each paragraph of analysis. Application should also have been relatively easy to insert here as there was ample evidence that could be used.

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

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

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

Please note, if candidates start an analytical chain with 'DC should invest because…' and then the next paragraph is 'DC should not invest because…' this is not counted as evaluation as no decision has been made. If this structure has been used, a final paragraph must be written which makes a clear, definitive statement: 'Overall, investing is the best option/they should invest as …'.

BUSINESS

Paper 9609/22
Business Concepts 2

Key messages

* The mark scheme clearly shows how the marks are awarded based on the assessment objectives. Candidates need to direct their responses to demonstrating these skills in answer to the question. For example, **Question 1(a)(ii)** has one AO1 (knowledge and understanding) mark and two AO2 (application) marks. Therefore, candidates who spend too long defining the term, will find that that do not have enough time left to gain the application marks.
* Some questions need to be applied to any business context and some must be focussed on the context given (OFD for **Question 1** and MXB for **Question 2**). If the question refers to the business or to a stakeholder of the business, then the answer must be routed in the context given. This does not just mean using the name of the person, business or product, but actually applying the knowledge to specific aspects of the business. For example, **Question 1(c)** is not just about induction training, it is about the benefits of induction training to OFD and the answer must show why it is a benefit specific to that business.
* 'Analyse' is a skill that requires candidates to show a coherent chain of reasoning with the causes and effects of something. For example, in **Question 2(c)**, once candidates have identified an advantage or disadvantage, the effect on MXB then needs to be analysed. One effect is considered to be limited analysis, however if a candidate can continue the chain of effect, then their analysis is developed.
* Evaluation requires a justified judgement that weighs up different options. Since half the marks on **Question 1(d)** and **Question 2(d)** are for evaluation, this should be a major focus of a good answer. Many candidates spent too long on analysis and not enough time evaluating the issues. For example, on **Question 2(d)** it was common for candidates to suggest a change to each of the 4Ps of the marketing mix, leaving little or no time to evaluate the effectiveness of the proposed changes.

General comments

This is one of the first sittings of this reformed AS Level examination. The changes to the paper are fairly minor and the new format does not seem to have affected candidate performance.

Both pieces of data were accessible to candidates with good understanding of the specific nature of the two businesses.

There did not seem to be any timing issues and most candidates were able to finish the paper and provide reasonable responses to all of the questions.

Comments on specific questions

Question 1

(a) (i) 'Identify' is a simple command word that only requires a one or two-word answer. Candidates do not need to write in full sentences, and certainly no explanation is required. Some candidates attempted to apply their knowledge to OFD. Again, this was not required.

The vast majority of the candidates could identify a quality needed by an entrepreneur for success and some of the most common included risk-taking and determination.

A few candidates gave a task that an entrepreneur might to do, for example, starting a business. This was probably due to not reading the question properly.

(ii) Explain questions require both knowledge and application. For this question, the application can be to any example or business context.

Opportunity cost was generally well understood, with many candidates giving a textbook response.

The application marks are for explaining the term and the easiest way to do this is often by using examples. For example, opportunity cost has two aspects to its definition; the choice being made and the forgone benefit. If both of these elements are explained or exemplified, then the candidate will gain all the marks. Candidates often exemplified the choice (for example a business needs to decide between a new machine or a new vehicle), but often did not exemplify the lost benefit (for example the output lost from not having the machine).

(b) (i) There are a few different ways to calculate the closing balance and candidates are always encouraged to show their working so that the examiner can award process marks if the answer is wrong.

The two most common mistakes in this calculation were to not realise the answer is a negative number and to not include the opening balance.

(ii) Candidates must always be careful not to rush and mis-answer a question like this. There is a temptation to see 'source of finance' and assume the question is asking for one to be recommended. This is not the case and those candidates who identified and then explained a source of finance often ended up with a poor mark.

Many factors can influence the choice of a source of finance and any reasonable answer will gain a knowledge mark. However, because this question is specific to Markus, the answer must be applied to him to gain any application marks. Sadly, many candidates did not apply their answer to Markus and OFD, giving generic answers which, no matter how well explained, are limited to 1 mark.

There is no correct answer here and any response which is rooted in the context of Markus and OFD can gain all the marks. The most common answers included the time it is needed and the use of the source of finance. Both of these could easily be exemplified using the data in Table 1.1 and the material in the following paragraph, for example, Markus is offering one month's trade credit, however OFD estimates negative cashflow for at least three months in Table 1.1.

(c) Although this question calls upon knowledge of induction training, candidates wasted a great deal of time defining the term. If candidates focus on answering the question (analysing the two benefits) then they will be showing understanding of induction training. Introductory paragraphs, no matter how well they are worded, are likely to be superfluous and waste valuable examination time.

Candidates gained a mark for a benefit of induction training, another mark if it was applied to OFD, and were then expected to build up a chain of analysis showing the effect on the business. Analysis can either be limited or developed. Limited analysis, in this question, is where a candidate shows the impact on the business of the benefit. For example, if the benefit is that the worker is more likely to stay at OFD, then limited analysis is an impact from this, perhaps lowering recruitment costs for OFD. Developed analysis occurs when the candidate takes this a step further, perhaps showing how this might improve OFD's profitability.

Developed analysis is the key to all questions involving AO3 and it is always better to have one developed piece of analysis, than many pieces of limited analysis.

Some candidates did not make their answers specifically about induction training. If the point could apply to induction training, then it gained marks, but occasionally this was too vague. Again, care must be taken to read and fully understand the question.

(d) The basis of this question is whether Markus needs accurate cost information or not. The best answers made an argument on either side and came to a justified conclusion. Half of the marks for 12 mark questions come from AO4 skills and it is not unreasonable that half of the response should focus on this skill. It was disappointing, therefore, to see many answers where there was little or no attempt to evaluate included.

The most common format was a brief conclusion (which often repeated the earlier arguments) at the end of the response. This is never enough to move beyond limited evaluation.

The skill of evaluation is to judge the quality, importance, amount, or value of something, in this case accurate cost information. Evaluation can occur anywhere in a candidate's answer and the best responses evaluate in every point made and then bring it to an overall judgement in the specific context of the business.

Relatively few candidates were able to show this developed evaluation in context and it should be a focus for centres to improve candidate responses in future series.

Question 2

(a) (i) Any stakeholder was an appropriate answer to this question. Some candidates gave a very specific answer, such as Rani (who is the Managing Director). Care should be taken not to be too specific in this question as it was not based on MXB, but more generally about 'a business'.

(ii) Sustainability appears in the AS syllabus in terms of operations (the ability to maintain production at the current level in the future) and many candidates gave this type of response.

Some candidates gave an answer more related to sustainability in terms of the environment. This was not the intention of the question, but answers which included this were rewarded if possible. Since the environmental aspects of sustainability is an A Level topic, candidates who tried to answer from this perspective often gave limited or vague answers and care must be taken to focus on what they have been taught.

The application required for this question could come from any business perspective as it is not focussed on MX. However, it was equally possible to use MXB for exemplification and many candidates did this well.

(b) (i) Market share was a reasonably well-understood term, and most candidates were able to use the formula. Where errors did occur, they often came from a mathematical error (a mistake in adding up the total market size) or from missing out MXB's sales from the market size. Occasionally candidates also inverted the formula.

(ii) There are many reasons why a business's objectives may change and any of these could gain the knowledge mark for this question. However, only answers which were applied to the specific context of MX could gain the application marks.

One of the best ways to put an answer into a specific context is to use numbers if they are available. In this case we are told that MXB's sales have declined by 12% and many candidates used this as one of their pieces of context. Likewise, use of the numbers in Fig 2.1 would have provided incontrovertible evidence of answering in the specific context of MXB.

(c) Most candidates followed the instruction in the question and gave one advantage and one disadvantage. However, there were also instances of candidates giving more than one advantage and disadvantage which is a waste of time and effort. It is always better to do what the question asks, and it is the only way to gain all of the marks available.

The most common advantage focussed on the sales MXB is likely to make from sales of the new product, especially in light of the static market for mountain bikes.

The most common disadvantage often focussed on MXB's lack of expertise within this market (the urban youth market) and the potential damage this might do to MXB's brand.

