

BUSINESS

Paper 9609/11 Short Answer and Essay

Key message

Although there is evidence of improvement in this examination series, many candidates still fail to add evaluation to sound knowledge and analysis. There are six marks available for evaluative statements, comments, and judgements in **Questions 5(b), 6, and 7(b)**. Consequently, not using evaluative skills restricts the maximum marks available to candidates.

General comments

- There were some gaps in knowledge and understanding notably related to **Question 3** where many candidates had little understanding of the concept of sale and leaseback and **Question 4** where knowledge and understanding of inventory reordering was not strong.
- There were some candidates who did not follow the rubric so attempted all three questions in **Section B** and some who misinterpreted questions in **Section A**. For example, in **Question 1(b)** some candidates explained the impact of authoritarian leadership on a business rather than on the employees of a business.

Comments on specific questions

Section A

Question 1

- (a) Most candidates made a confident start to the paper by giving a precise definition of laissez-faire leadership. The features of a relaxed / hands-off leadership approach with limited managerial supervision and significant employee authority to take decisions and initiate projects were emphasised.
- (b) Many candidates also responded confidently to this question related to the disadvantage to employees of autocratic leadership. Most referred to the impact on employee morale and motivation, particularly resulting from an inability to contribute to decisions and present ideas. Unfortunately some candidates did not read the question carefully and mistakenly referred to the impact on the business rather than on employees. This resulted in a loss of marks for answering the wrong question.

Question 2

- (a) Strong responses were able to accurately define market segmentation in terms of identifying different sub-groups within a market and designing marketing activities in order to better target products to consumers in those sub-groups. Weaker answers confused the term with multiple product branding or simply repeated the words of the question in a different order, for example suggesting only that there were many segments in a market without further explanation or information.
- (b) The majority of candidates were able to explain at least one benefit of market segmentation. Strong answers explained two benefits of market segmentation to a business in terms of opportunities to target consumers, to better respond to high demand, and to build up brand loyalty. Weaker responses were often limited to references to reduced marketing costs.

Question 3

Only a small minority of candidates were able to explain the advantages for a manufacturing business of using sale and leaseback as a source of finance. Very few candidates understood the concept of sale and leaseback – a business selling its assets, such as machines, to raise finance and then leasing back the same asset from the new owner with the opportunity to use that same asset without the risks and costs of ownership. Weak answers either explained the advantages of leasing rather than buying, or simply explained how the sale of capital assets could raise funding resources.

Question 4

- (a) The concept of inventory reorder level was not well known. Many answers explained the term imprecisely and very generally as the process of stock rotation in a business, rather than as the trigger or point at which a business would place an order for new inventory. Very few candidates were able to gain the two marks available for an accurate definition.
- (b) This question on the advantages to a business of holding buffer inventory was more confidently answered. Popular advantages explained included helping with unforeseen supply variations, managing sales forecast inaccuracies, and responding to production disruption. Weak answers were often unable to explain two advantages and some candidates confused the term with just-in-time.

Section B

Question 5

Question 5 was the most popular in **Section B**.

- (a) The strongest answers clearly identified and analysed the crucial role small businesses play in the economic development of many countries. The emphasis was on the contribution small businesses make to levels of employment and the size of the gross national product. References were also made to the personal service given by small businesses and to the relationship between small businesses and their larger counterparts. Weaker answers often covered much of the same issues but were descriptive rather than analytic.
- (b) Strong answers discussed and analysed the importance of effective communication of business objectives to the workforce and assessed the particular importance in the context of an expanding business. Scenarios relating to the challenges facing a business entering a new external market and/or managing a larger organisation were constructed to identify the need for effective communication of business purpose and objectives. Weaker answers failed to discuss the context of business expansion.

Question 6

Strong answers recognised the value of developing an initial analysis of the purpose and role of cash flow forecasts and other financial documents to a business. This prepared the way for further analysis and evaluation of the relative importance of cash flow forecasts in comparison with other financial documents. Given this foundation, strong answers went on to consider what kind of new market (demographic or geographic for example) venture there might be and what financial and non-financial factors might be significant. Weaker answers discussed cash flow forecasts in quite simple terms and struggled to broaden the discussion and analysis to consider the range of factors relevant to the context of this question.

Question 7

This question was the least popular of the three essays. This was probably due to the specific syllabus demands of **part (b)**.