Whilst there are many possible answers to a question like this, the data has signposts in it to try and point the candidates to the most likely and easiest answers to contextualise. Occasionally, candidates are so focussed on what they have remembered, that they give answers which are factually correct, but bear little relationship to the context of the business.

(d)   Most candidates understand the marketing mix and there was no lack of 4P answers to this question. Where candidates often found problems was in trying to do too much. The question asks for how MXB can change its marketing mix, not for an entirely new marketing mix.

The best responses identified one or two changes that could be made and then showed developed analysis of this change. This left plenty of time for developed evaluation in context of the likelihood of this change extending the product life cycle for MXB and helping the business to be successful.

BUSINESS

Paper 9609/23
Business Concepts 2

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 1d and 2d** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid the repetition of previous points when concluding an answer.
- Advise candidates to use clear handwriting.
- In calculation **Questions, 1b(i) and 2b(i)** advise candidates to always show their workings. Use of a calculator should be encouraged.
- Remind candidates to be aware of the marks available for each question so that they spend the appropriate time on each question and devote adequate time to contextualised, analytical and evaluative questions especially in **Questions 1b (ii), 1c, 1d, 2b(ii), 2c and 2d.**
- Advise candidates that answers requiring the use of context, **such as to Question 1c,** should integrate the information from the case study not just repeat it.
- Ensure full understanding of the command words.
- Practise 'explain/definition' questions and get candidates to produce their own list of words/definitions/explanations with examples.

General comments

The case material for both questions seemed well understood. **Question 1** produced some interesting answers, in context, especially in **Question 2d** on the link between management style and business success. In **Question 1d** there was a clear difference between candidates who demonstrated understanding of stakeholders (as in the question) and candidates who interpreted it as a change for the business.

Teaching tip: Integrate context in the answer.

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

- Identify questions such as **1(ai)** and **2(aii)** do not need explanation or examples.
- Define the main terms in a question – **Question 1(d)** the 2 knowledge marks could be gained by correctly defining any two of the three terms used in the question, mass customisation, batch production or stakeholders.
- Use the context.
- Identify opportunities to analyse – good analysis based on a contextualised chain of reasoning. **Questions 1(c) and 2(c)** asked for elements in the answer, best answers on two distinct paragraphs with each demonstrating a contextualised chain of reasoning.
- Identify opportunities to evaluate – **Question 2(d)** required a justified judgement on Steve's management style.

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

Comments on specific questions

Question 1

(a) (i) Candidates generally did well on this question and were able to identify one of the 4Ps. As it is an 'identify' question there were no marks for a general definition of the marketing mix.

(ii) Some candidates gave a tautological explanation of the consumer market e.g. 'the market for consumers' or 'customers buying a good'. Better answers explained consumers as the end or final user and gave examples or referred to B2C/not for other businesses.

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

(b) (i) This labour turnover rate calculation required candidates to work out the employees who left the business as a percentage of the total number of employees. Most candidates were able to identify the correct data and complete the calculation. Some candidates inverted the equation but could pick up some marks if they demonstrated how they arrived at the answer, for example, through identifying the relevant numbers and showing the steps in their calculation. Own figure rule (OFR) applies in this situation.

(ii) Nearly all candidates could correctly identify a method of reducing turnover such as pay rises. Good responses put this in the context of the information in table 1.1. Better responses gave further context by linking to the information in the source, for example, by referring to pay offered by competitors.

(c) This question required two impacts. The best approach here is to provide two distinct paragraphs with one impact identified in each and analysed in context. Candidates were required to identify a cost and to state the impact in terms of whether that cost is likely to rise or fall. The context was expansion into international markets. Most responses could identify two costs but did not always develop the analysis of the impact or use the context.

(d) Candidates need to make clear their understanding of the terms used in the question by beginning with a brief definition of at least two out of the three terms, for the knowledge marks. 6 out of the 12 marks available were for evaluation; candidates who did this in context could quickly gain at least 5 out of the 6 marks available. For the sixth mark, candidates were required to make an overall judgement, in context, such as which stakeholder is most likely to be affected by the change in production methods. Some candidates confused stakeholder with shareholder.

Question 2

(a) (i) Responses to this question were often longer than required for a 1 mark identify question. Most candidates were able to identify an advantage to the business but a few responses gave an advantage to the customer so no mark could be awarded.

(ii) Candidates who fully understood the term 'just in time' easily accessed all three marks, such as understanding that it is an 'inventory management technique that means that you store minimum to zero-stock and the stock arrives as it is required for production'. Many candidates used the phrase 'this is where your stock arrives just in time' but did not explain what that means. Some candidates wrote that the term refers to the delivery of the goods to the customers, for example they get their products as they order them, rather than the inventory control aspect.

(b) (i) This question was well answered with many candidates showing their working, which allowed thought processes to be seen and correct steps awarded marks. Where there were errors, this was often in the calculation of the net cash flow usually done by subtracting the inflows from the outflows, rather than the other way around. At times, candidates used numbers in their calculation and it was not clear where they had come from or how they had been calculated. However, it was good to see so many candidates understood this concept, question and calculation method.

(ii) Many candidates were able to identify a disadvantage of being a co-operative, but very few put this into the context of the case study. There was some confusion in that some candidates seemed to think that there is a difference between the owners and the employees. For example, there were

quite a few answers which suggested that the employees may not be happy with the owners, which shows a lack of understanding of the case study and the structure of the business.

(c)   Candidates successfully identified two sources of finance that could be used by the business in the case study. Common correct answers included bank loans and mortgages. Stronger answers provided knowledge of the source of finance, some use of the case study data, and the implications of using that method of finance to open a shop. There was at times limited use of context. This made some sources of finance almost irrelevant to this business, for example the suggestion that they should use crowdfunding to raise $2 million quickly. Answers should be realistic and relevant for the case study. As in **1(c)** a good approach to this question is to provide two distinct paragraphs with each paragraph explaining one source of finance and developing the contextual analysis.

(d)   Candidates displayed a good understanding of management style. Where context was seen this was often to do with the elements of Steve's management style that were outlined in the four bullet points in the case study. At times, answers were quite descriptive, for example 'he does not set plans, a business needs plans to succeed.' Better answers were able to explore Steve's management style and look at how it may or may not impact on the future success of the organisation, before coming to a judgement on the overall extent that style will have on the future of GD. Candidates gave strong answers to this question with good use of the context. As with **Question 1(d),** 6 of the 12 marks were awarded for evaluation. An evaluative comment, supported by a contextualised chain of reasoning, was awarded 5 out of 6 marks. The sixth mark required a judgement on whether Steve's management is likely to contribute to the success of the business. This judgement should be fully justified and supported by using the context.

BUSINESS

Paper 9609/31
Business Decision-Making

Key messages

- Check all questions on the examination paper and then read the case study carefully with those questions in mind.
- Knowledge of business concepts provides the foundation for all responses and without understanding of these concepts relevant analysis and evaluation will not be developed. On this paper, many candidates lacked the fundamental knowledge to be able to answer questions effectively.
- Remember that repeating information from the case is not sufficient to demonstrate application. Case data must be interpreted and used to achieve AO2 marks.
- Build AO3 analysis marks by demonstrating cause and effect and linking points together.
- Remember that **Questions 1 and 2** do **not** require any evaluative comment.
- Many candidates spend too long on analysis and not enough time evaluating the issues.
- **Question 3 (c), Question 4 (b) and Question 5** each allocate half the available marks to the skill of evaluation – making reasoned and supported judgements and/or conclusions. Unfortunately, many candidates showed little evidence of this skill. Despite providing some sound and relevant analysis, candidates still stop short of answering these questions with evaluative judgements.

General comments

Although there were significant differences between this new decision-making paper and Paper 3 from the previous syllabus there were some candidates who demonstrated a good understanding of how to answer questions effectively. Good responses were well structured with a clear focus on the questions and demonstrated skills appropriate to each question. For example, many candidates recognised that **Question 1** and **Question 2** did not require any evaluative comment and focused on developing chains of analysis in context. All other extended answers required an evaluative approach and the best candidates provided supported judgements in context to match the Level 3 descriptors in the mark scheme.

Candidates typically completed their responses within the confines of the structured exam booklets provided. This helped ensure that answers were brief and focused on a limited number of key points. This often resulted in more time-effective analysis and evaluation than those candidates who attempted to cover all possible arguments. Where multiple points were made, evaluation was often less well developed, resulting in a lower mark.

As in the March examination series, candidates scored highly on **Question 1 and Question 2** with many answers showing developed chains of reasoning in context and thus scoring 7 or 8 marks. Marks were relatively lower for the 12-mark questions with many answers only providing limited evaluation. Evaluation should be a dominant feature of responses to the 12-mark questions.

Comments on specific questions

Question 1

Analyse **two** benefits to WP of using quality assurance.

This was the most accessible non-calculation question on the examination. It required an understanding of quality assurance. Many candidates provided a definition to start their answers which clearly demonstrated an understanding of the key characteristics of quality assurance. Most candidates explained the benefit of quality assurance by developing analysis of its positive impact on WP's reputation and sales. Some responses also recognised that it might reduce costs of production by limiting the waste of materials and the

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need for rework. A simple way for candidates to show application was to refer to reducing the waste of wood rather than materials. Developed analysis requires a candidate to include more than one link in their chain of argument, for example, linking quality assurance to a reduction in costs due to limiting waste of materials and then linking this to profit margins. Context could be given by referring to a reduction in waste of wood rather than simply referring to materials or linking quality assurance to WP's USP of excellent quality at affordable prices.

A common error was for responses to analyse more than two benefits or to make evaluative comments resulting in less developed analysis of the benefits.

Some candidates confused quality assurance with quality control and therefore provided a fundamentally flawed answer.

Question 2

Analyse **two** limitations to WP of its methods of internal communication.

This question required candidates to focus on limitations of WP's internal communication. Some responses focused on external communication rather than how WP communicates with its employees or facilitates communication between employees.

Relevant responses identified that communication appeared to be one-way with limited opportunities for the 35 employees to influence decision-making. Some candidates considered the efficiency of the methods of internal communication, questioning whether too much time was taken up with meetings with managers or whether there was sufficient opportunity for departmental managers to share information.

To achieve full marks, candidates must provide developed analysis of two limitations and for each limitation to be in context. Candidates often lost marks by only developing one of the limitations in context.

Question 3

(a)   Using the data in Table 1.1, calculate the seasonal variation for 2022 **Question 2** (X).

This question requires candidates to subtract the trend value from the revenue figure for quarter 2. The majority of candidates knew the correct formula and accurately calculated seasonal variation. The correct answer should have been expressed as minus 88 000.

(b)   Using the data in Table 1.1, calculate the forecast revenue for 2023 **Question 3** (Y).

Many candidates correctly identified the correct equation for calculating forecast revenue and accurately applied it to the data.

(c)   Evaluate the importance to WP's business planning of using sales forecasts based on time series analysis.

The breakdown of marks for these 12-mark questions is now standardised across all the examinations for this A Level. The two analysis marks can be gained by any one developed chain of analysis about the role of sales forecasting in WP's business planning. Many candidates attempted to give far more analysis than necessary, and it was common for analysis to make up more than half the response, despite being worth only one sixth of the total marks.

The focus of this question is the skill of evaluation, which is assessed independently of other skills, except for Level 3 which requires context. Since half of the marks available in this question are for evaluation, it is reasonable for half of the response to be targeted towards this skill.

This question requires an understanding of time series analysis as a method of sales forecasting and of business planning. To gain both AO1 marks, a response needed to show knowledge of both of these elements. Many responses only demonstrated knowledge of sales forecasting and were not able to link its role to business planning. Better answers developed analysis linking time series analysis to planning the use of resources such as labour and materials. The best answers placed this in context by, for example, identifying that as workers were skilled it might take time to recruit and train suitable employees to meet any forecast increase in sales.

Evaluative comment, if any, was typically limited to commenting that time series analysis as a quantitative technique might be inaccurate. This point was rarely developed further. A few good responses made effective links between the case material and need for business planning to the future success of WP.

Question 4

(a)   Refer to Table 1.2 and lines 41 – 66. Calculate the forecast return on capital employed (ROCE) for the year ending 31 May 2024.

For maximum marks, candidates first needed to calculate the capital employed. The text provided three elements to sum for capital employed, namely, issued share capital, reserves and non-current liabilities. Few candidates included all three elements in their calculation. However, marks for method were awarded to those who set out their calculation clearly and used the correct equation for ROCE. However, most candidates did not know the ROCE equation and therefore gained no marks.

(b)   Evaluate whether the financial information is sufficient for WP to decide if it should produce the new outdoor product range.

Overall, this proved to be the most difficult extended answer question on the paper with very few candidates providing well focused and structured answers. However, there was a range of financial information for candidates to consider including the forecast: ROCE from **Question 4 (b)**, increase in gearing and reduction in operating profit. Candidates typically analysed whether the data supported the investment in the new outdoor product range. Some good answers also considered other information that was required before a decision could be made, such as the impact on employees or the proposed changes to government economic policy. A few answers also recognised that investment appraisal data was necessary to make the decision.

Many candidates focused on whether WP should make the investment rather than whether the financial information was sufficient to make the decision. These responses only partially answered the question set.

Question 5

Evaluate the possible effects on WP if the new economic policy measures are implemented.

The case identified four changes to economic policy planned by the government. Candidates typically commented on all four policy changes and many responses developed analysis of at least one proposed policy. Evaluation was often limited to the observation that as WP was a private limited company it would not be affected by the policy changes which applied specifically to the public sector. However, better answers recognised that those policies could still have an indirect impact on WP by potentially affecting the level of demand in the economy or the availability of employees to recruit. Of all the 12-mark questions, this appeared to be the most accessible with most candidates having some understanding of the impact of the policy changes. Candidates often linked the change in income tax to the demand for wooden toys, observing that the reduction in disposable income would likely reduce demand for non-essential goods such as toys. Some developed evaluation linked the impact of policies to concepts such as the income elasticity of demand and recognised that the timescale for effects was very uncertain.

BUSINESS

Key messages

- Check all questions on the examination paper and then read the case study carefully with those questions in mind.
- Time is limited so all answers should focus on the question set.
- Define key terms.
- Use the case material to demonstrate AO2 application. However, simply repeating information from the case is not sufficient to demonstrate application.
- Build AO3 analysis marks by demonstrating cause and effect and linking points together.
- **Questions 1 and 2** do not require any evaluative comment.
- Only analyse two impacts for **Questions 1** and **2**.
- Evaluation requires a supported judgement that weighs up different options. Since half the marks on **Question 3 (c), Question 4 (b)** and **Question 5** are for evaluation, this should be the major focus of a good answer. Many candidates spend too long on analysis and not enough time evaluating the issues.

General comments

Many candidates demonstrated a good understanding of how to answer questions effectively on this new decision-making paper. There were many excellent scripts in which candidates structured their responses with a clear focus on the questions set. Good candidates demonstrated skills appropriate to each question. For example, most candidates recognised that **Question 1** and **Question 2** did not require any evaluative comment and focused on developing chains of analysis in context. All other extended answers required an evaluative approach and the best candidates provided supported judgements in context to match the Level 3 descriptors in the mark scheme.

Although there were many candidates who used additional answer booklets to give detailed, extended answers there were many who provided concise answers which were limited to the structured exam answer booklet. This often resulted in answers focusing on a limited number of key points and providing more effective analysis and evaluation than those candidates who attempted to cover all possible arguments. Where multiple points were made, evaluation was often less developed, resulting in a lower mark.

As in the March examination series, candidates scored highly on **Question 1 and Question 2** with many answers showing developed chains of reasoning in context and thus scoring 7 or 8 marks. Marks were relatively lower for the 12-mark questions with many answers only providing limited evaluation. Evaluation is a higher order skill and one which candidates need to practise.

Comments on specific questions

Question 1

Analyse **two** elements of OV's marketing strategy that will need to change to sell successfully to retailers.

Defining key terms is an effective approach to achieving AO1 marks. Many candidates used this approach and started their answer by noting that a marketing strategy includes a coordinated marketing mix to achieve marketing objectives. Most candidates suggested that OV should reduce the selling price and use different forms of promotion such as billboards or TV advertising to sell successfully to retailers. This was sufficient to be awarded the AO1 marks available. Context was shown by noting that OV currently used premium pricing but that retailers would be buying in bulk and would therefore expect a discount. Others demonstrated analysis by noting that price would have to be lower to allow retailers to make a profit when selling to the end

consumer. Developed analysis requires a candidate to include more than one link in their chain of argument. For example, this candidate made links between demand from retailers and the price whilst also providing context: 'As demand is inversely related to price, OV should change from its premium pricing strategy to a more competitive based pricing to attract retailers to purchase OV's yoghurt as retailers already have many competitor products on their shelves. A lower price will enable retailers to make a profit and could persuade them to try OV's products in place of other yoghurt producers resulting in higher sales for OV.'