- (a) The best answers described and analysed the concepts of staff morale and staff welfare. A business that seriously seeks to enhance staff morale and welfare will develop a feeling of confidence and enthusiasm in employees, and put an emphasis on the health and contentment of employees. Strong answers commented on the impact of positive staff morale and welfare policies on labour turnover and on increased levels of productivity.

- (b) A large number of candidates were clearly unfamiliar with the ideas of David McClelland. They were perhaps attracted to answer **Question 7** by a familiarity with staff morale and welfare issues with less careful consideration of the demands of **part (b)**. Many weaker candidates presented a general discussion of other motivation theories and theorists such as Maslow and Herzberg. Strong answers discussed and analysed McClelland's ideas of achievement, affiliation, and authority, and applied them to the context of a hospital.

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Paper 9609/12 Short Answer and Essay

Key messages

- Candidates need to spend time carefully reading the essay questions in **section B** of the paper. There were many examples of partial, or incorrect, interpretation of the questions which lead to unfocused answers or answers that were not relevant to the context of the question.
- There were many examples of essays that provide sound understanding and analysis but fail to add evaluative comments and judgements that could clearly be supported. There are 6 marks available for evaluation in **Questions 5(b), 6 and 7(b)** that are often not rewarded because of a reluctance or inability to develop evaluative judgements.

General comments

- Knowledge and understanding of the syllabus content was generally sound although there was a considerable confusion between the concepts of portfolio analysis and the product life cycle.
- In **section A** of the paper there were many responses to **Questions 1(b), 2(b), and 4(b)** that amounted to descriptive statements rather than explanatory statements.

Comments on specific questions

Section A

Question 1

- (a) There were many confused answers to this question. Correct definitions of cooperatives focused on factors such as ownership and control, voting rights, profit sharing, and shared decision making. The strongest definitions gave examples of producer, farmer or retail cooperatives. Such examples served to provide clarity and to distinguish cooperatives from partnerships and joint ventures.
- (b) This question requiring explanation of the advantages to a business of engaging in a joint venture was more confidently answered. Sound answers focused on issues such as the sharing of investment costs, risks, and business expertise.

Question 2

- (a) The term job production was well understood by most candidates. Common and sound definitions referred to the production and completion of one unit of output designed specifically to meet the demands of a customer. Often examples were given to strengthen the definition, such as the design and production of a wedding dress.
- (b) Changing from job production to batch production was also generally well understood by most candidates. The advantages of such a change were well explained. Strong responses gave the capacity for larger production, economies of scale, the reduction of waste and the potential for quality consistency as advantages. Weaker responses confused batch with flow or were only able to give one advantage.

Question 3

This was well answered by most candidates. Working capital was correctly described as the capital required to finance the day to day running of a business and examples were presented such as the payment of suppliers. However, many answers did not address all aspects of this question and failed to apply the understanding of working capital to a new business. Some candidates confused working capital with start-up capital and/or suggested incorrectly that working capital should be used to purchase machinery.

Question 4

- (a) The term contract of employment was well understood and many candidates achieved both marks for their definitions.
- (b) The difference between redundancy and dismissal was generally accurately and comprehensively explained through relevant examples.

Section B

Question 5

- (a) This was not a popular question and many answers revealed a low level of understanding of product portfolio analysis. There was general confusion between product portfolio analysis and product life cycle. Many candidates mistakenly answered a question on the product life cycle and therefore focused on only *one* business product rather than on the *range* of products managed by a business. Sound answers recognised how an analysis of a production portfolio is vital to achieve marketing objectives and how a business might use the product life cycle concept to determine the strengths and weaknesses of its product portfolio.
- (b) The strongest answers initially defined the terms penetration pricing and market share. They then determined, through supporting analysis, the extent to which a new computer manufacturer could/should rely on this pricing strategy, considering the degree of competition and customer perceptions of relative low prices. Effective evaluation referred to the possibility of building a customer base through penetration pricing but resulting in thin margins and customer concerns over perceptions of quality.

Question 6

This was a popular choice for many candidates. Weak responses resulted from candidates turning this question on workforce productivity and business success into a narrow focus on workforce motivation. While some discussion on motivation was relevant, the prime focus of answers should have been on the relative importance of factors that could affect the success of a manufacturing business. Strong answers analysed the importance of workforce productivity in labour- and capital-intensive manufacturing scenarios and then broadened the evaluation to identify and assess the impact of factors other than productivity on business success. These factors included strength of the brand, effectiveness of management, quality of the products, operational efficiency, competitiveness of the market, the external environment, and the demand for the product. This question provided a very real opportunity to demonstrate skills of evaluation.

Question 7

- (a) Sound answers confidently identified and analysed different kinds of cost information and suggested why the accuracy of such information is a critical part of vital business management information. Illustrative management situations such as pricing and investment decisions were analysed to show the importance of accurate cost information. Weaker answers discussed cost information in very general terms and ignored the issue of accuracy.
- (b) Sound answers demonstrated a good understanding of different liquidity ratios and clearly indicated why they would be of interest to a potential investor. They then developed analytic arguments to suggest other quantitative and qualitative factors, such as productivity ratios, quality of management, and morale of workforce that could be of importance to potential investors. An assessment of the importance of liquidity issues in relation to other business factors was a clear opportunity for purposeful evaluation. Weaker answers presented only a general understanding of liquidity and often failed to link that understanding to potential investors or to other business performance measures.

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Paper 9609/13 Short Answer and Essay

Key messages

- Candidates are reminded that the command word Explain for **Questions 1(b), 2(b) and 4(b)** requires enough detail and development to gain full marks. A brief statement is not likely to do this, nor is extensive writing required. Two or three well-developed sentences should be sufficient.
- Many candidates gained marks for good analysis, but they often failed to build on this, and attempts at evaluation were often either very limited or non-existent. Up to 6 evaluation marks can be awarded for answers to **Questions 5(b), 6 and 7(b)**.
- To access evaluation marks, candidates need to make a critical evaluation or judgement, rather than a summary that repeats what they have already said. It is important to note that candidates can be awarded evaluative marks throughout their response - it does not necessarily need to be made at the end of their essay.

General comments

- Candidates showed good knowledge and understanding of the syllabus but need to bear in mind that all parts of the syllabus can be examined and, therefore, it is important to be able to define and explain all business concepts.
- Candidates need to ensure that, when answering **Section B** questions, they focus on the specific demands of the question and move beyond a general level of understanding and knowledge. They must ensure their answer is contextual, and that they make a judgement based on their analysis.

Comments on specific questions

Section A

Question 1

- (a) Most candidates were able to score 2 marks and most sound answers referred to stakeholders having an interest in the business and being affected by the business. Answers that gave only partial definitions only referred to one factor, such as an example of a stakeholder or that they have an interest in the business.
- (b) This was a well-answered question with many candidates able to score at least 2 marks. Weak responses failed to identify specific stakeholder groups and gave very general responses that discussed the responsibilities of a business. Strong responses tended to focus on two stakeholder groups, such as managers and employees and accurately explained their respective responsibilities. Some candidates focused on the responsibilities of one stakeholder group which was acceptable. Typical responsibilities explained were for customers to be honest in their dealings with the business, e.g. not steal from the business, or for suppliers to deliver goods on time and be of good quality.

Question 2

- (a) Most candidates were able to score full marks for this question with most candidates defining the term clearly, with reference to the increased scale of production and the falling costs of production. Weak answers tended to focus on examples of how costs are reduced, such as bulk buying, but failed to define the term so scored no marks.

- (b) There were many weak responses to this question where candidates provided reasons for cost increases and profit reductions, but they were not linked to the problems associated with an increase in scale. Stronger responses identified diseconomies of scale related to communication problems, employee alienation, and coordination problems and were able to link these accurately to the business growing in size.

Question 3

This question was generally well-answered with many candidates gaining at least 3 marks. Candidates generally understood the concept of cost-based pricing, but many were unable to access the 4 – 5 mark Level because they were unable to explain why cost-based pricing would be effective for small businesses. Many weak answers understood that businesses covered their costs with this strategy but failed to explain what the profit element meant. Stronger responses focused on the fact it was easy for a small business to calculate and they did not need to employ a specialist to do this. They also explained covering costs was crucial to survival and small businesses were unlikely to be able to afford the market research necessary for other pricing strategies.

Question 4

- (a) Many candidates were able to answer this question correctly with a sound definition that referred to either a correct formula or a statement of the number of employees leaving a business in a given time period.
- (b) This question was generally poorly answered with many responses not specific enough to the question. Some candidates incorrectly started discussing motivation methods once in the job as a way to keep employees. Stronger responses focused on using job descriptions and person specifications, or interviews and tests, as a means of getting the right person for the job because they were able to recruit people who would have the correct qualities and abilities so they would not become demotivated and want to leave. Some candidates discussed internal and external recruitment and were able to gain 3 marks.