A few very good answers were focused on the fundamental shift in marketing required when targeting other businesses rather than the end consumer. These answers understood that B2B marketing is often quite different to B2C marketing.

There were some candidates who focused only on explaining the current marketing strategy used by OV, these answers tended to just copy parts of the case material and could not be rewarded with any marks beyond limited knowledge.

Question 2

Analyse **two** benefits to OV of the methods it uses to communicate with employees.

This was the most accessible question on the examination. The majority of candidates identified that there was two-way communication used within OV and linked this to employee motivation. Good answers then analysed how motivated employees could lead to higher levels of productivity and therefore sales or lower unit costs which would result in higher profits. The best answers developed this analysis in context, for example, linking a reduction in unit costs to OV's relative competitiveness with new entrants into the market.

To achieve full marks, candidates must provide developed analysis of two benefits and for each benefit to be applied. Candidates often lost marks by only developing one of the benefits in context. A few candidates did not identify methods of communication and focused on other contextual issues such as training or leadership style.

Question 3

(a)   Refer to Table 1.1. Calculate, for 2023, the current ratio.

This question requires candidates to divide current assets by current liabilities, stating their answer as a ratio. There were no method marks available for this question so candidates either scored one mark or zero. The majority of candidates knew the correct formula and accurately calculated the ratio. However, many answers were not expressed as a ratio.

(b)   Refer to Table 1.1. Calculate, for 2023, the return on capital employed (ROCE).

Many candidates identified the correct equation for the return on capital employed and were therefore awarded at least one mark. Errors were frequently made in calculating capital employed. Candidates who showed full working were often able to gain an own figure rule mark for their answer.

(c)   Evaluate whether shareholders will benefit from OV changing to a public limited company.

The breakdown of marks for these 12-mark questions is now standardised across all the examinations for this A Level. The two analysis marks can be gained by any one developed chain of analysis about the impact on shareholders of OV changing to a public limited company. Many candidates attempted to give far more analysis than necessary, and it was common for analysis to make up more than half the response, despite being worth only one sixth of the total marks.

The focus of this question is the skill of evaluation, which is assessed independently of other skills, except for Level 3 which requires context. Since half of the marks available in this question are for evaluation, it is reasonable for half of the response to be targeted towards this skill.

Some candidates commented that a change to a public limited company involved the government taking control or ownership of the business. These responses scored zero marks. Most candidates identified at least one distinguishing characteristic of a public limited company such as shares being available to purchase by any member of the public. This was often followed by a discussion of the benefits and disadvantages of becoming a plc. Evaluation in these responses focused on

making a supported recommendation as to whether OV should become a plc. However, the focus of this approach missed the key requirement of the question which was to consider whether shareholders would benefit from OV becoming a plc. Some good responses weighed up the potential gains to shareholders such as higher dividends or an increase in share price compared to the potential losses such as a potential divorce between ownership and control. A key element highlighted in the case material was the control of the business by the major shareholder, this provided candidates a route to developing contextual evaluation.

Candidates should refer to their answers from **Question 3(a)** or **3(b)** as this can provide relevant context on which to develop evaluation. In this case, the evidence of an increasing return on capital employed could be crucial to the success of any public issue of shares.

Question 4

(a)   Refer to Table 1.3. Calculate, for location X, the accounting rate of return (ARR).

For maximum marks, candidates must use the equation for the accounting rate of return (ARR) as stated in the syllabus. Answers must also be expressed as a percentage. Many candidates did not calculate the average investment and therefore calculated ARR as 20 per cent for three marks. It is important to show all stages of the calculation to ensure that marks for method are fully rewarded.

(b)   Evaluate which location OV should choose to build its factory.

The case provided a table of data relating to the location decision. Unfortunately, many responses did little more than repeat the data at length without identifying why particular factors were relevant. Good responses focused on two or three factors in the decision. Evaluation was demonstrated by justifying which was the most important factor to consider or weighting factors against each other. Context was demonstrated by linking data from the table to other elements of the case material, for example, noting that the lower capital cost of location X could be important as gearing was already high.

Question 5

Evaluate the impact on OV of the growing importance of sustainability.

Most candidates understood that sustainability related to the impact of business activity on the environment, or how it requires business activities to meet the needs of the present without compromising the ability of future generations to meet their needs. The case highlighted some significant environmental issues related to OV's production activities and candidates used these to analyse how OV could face increased costs to deal with waste or how negative publicity might impact OV's sales in the future. Some responses focused on the extent to which OV's evident corporate social responsibility could benefit the business in the longer term as sustainability became more important to society.

There were many good answers that provided a balanced argument, but these often lacked evaluative development and only presented chains of analysis. Only the best answers were able to support evaluation in context. For example, a few candidates recognised that the whole process of producing the product was problematic from a sustainability point of view and that this therefore threatened the future success of the business. Other responses contrasted the importance of sustainability with other factors that might be more or less important to customers, such as price or the taste of the product.

BUSINESS

Paper 9609/33
Business Decision-Making

Key messages

- The requirements, in terms of skills and levels has changed for this paper. Candidates should be familiar with the method of assessment and the mark scheme grids for the 8 and 12 mark questions.
- There is also a published list of agreed financial formulae to be used in the syllabus. Teachers should familiarise themselves with these as some, such as ARR = average profit/average investment x 100, are different to those typically used previously.
- Candidates should practise applying numerate and written theory concepts across a wide range of case study contexts. This can be best achieved through the use of specimen papers, recent past papers and mark schemes. There are also other helpful resources on the teacher support site.
- In all cases, teachers should advise candidates to spend the first 10 – 15 minutes of time allowed reading the case study and then return to the relevant parts before answering each question. Line references given in the insert will help with this. Candidates should plan for approximately 1.5 minutes per mark for planning and writing answers, so a 12 mark answer should take around 18 minutes to plan and write.
- Candidates should read all of the questions in the paper carefully, before starting their answers, to try and avoid errors caused by misunderstandings.
- 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 use of financial analysis, such as ratios and other calculations, should always be supported by 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, as well as judgments throughout and a well-supported conclusion at the end. Candidates should read the wording carefully and return to the precise question before writing their final conclusion to ensure that this is clearly in the context of the business and its circumstances.

General comments

This was a very accessible case, despite LT being an 'online only' company. It was clear that most candidates understood the processes involved in ordering a tour and guide over the internet.

There was evidence that some centres had studied the new assessment model in detail and prepared candidates effectively. As a result, they knew what to expect in terms of skills and how to structure responses in the 8 and 12 mark questions. In particular, the need for two developed points in 8 mark questions and clear 'in context' evaluation in 12 mark questions.

The best answers demonstrated excellent understanding of AS/A Level Business concepts and used data and information from the case study to support answers. In contrast, there were answers that reflected a more general approach, more inclined towards generic 'text book' knowledge and analysis. Higher level marks in this case study paper depend very much on the candidate's ability to focus their answers on the circumstances and decisions outlined in the case study.

It is also important for candidates to read the questions carefully. Good analytical and evaluative answers make links between different parts of the case as well as taking an overview of the business' current position, objectives and future direction. When a comparison and choice is required, such as whether to invest in the new 'Tour Hub' in this case, candidates should do more than just quoting from the case study text. There

should be an attempt to analyse the advantages and disadvantages of choices, firmly in the specific company context. Candidates should also be encouraged to consider alternative views, such as, in this case, the new 'Tour Hub' may move LT away from their original online business model and also relies on their relationship with the cruise company.

Teachers can help to improve candidates' performance in the important skills of application, analysis and evaluation, by supporting them in working through specimen and 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 **Questions 1** and **2,** 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 in the Business Decision-Making paper.

Comments on specific questions

Question 1

Analyse **two** barriers to communication resulting from LT's online operations may impact the business.