SECTION B

Question 5

- (a) **Question 5** was the most popular choice for candidates and was generally well-answered. Most candidates clearly understood the two different types of production (batch and flow) and provided some appropriate analysis. Strong answers understood that flow production would have a very high set-up cost, which might not be affordable, or that there would be redundancies which could impact the security of remaining employees leading to demotivation. Analysis was also provided on the limitations of only focusing on one product, so alienating some customers, or the potential boredom of working on a flow production line and the subsequent impact on labour turnover. Weaker candidates tended to only explain what the main differences were without any analysis. Quite a few candidates thought flow production would lead to a decrease in output, which was incorrect.
- (b) This was a reasonably well-answered question that was well-understood and analysed. Candidates were mostly able to place their answers in context and some took the opportunity to make an evaluative and supported judgement, but these were in the minority. Most candidates had a good understanding of the difference between buffer inventory and Just In Time (JIT) and were able to analyse the advantages and disadvantages with particular reference to being able to meet sudden demand and not lose sales by using buffer inventory. Strong answers also referred to bulk buying discounts for large orders using buffers and contrasted this with the storage costs that would be saved by using JIT. Many candidates referred to the impact late deliveries might have if using JIT and how this could lead to dissatisfied customers and a possible bad reputation. Strong responses made evaluative comments stating the type of inventory system that was best depended on the type of clothes the business sells and how clothes sales are impacted by fast-changing fashions or the relationships they have with suppliers and how this might be crucial.

Question 6

Most candidates understood product differentiation but were less able to focus on elements of business success in their answers. Candidates mainly used their knowledge of the mobile phone industry to provide context. Many answers mainly analysed the advantages of effective product differentiation and failed to tackle *the only way* element of the question. Weaker responses would often confuse product differentiation with product portfolio analysis. Stronger answers identified relevant factors to business success, such as marketing, functionality, finance and customer service. A strong evaluative response often judged how a customer's perception of a brand was the most important factor to its success and would often include well-known mobile brands as a relevant contextual example. As with the other questions, many candidates attempted some sort of evaluation and therefore improved their overall mark, but it was often limited.

Question 7

- (a) This was the least popular question but was answered reasonably well by those who attempted it. Weaker responses tended to confuse micro finance with crowdfunding or stated that it did not need to be repaid. Candidates generally understood that it was small amounts of money loaned to small businesses and stronger responses linked this to the difficulty small businesses often have in getting finance from banks, or in fact may not have a bank account in the first place.
- (b) Candidates generally struggled with this part. Most candidates had a good understanding of a range of accounting ratios but were unable to analyse their usefulness to a business in the context of entering a new market. Responses tended to be weak with little or no evaluation, focused only on liquidity ratios, and tended to show limited understanding of the question. Stronger responses understood that ratios could not predict the future and were a snapshot of the present which, therefore, cannot guarantee future success. They also understood that marketing was a critical factor in a move into any new market and a strong financial basis would be required to do this.

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Paper 9609/14 Short Answer and Essay

Key messages

- The one key message is that 30% of the available marks for the questions in **Section B** are awarded for the skill of evaluation, but many candidates do not attempt any evaluative judgement. Candidates can make an evaluative statement at any stage in their answer, not only at the end. Wherever evaluation is made, however, candidates should focus on the question and comment on the validity of their analytical arguments, making a judgement about what is the most important factor or argument. Candidates achieve this by critically assessing the premise or assumption of the question and might then suggest other factors that could be considered.

General comments

- Most candidates demonstrated a sound knowledge and understanding of the business concepts and situations presented in this paper. There were, however, some significant gaps in understanding of some parts of the syllabus, notably workforce planning and the stages of business decision-making.
- Some candidates had a problem with managing time. There were several examples where too little time was used in answering **Question 7(b)** as a result of too much time used when answering **Question 7(a)**.

Comments on specific questions

Section A

Question 1

- (a) The definition of market research was generally very well answered. Candidates confidently defined the nature, purpose, and methods related to the collection and analysis of market data.
- (b) This question was also confidently answered. Most responses emphasised the cost and time benefits of using secondary market research data rather than primary market research data. Weaker answers identified benefits but did not explain why these benefits of cost and time savings are secured.