This question was well answered by many candidates, who showed a good understanding of barriers to communication and how these may result from LT's online business model. The requirement here was for two well developed points and the best candidates split their answer clearly into two paragraphs, one for each point. Application marks were generally gained by linking barriers with the need for effective communication between customers booking tours and LT and their guides, typically the possible misunderstandings of exact tour requirements or delays in communication due to time differences or even technical problems. Analysis points were then built, such as impacts on LT if tours did not meet customers' expectations, leading to customers choosing other 'face to face' communicating competitors and negative impact on sales, revenue and potentially profits.

Question 2

Analyse **two** ways LT can measure whether tours meet customers' expectations.

This question was quite well answered by many candidates, who showed a good understanding of the importance of meeting customers' expectations and the possible ways this may be measured. The requirement here was for two well developed points and the best candidates split their answer clearly into two paragraphs, one for each point. Application marks were generally gained by suggesting ways that customers may be contacted after the completion of their tours, such as through post-tour questionnaires or interviews. Better candidates also suggested that methods other than direct conversations with the guides might produce more honest feedback. Analysis points were then built, such as how LT might react and use the information to improve their tours or even for feedback/training for guides.

Question 3

(a) (i)   Refer to Table 1.1. Calculate the payback period for LT's proposed new Tour Hub**.**

Nearly all candidates correctly calculated this to be 3 years.

(ii)   Refer to Table 1.1. Calculate the accounting rate of return (ARR).

Some candidates correctly calculated this, using the published formula:
ARR = average profit/average investment × 100
However, many candidates used the 'old' formula, so scored 2 marks or made one error, such as forgetting to deduct the amount of the investment/divide by the number of years. 1 mark could be gained by correctly stating the new formula.

(b)   Evaluate whether LT should invest in the new Tour Hub.

The case included plenty of information for candidates to work with, in terms of reasons for and against the new investment.

Most candidates referred to their answers to **part (a)** in positive terms, citing the payback well ahead of the initial lease time and encouraging ARR. Qualitative reasons for included the tie up with the big cruise company and the opportunity to make face-to-face bookings. Analysis points developed this in terms of the wider market and increased sales revenue, leading to more recognised brand image and possibly higher profits in the future.

Conversely, many candidates recognised the reliance on the cruise company as a possible drawback, plus the commission that would be taken and questioned how many of the prospective customers may have used the online booking system. The investment was seen as high risk, as was the need to employ travel consultants to staff the Tour Hub (although these costs would be included in the investment appraisal. Analysis points developed this in terms of whether there may be a risk of costs exceeding revenues in the case of low numbers of bookings and what may happen in the case of the cruise company relationship breaking down.

Good, in context, evaluation balanced both sides and added comments about the possible unreliability of the forecasted figures and the vulnerability of the travel business to external factors, such as global recessions and pandemics. Many candidates also thought that this development would be a 'backward step', working against Kanon and Tonia's original online business model.

Question 4

(a) Refer to Table 1.2. Calculate the price elasticity of demand for shopping tours.

Many candidates carried out this calculation correctly, (–0.16) including the negative sign needed for the final mark. Others also gained 1 or 2 marks for a partial calculation, typically per cent changes correctly calculated, or a correct formula.

(b) Evaluate whether price elasticity of demand calculations are sufficient for LT to make pricing decisions.

Candidates who correctly calculated the PED for shopping tours in **4(a)** were able to make the comparison between inelastic demand (PED – 0.16) for these compared to elastic (PED –2.67) demand for street food tours and most identified that the cruise ship passengers who typically took the shopping tours were likely to have high incomes and be less price sensitive than young independent travellers who took the street food tours. However, elasticity is a challenging concept and there was some confusion in terms of misunderstanding the negative signs with some candidates judging that demand for both types of tours was either elastic or inelastic. Developed analysis, in many cases, suggested that increasing the price of shopping tours and decreasing the price of street food tours would increase revenue, with a few candidates quoting the relevant revenue calculations from the table. Conversely, most candidates suggested and analysed reasons why PED calculations may not be sufficient, due to different trend, seasons, types of customers and other external factors.

Good, in context, evaluation balanced both sides and added comments about the possible unreliability of the elasticity figures and the importance of other factors for this travel business, such as movements in currency exchange rates and competitors' actions. Some candidates also mentioned the importance of tour costs, such as transport, hotels, entrance tickets, as well as the necessity to maintain the amount retained by guides. Candidates often suggested that other elasticity data may be useful, such as YED and PED.

Question 5

Evaluate the impact on LT of giving some tour guides an employment contract with a guaranteed number of tours per month.

Most candidates showed a good understanding of employment contracts, in terms of a legal agreement between employer and employee. Also, the current arrangement between LT and the guides being 'casual' or 'zero hours', where they are engaged on a 'per tour' basis and free to take work with other travel companies. This then led on to the difference if some of the guides are given contracts with a guaranteed number of tours per month, effectively a formal, probably part-time arrangement, binding on both sides. Reasons analysed in favour of the arrangement typically suggested that the guides would be obliged to put LT customers first and in that way be 'tied' to LT according to their contractual arrangements. Since these were the 'more popular' guides, this would mean that customers would be satisfied and LT would be able to

guarantee the service, especially in high season, leading to a higher level of sales, revenue and good reputation. Conversely, reasons against this 'tie in' typically suggested that problems may arise due to how guides are selected for these contracts and the possible demotivation of those who are not chosen, leading to decreased loyalty to LT from those not among the 'chosen few'. Additionally, in low season LT may need to pay the guides for their contracted tours, even when no customers have booked, potentially leading to higher total costs than total revenue during these times, therefore a possible loss.

Good, in context, evaluation balanced both sides and reached an overall conclusion as to whether this was/was not a good idea for LT to implement, based on the suggested impacts. Some candidates also suggested that the guides may not welcome contracts, preferring the flexibility of the existing arrangement where they can choose which companies they work for and which tours they take. Also, what criteria may be used to choose the individuals for contracts? Might they become complacent and offer less enthusiastic service to travellers? Similar evaluative points were made, as in **3c** and **4b** about the unpredictability of demand in the travel industry and that this may make the commitment of the contracts unwise for LT.

BUSINESS

Key messages

- Candidates are reminded to take time to read each question carefully.
- It is advisable to focus answers on a small number of matters – two or three is typically sufficient. This allows time to develop better chains of reasoned analysis. Higher level analysis requires a chain of reasoning **and** a balanced argument.
- Topics, issues and data from case and appendices needs to be used to support answers. Do not just repeat the case.
- Evaluation is about answering the question. In some cases, like **Question 2(d)** this is clear because the question asks for a recommendation. However, where the command word is 'evaluate' candidates often fail to offer a clear answer, which in most cases still requires a judgement. In **Question 1(d)** the most obvious judgement was for a candidate to discuss whether RR should or should not change to batch production. Candidates who gave a judgement, after they had demonstrated good analysis, were far more likely to gain evaluative marks than those who prevaricated or did not come to a justified judgement.
- Business is about making decisions and the ability to make recommendations is vitally important. Questions, such as **2(d)**, are usually completed well and give candidates an opportunity to analyse contextual data and come to a reasoned judgement. There is often a great deal of data, as is the case for this question, and too much for any response to cover everything. The key is to choose which data is most important in the given context and focus the analytical arguments on this.

General comments

Many candidates demonstrated understanding of a wide range of business concepts. Stronger candidates made effective use of the case material and developed extended chains of reasoning that showed cause and effect. The best answers demonstrated an evaluative approach in each paragraph and included well-focused judgement in the final paragraph. Candidates should be reminded that there are no evaluation marks in **Question 1** and that evaluation marks are conditional on application marks.

The time allocated for this paper proved to be reasonable and enough for candidates to achieve high marks. Most candidates were able to complete both questions in the allocated time. Only a few spent longer on **Question 1** which allowed less time to complete **Question 2** and led to some missed evaluative marks.

Comments on specific questions

Question 1

Knowledge marks were given for showing understanding of different terms that were discussed in the case or any relevant business terminology.

Strong answers that received full knowledge marks must have demonstrated the ability to incorporate definitions within their explanation of different points. For example, when discussing the improvement of trade receivables turnover, candidates received a knowledge mark if they explained what a lower trade receivable turnover meant such as 'the ability to receive payment from credit customers faster.' Most common definitions came from financial information related to the case such as dividend per share, acid test ratio and trade receivable turnover.

Other merit-worthy answers included understanding of inventory control and quality assurance and control. These seemed easier to attain marks on for explanation yet were not as commonly defined compared to financial information listed in the case. Some candidates defined SWOT analysis, (awardable), others just listed what SWOT stands for. This does not demonstrate a strong understanding or knowledge of SWOT. 'Strategic decisions' was also defined usually in the first paragraph, and this received a knowledge mark.

If candidates achieved the necessary marks for the assessment level, for example, all of the knowledge marks, then any knowledge seen after that would be just marked as 'seen.'

Candidates only needed three knowledge points.

A few candidates identified what type of integration this takeover was. Overall, the majority of candidates received at least one knowledge mark. One knowledge mark allowed the candidate to receive the next assessment objective, (if achieved), such as analysis, application and/or evaluation. The advice given here is to ensure candidates understand that simply copying the case does not show knowledge.

Analysis marks were given if there was a chain of consequences shown within the explanation of issues related to the takeover. There was plenty to discuss from the case such as inventory control, supplier relations, issues with finances or improvements in financial statistics, etc. Level 1 analysis was achieved if the candidate showed one link or consequence to the information discussed. For example, 'better quality attracts customers.' If this link was continued further to form a chain the candidate would have been awarded Level 2 analysis, i.e. 'better quality attracts customers, which will lead to higher sales.' If a candidate discussed three different issues and had a chain of consequences this meant three Level 2 analysis points had been achieved and therefore the candidate would have received the highest points under Level 2, which is 6 marks.

To receive the last remaining marks, candidates must achieve two Level 3 analysis points. With Level 3 analysis candidates must be able to reach a Level 2 before getting to a Level 3 analysis. In other words, candidates must identify a chain of consequences/events. In addition to that, if candidates continue by providing a balanced argument, then a Level 3 would be granted. A two-sided answer is required to receive Level 3 analysis.

Note: this had to be done twice in the answer to receive the full 8 marks of analysis.

Some candidates discussed a counter argument later in the answer. It would be easier for examiners to mark the script if candidates were able to counter any given point immediately after the benefits/disadvantages were analysed. Examiners, however, were aware that a counter argument could well appear further down in the candidate's answer. If this was present and was connected with the earlier written analysis, they achieved Level 3.

Overall, candidates found the issues presented in the case easier to analyse and most of the candidates were able to demonstrate at least Level 1 analysis. More than half of the candidates achieved between 7 and 8 marks of analysis. This shows that candidates know how to analyse and just need to be consistent and focused in their development of it.

Candidates can receive a Level 3 evaluation immediately after Level 1 evaluation. This means once candidates have made a judgement i.e. answered the question, correct/incorrect decision to takeover with a simple explanation Level 1 would be granted. If an explanation moves beyond simple explanation, then Level 2 would be awarded. If this explanation develops further still, explaining the reasoning in context then Level 3 would be awarded immediately.

Most candidates were able to provide a simple judgment on whether the takeover was a good decision or not. Some candidates were able to develop this further and discuss why as well as write in context. However, only a few were able to show what this decision depended upon or provide a second set of evaluative reasoning to achieve the full evaluation marks. Nevertheless, this question did achieve higher evaluation marks than **Question 2**.

Time to complete this examination did not seem to be an issue as the majority of candidates submitted fully written answers to both questions.

It was noted that some candidates spent longer on **Question 1** than **Question 2**.

Candidates that produced good responses but did not achieve full marks usually missed one more Level 3 analysis and one more Level 3 evaluation.

There were slightly more candidates that received no marks to a few marks in **Question 1** than **Question 2**. This is very likely the result of those candidates not understanding the application of exam strategy, possessing a limited understanding of the business terms discussed or a failure to analyse the consequences of the different situations that occurred before and/or after the takeover. Some candidates merely copied word for word or sometimes paraphrased.

Question 2

This question provoked varied responses. Candidates either read the question carefully and understood that it requires 'operations' strategies, allowing access to the higher marking points, or alternatively, they fixated on the parts of the case that said 'IT' and 'quality problems' and discussed how to improve these areas. There were some candidates who just discussed a mix of marketing, HRM or other departments in a business. These candidates were still able to receive some marks because there was some brief mention of some operations strategies in the answer. The answers that received the highest or even full marks were the ones that focused on what the question was asking and then were able to write with proper analysis of two sides and provide a recommendation.

If candidates were to organise how to answer this question it would look very similar to how a 12 mark question would be set up in paper 2 IGCSE Business 0450, but of course with more detail, and assessment objectives that require higher marks on analysis and evaluation. For example:

Operations strategy 1: defining the strategy to show knowledge, analysing why it would be helpful with a chain of events then providing what would be a disadvantage.

Operations strategy 2: same as above.

Operations strategy 3: Not really needed if all assessment objectives of knowledge, analysis and application were achieved in the above 2 strategies.

Recommendation: This is when a candidate can choose one of these strategies ideally and explain why this would be useful for the business. This would achieve Level 1 evaluation. A further discussion would be required to explain how useful this strategy will be for the business. If this discussion was explained in context, with reference to the business i.e. application, then this would achieve the first Level 3 evaluation mark for this answer.

The most common issue for this question was that candidates were evidently not reading the question carefully or not understanding the specifics of 'operations', therefore some answers brought up different strategies that were not answering the question such as marketing, rebranding, advertising etc. Other candidates were analysing the issues of the company in a similar way to **Question 1** which again, did not answer the question. Some candidates were also discussing strategic analysis methods such as PEST, core competencies. The candidates received knowledge marks and possible application marks but no evaluation marks as they were not answering the question.

Ideally, candidates would have discussed operations strategies such as quality assurance, JIT, lean production and automation etc., showing how these would benefit the business/what it would lead to. Furthermore, candidates would then have worked to address the issues that may arise, such as cost. This would allow for a Level 3 analysis. Once candidates had discussed at least two of these strategies (only two were needed if they were analysed correctly with understanding), ideally, they would have picked one for evaluation and explained why it would be best suited for the business (Level 1 evaluation). A further discussion of its impact on the business and the choice to pick it over others would have warranted at least a Level 2 evaluation. If this was written in the context of the business, then it would have achieved Level 3 evaluation. This would grant the candidate 6 marks. If this was done again or written in a way with factors or 'it depends on' with context, then the candidate would receive 7/7 for evaluation.

With regard to analysis, candidates must be able to reach a Level 2 before getting to a Level 3 analysis. In other words, candidates must identify a chain of consequences/events and if there is a counter argument offered then a Level 3 would be granted. This does not apply to evaluation as candidates can receive a Level 3 evaluation immediately after Level 1. This means that once candidates have identified a side i.e. correct/incorrect decision with a simple explanation (Level 1), if they go on to explain this reasoning in context the candidate receives a Level 3 for evaluation.

A limited number of candidates achieved high marks for evaluation on this question. This is due to a number of factors, such as the amount of time spent on **Question 1**, not reading the question carefully enough or a general lack of understanding which led to incorrect suggestions that didn't answer the question. Some candidates were able to receive full marks if they discussed operations strategies only as they showed that they understood what was required and were able to produce more focused responses.

Fewer scripts received no marks to few marks than **Question 1**. This is because candidates were able to identify a clear statement in the case that guided them a little towards what operations strategy is when it mentions IT and quality issues. This allowed for high knowledge and application marks. However, in some cases this seemed to be the result of guesswork rather than knowledge of operation strategy. Candidates in this question confused operation strategy with strategic analyses methods such as SWOT, PEST, Boston, Ansoff etc. and decided to discuss the way to improve business by using these tools. This is not what the question was asking. However, marks were awarded for knowledge of these concepts as it does follow what is on the mark scheme in terms of 'knowledge of any business term.'

BUSINESS

| Paper 9609/42 |
| **Business Strategy** |

Key messages

This is one of the first sittings of this new paper and there were some key misunderstandings about what was required to respond to these questions.

- It was clear that many candidates had prepared for different questions. This is an A Level paper and candidates should expect to understand and use all of the content of the syllabus to be able to answer the questions, not just the strategic elements.
- There was a lack of time spent understanding what each question was asking of the candidate. Too often candidate responses bore little resemblance to the question being asked. For example, it was not uncommon in answer to **Question 2** that there was no marketing mentioned at all. Likewise, for **Question 1** the answer had to be about leadership, even if it was to argue that it did not contribute to BV's effective strategic management.
- Timing was an issue and some candidates spent too long on one question, leaving only enough time for a brief outline answer to the other. Whilst these 20 mark questions do require more analysis and evaluation than a 12 mark question from another paper, a good response can be crafted in 25–30 minutes using three or four good chains of analysis and evaluative judgements throughout.
- Candidates must be selective in their use of the data. There is no requirement to use everything in an answer. Depending on what a candidate chooses to focus upon, some of the data may not be used at all and this is fine. Choosing the most relevant data is an analytical skill and candidates must be confident enough to know what to leave out.
- Candidates should not be afraid of coming to a judgement. In the world of business, decisions need to be made and the best responses give clear judgements that follow on from the arguments used. Good evaluation should also include different perspectives on that judgement, but there should be a decision made. For example, in **Question 1**, did leadership contribute to BV's effective strategic management? On **Question 2**, what is the actual advice being given?

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

- AO1 knowledge and understanding is about using relevant business theory in answer to the question. This could be through defining terms from the question or by using theory in the correct way that is related to the question. Since these questions are often wide ranging, this allows candidates to choose what theory is relevant to their own answer.
- AO2 application is about using the data from the timeline and appendices in an appropriate way. It is not about repeating the data. For example, in **Question 1**, there are many different elements of leadership shown. Simply repeating this information to the examiner is not an example of application. However, understanding how this piece of context may have led to BV's effective strategic management is appropriate.
- AO3 analysis is an important skill and is about finding the effects, reactions, consequences and impacts of the issues being raised. Since candidates can make many different arguments and there is a great deal of context, examiners are not looking for specific arguments. Instead, they are looking for the skill of being able to develop these arguments. It is quite conceivable that two candidates could use the same theory, the same context and come to diametrically opposite arguments and conclusions. As long as this can be justified, this is perfectly reasonable and will be rewarded. The skill is being rewarded, not specific arguments.
- AO4 evaluation is about coming to a judgement that specifically answers the question. Therefore, a good evaluation should include a judgement about this. Too often, candidates move away from the question and end up not making a suitable judgement.

Good evaluation not only includes a judgement, but also justification about that judgement and weighing up of other factors that may affect that judgement. A significant proportion of a good answer should be focussed on providing these evaluative elements.

General comments

This is one of the first sittings of this new A Level paper and the focus is on the strategic elements of the syllabus. The aim of the paper is to put candidates into a context where they can evaluate a strategy that a business has implemented and advise a business on potential new strategies.

Unlike the other examinations in this syllabus, the questions on this paper are not on any one area of content. Instead, they require a range of knowledge and understanding to be applied to a new scenario in a dynamic environment. This aims to reflect real business decisions that are made and to ask candidates, not what the correct answer is, but to use all of the skills they have built up over the course to come to a reasoned answer. As such, it is the journey to the answer that we are assessing, not necessarily the particular judgement made.

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

Comments on specific questions

Question 1

This question asked candidates to evaluate whether leadership contributed to BV's effective strategic management during the timeline presented in the data.

Leadership is a vast topic, and this question allowed a variety of data from the timeline and appendices to be used. It is a topic that appears in both the AS and A Level sections of the syllabus and good responses utilised a variety of aspects of leadership.

The majority of the marks available for this question are for AO3 (analysis – 40 per cent) and AO4 (evaluation – 35 per cent) and the best responses focussed the majority of the answer on these skills.

Whilst it often helps a candidate to start their answer, there is no need to begin with definitions in response to these questions. It does allow a candidate to gain some AO1 (knowledge and understanding) marks, but most candidates will gain these marks through their use of knowledge within analytical arguments and so discreet definitions are usually unnecessary.

The outcome of a question such as this, is for a candidate to find arguments that leadership did contribute to BV's effective strategic management and arguments that it did not – perhaps by arguing that something else was more important.

Candidates are expected to come to a justified judgement in answer to the question. In this case, whether leadership did or did not contribute to BV's effective strategic management. As long as the candidate's judgement was in line with their arguments and showed evaluative skills, any judgement could have been valid.

The most common leadership trait used by candidates in their answers was to focus on the decision making in the data. For example, Rohit setting a long-term aim to transform BV into a major brand in every US city. Decision-making is a key function of leadership, so every decision made in the data is an application of this aspect of leadership. There were some excellent arguments of how the decision-making led to the effective strategic management of BV and therefore that leadership did make a positive contribution.

Another key function of leadership is communication and, again, there are many instances in the data of this. From the initial communication with the franchisees, through to the lines of communication within the organisational structure.

Any reasonable aspect of leadership could be used to make the argument that it positively (or negatively) contributed to BV's strategic management.

Some candidates struggled to analyse aspects of the business that may have led to the effective strategic management, but not to link this to any leadership functions. This meant that large sections of some candidates' responses were irrelevant, as they spent the majority of their answer on these arguments. Every answer must be a direct response to the given question for it to be considered relevant. Simply analysing and evaluating BV's strategic management was not a valid response and this must be avoided.

Strategy and strategic management, by their nature, require the culmination of more than one aspect of a business. To reach the top levels of AO3 and AO4, candidates needed to combine different elements of the data to come to a judgement. For example, candidates often argued that Rohit's decision to sell 45 per cent of BV to a venture capitalist showed good leadership and contributed to the effective strategic management of BV. However, this was only one decision and, on its own, is unlikely to lead to a judgement that can be effectively evaluated. The best candidates looked for more examples of good decision-making and combined all of these into one chain of analysis to come to a judgement about the importance of decision-making in strategic management.

Likewise, the ability to motivate is an important part of good leadership. The payment of workers shows this, but the best candidates also pointed out other times where Rohit motivated the workforce, such as by setting the long-term aim, the ethics of BV and his award as Entrepreneur of the Year. The best strategic responses look for strands of the data that can be combined to come to a judgement about the business as a whole, not just individual elements or points in the timeline.

One of the most common mistakes made by candidates was copying out the data from the timeline and appendices. There is no need to tell the examiner what is in the data. Candidates can assume the examiner has access to the same data that the candidate has. Much time was wasted in the examination on copying whole sentences and, in some cases, entire appendices of data.

Question 2

The command word 'advise' is an important skill that gets to the heart of what Business is about. It requires candidates to formulate a way forward for a business, usually in response to a context. Many candidates assumed this question was asking about strategic tools, such as SWOT and PEST analysis. It was clear that there was a lack of time spent thinking about what the question was actually asking.

Some candidates went through the majority of the strategic approaches found in the specification and analysed how they could be used. This was largely irrelevant as an answer to this question and centres must prepare candidates for the range of possible questions that could be asked on this paper.

Whilst questions about the strategic approaches may be asked, it is also possible that candidates can be asked to advise a business on any part of the syllabus.

In this case, candidates were asked to advise the Board of Directors on a marketing strategy for use when BV enters an international market. This wide-ranging question allows candidates to focus on any or all elements of a marketing strategy, including marketing objectives, market research, marketing resources and the marketing mix. There is no need for candidates to cover every aspect of a marketing strategy, and the best responses chose to focus on the most important elements that BV should change to enter the market in country X.

An obvious route into this question, was to use the two strategies outlined in the data; a pan-global marketing strategy and a maintain local differences strategy. Arguments could be made for either strategy and then an overall judgement made about which would be best.

However, this was not the only response. Candidates were free to ignore these two strategies and put forward their own advice, as long as they could back it up with AO1 and AO2. Often, these focussed around the force field analysis and core competencies in Appendix 4 and this was an equally valid approach.

The most common mistake was to ignore the question and try and analyse the tools themselves. There were examples of candidate responses where the techniques themselves were the focus of the analysis and evaluation when the question did not ask for this.

Candidates must focus their answer on the question asked, not what they think the question should be. Care must be taken to fully understand the question and make sure that their answer is in direct response what is being asked.

This question allowed a great deal of flexibility in terms of candidate's answers. Any marketing strategy could have been used and the marks were awarded for the skills shown in that response.

BUSINESS

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Key messages

- For the A Level Business qualification candidates are assessed across four assessment objectives which must be demonstrated as part of a strategic response.
- AO1 knowledge and understanding is about demonstrating knowledge and understanding of business concepts, terms and theories. One of the best ways to do this is to show knowledge from the specification area that is being examined, for example in marketing showing knowledge of the four Ps, as well as knowledge of strategy and how it works for Paper 4.
- AO2 application is about applying knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts. It is important to use the information in the case material as a guide and to quote from the case material where necessary. This is especially important in **Question 1** where you are reflecting on what has happened and have the case material and appendices which are rich in content.
- AO3 analysis is an important skill and is about analysing business problems, issues and situations by: using appropriate methods and techniques to make sense of qualitative and quantitative business information; searching for causes, impacts and consequences; distinguishing between factual evidence and opinion or value judgement and drawing valid inferences and making valid generalisations. This is an opportunity to identify an issue, consider its impact on the business, both positive and negative, and potentially offer an alternative route of action. This is especially important in **Question 2** where candidates are expected to offer ideas on approaches to business strategy.
- AO4 evaluation is about evaluating evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation. This is an important and challenging skill for candidates to develop. Good responses will evaluate at least two different approaches to the strategy presented to gain level three marks.

General comments

This is a new paper for this specification whereby the strategy questions, two worth 20 marks each, have been given their own case material. As such, the primary focus when preparing for this paper should be the strategy sections of the functional areas of the A Level content in the specification alongside the strategy section and its different approaches to developing business strategy, both of which are key to answering **Question 2** successfully.

This session the case study was on Riches Hotels and Resorts (RHR). This is a family-run business that was established in 1965. In 1995 it becomes a private limited company and is run by Gabriel until passing this to his children in 2011. Throughout the case study there is information about the marketing activities that it undertakes, primarily since 1995 onwards, and this underpins the basis of **Question 1**. In 2022, facing a saturated holiday market, Carmen is suggesting a move into city-based hotels and wants to use the core competencies from their existing hotels to help establish them in this new market. This underpins the basis of **Question 2**, the new business strategy.

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

For **Question 2** in this paper, candidates were asked to advise on a future strategy that is yet to have happened. In the first instance, considering Carmen's idea of core competencies and then contrasting this with other possible approaches (of which there are eight more in the syllabus), perhaps by focusing on just

two alternatives, is more than enough. Candidates should then make a recommendation as to whether the core competencies were enough to make the new city hotel strategy work.

Comments on specific questions

Question 1

In **Question 1** candidates were expected to evaluate the marketing strategy that had already happened between 1995 and 2021. There were a number of marketing activities that they could have analysed:

* a pan-global marketing objective is set
* a partnership with a global travel agent
* a central marketing budget to focus on brand development
* a website to allow a new distribution channel for customers
* an app is launched to help collect data and monitor customer service
* market research on Asia is conducted
* the buy back from the global travel agent reducing the distribution channel and marketing
* focus on direct selling and promotion.

There was no expectation for candidates to fully analyse all of these elements. Candidates should choose two or three key marketing activities and look at why they may have been chosen and then point out the successful and less successful elements in order to generate a balanced argument. Part of this could include the wider impact on the business but it should not be the primary focus, as candidates were asked to look at the success of the marketing activity.

Successful responses identified an activity and explained what it was and how it worked for RHR. This generally achieved some AO1 and AO2 marks. They then analysed the activity by talking about the advantages and disadvantages of that activity or its relative success as part of the wider strategy. This would have secured AO3 marks. If candidates did this two or three times, they would have been able to secure Level 3 marks.

For example, if they had chosen the pan-global strategy, defined it for the AO1 mark, discussed how RHR could have used this across its hotels in Europe and America using the statistics from the appendix, they would have then secured some AO2 marks. A discussion about why this was a good idea and how RHR would save through marketing economies of scale and satisfy customers who would be reassured by a common brand then Level 2 AO3 would be reached. Further analysis of why this may not be a good idea – ignoring local customs and putting off customers who want to experience the local culture would then move the analysis up to Level 3.

This approach for two or three elements should be encouraged moving forward so that candidates have the best opportunity to show off their analytical skills.

Once the analysis was complete an overall judgement was provided on the success of the marketing activities. This was backed up by references to the material and the bigger picture of the company and its successes. This would have achieved Level 3 marks for AO4. To gain more marks, this needed to be more than a simple judgement. It needed to be supported by evidence and the candidate's previous analysis.

Less successful responses simply re-stated the case study, in some cases simply rewriting the case material and adding no analysis to it, and while this may have gained some AO1/2 marks in places, it should be remembered that these Assessment Objectives are only worth 5 marks out of the total 20. Some candidates chose to discuss other elements of strategy that were not marketing – converting to a Ltd, human resource and training issues and the cost and financing of the growth – which does not address the question posed.

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

Some candidates saw this as the strategy question and started to analyse through the SWOT/Ansoff/PESTLE approach which did not lend itself to the question asked. Others suggested strategies RHR could use to help marketing – Blue Ocean/Decision trees/force field analysis – again this does not

answer the question and these strategies need to be discussed in **Question 2** as a way of proceeding into the future of RHR.

Question 2

In this question candidates are expected to advise Carmen on whether the core competencies framework is sufficient to develop the new strategy for the city break hotels.

The key word here is 'sufficient'. This implies that Carmen wants to only use the strategic method of this strategy so therefore an analysis of the strategy method would have ideally been given. Candidates were given three competencies which could have been analysed in the context of the new city hotels and whether they supported the launch of this new type of hotel. Once this had been discussed, then a contrast to two or three other possible approaches would have then been appropriate. Other than the framework, the syllabus highlights the following alternative approaches:

*   blue ocean strategy
*   scenario planning
*   SWOT analysis
*   PEST analysis
*   Porter's five forces
*   Ansoff matrix
*   force field analysis
*   decision trees.

A similar approach structure-wise is needed in **Question 2** as there was in **Question 1**.

There was no expectation for candidates to discuss all of these strategies. Choosing two further strategies alongside the competencies framework would have given candidates three balanced analytical arguments which could then be drawn upon in the evaluation. As previously mentioned, evaluation is a difficult skill and candidates needed to evaluate the strategies discussed as well as offer an answer to the question – whether the framework is sufficient to develop a new strategy.

Successful responses explored the three given competencies and how they could be used for the new hotels. This allowed candidates to gain AO2 application marks. By discussing how core competencies could help develop a strategy and then balancing this with why they may not be enough the candidate achieves Level 2 and Level 3 AO3 marks. Then, contrasting this with an alternative approach and building their answer the same way will achieve up to Level 3 with analysis.

For example, if a candidate chose SWOT as an alternative, they gain an AO1 mark for the method and definition of it. Then, by discussing how the strengths, weaknesses, opportunities and threats available for the new hotel can perhaps build on the competencies gets them to Level 2 for AO3. Finally, pointing out how SWOT still is not comprehensive and that it misses out other external factors would get them to Level 3 for AO3.

Encouraging candidates to focus on the technique in the question plus one or two more techniques will make answers more focused and detailed, so they climb through the levels of response as they develop their answer.

Evaluation needs to focus on answering the question and drawing on the previous analysis. Candidates must state if the framework is sufficient and support their assertion appropriately. If the answer is no, which in reality it probably should be, then referring to the other discussed techniques will add depth to the evaluation.

Candidates should also remember to root their response in the case material, referring back to the new hotels, their target market and their likelihood of being a success given that these are not the hotels that they run so well at the moment.

Less successful responses simply went through all the strategies above and gave a definition of each, possibly with no reference to RHR. This wasted time and did not answer the question. Other candidates evaluated the proposal for new city hotels, discussing the functional areas and then made a judgement on whether they should open the hotels without referencing the strategic approach needed, again not answering the question posed.

It is important to remember that this is about the future of the business. Some candidates thought the city hotels were already open, while others thought they were shutting the resort hotels and changing to city hotels. While there is less direct context for this question than there is for **Question 1**, the overall context and current success of the business can be used to determine whether this is the right time to enter a new market alongside the evaluation of the strategic techniques that are being proposed.

A key issue with this question was many candidates did not finish their answer. It was clear that they had spent too long answering **Question 1** and ran out of time for this question. The paper is 1 hour 15 minutes long, so spending 15 minutes reading and planning then 30 minutes per essay will give candidates the best possible chance of finishing their response. By sticking to the analysis of two or three areas/strategies in each question this should keep answers succinct and enable candidates to meet the time demands of the assessment.