Question 2

- (a) The response to this question was mixed. Strong answers correctly defined economies of scale as the reduction in costs of production as the scale of production increased. Weaker answers focused on why production costs might reduce, such as bulk buying, rather than accurately defining the concept in terms of the impact on cost of an increase in the scale of production.
- (b) Strong answers concentrated on the problems of poor communication, management, and coordination as a result of business growth. However, a significant number of answers did not explain problems caused by the increased size of a business, and simply presented organisation problems that were not connected to the increased scale of business operations, internally or externally.

Question 3

Workforce planning was not well understood by many candidates. Only a minority of answers recognised the concept as the HR function of analysing and forecasting the numbers and skills of employees required by a business to achieve its objectives now and in the future. Many answers incorrectly focused on the motivation and wellbeing of employees and presented a very general discussion, rather than a response that focused on the benefits to a business of having the appropriate employee numbers and skills to meet its needs.

Question 4

- (a) Both sections of this question proved challenging to many candidates. Stronger answers emphasised that strategic decisions involved methods and plans to achieve the overall and long-term objectives of a business and gave illustrative examples such as marketing or human resource strategies.
- (b) The requirement to explain two stages of business decision-making was not answered well by many candidates. Strong answers recognised the logical process of establishing objectives, analysing a situation/problem, collecting views and ideas, formulating alternative courses of action, making a choice, implementing a decision, and assessing the results of a decision. Weaker answers did not explain this logical decision-making process, instead describing business concepts such as product life cycles and pricing decisions. These examples were often relevant but frequently meant candidates lost the focus of the question - to present two clear stages of business decision-making.

Section B

Question 5

- (a) This popular question was well-answered by most candidates. The concepts of diversity and equality were generally well understood and effectively described and contextualised by a good understanding of the concerns that an HR department has for these issues. Strong candidates responded to the analysis of the importance of policies on diversity and equality by identifying business advantages for having policies, and possible limitations and dangers for a business that fails to develop such policies. Weaker candidates often struggled to explain the meaning of equality and diversity in a business situation and were unable to identify any relevant reasons for developing policies to embed these concepts into the culture of a business.
- (b) The concept of work-life balance was generally well understood by most of the candidates who answered this question. Most candidates presented detailed analysis of the importance of work-life balance for medical employees; more perceptive answers recognised the needs of the many different types of employees within a hospital. What was often missing, even in these stronger responses, was any evaluative judgement. Those answers that contained evaluative comment raised issues such as the cost implications for an effective work-life balance policy, the viability of such policies, and additional or alternative HR approaches to staff working under a high level of pressure and stress.

Question 6

This was not a popular question. Strong answers referred to the financial documents where cost information could be found and discussed the relevance of this information for analysing business situations and trends. The need for cost control measures was acknowledged and discussed. Perceptive answers recognised the importance of cost control in all businesses but questioned the extent of its significance as a measure of performance for a luxury hotel. Evaluative answers recognised the potential conflict between exceptional customer service in a luxury hotel and an emphasis on cost cutting measures that might threaten that level of customer care. Weaker answers struggled to analyse and evaluate cost information as only one of a number of performance measures that management might use.

Question 7

- (a) This was a very popular question with most answers giving an accurate and comprehensive definition and explanation of the concept of price elasticity of demand (PED). Many answers, however, were unable to establish a strong link between the concept of PED and business pricing decisions and strategies. A significant number of weaker responses moved away from PED and drifted into general demand and supply scenarios. Stronger candidates gave examples of how a business could use PED to estimate the sensitivity of demand at different price points, and use that information to maximise revenue, for example using price discrimination. The very best answers described the theory, the context, and the causal relationships.
- (b) Most answers to this question defined the marketing mix and then unpacked the component parts and described the value of each of the 4Ps to a car manufacturer in pursuit of an increased market share. Many answers provided a comprehensive explanation of how the marketing mix provides a structure for a manufacturer to make decisions on product quality, pricing strategies, promotion policies and choice of distribution channels. However, this detailed explanation often resulted in candidates paying little or no attention to the word *importance* in the question. Candidates were unable to take the opportunity to assess the *importance* of the marketing mix to a car manufacturer and to make some evaluative judgement. Some answers did attempt to consider the relative importance of each of the parts of the marketing mix in the context of the question, and very strong answers evaluated the relative importance of the marketing mix in comparison with other influencing factors, such as production and/or people issues.

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Paper 9609/21 Data Response
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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, poor understanding was shown of key terms. It is important that candidates are taught the value of learning definitions and ensuring that definitions given are specific and accurate, but also meet the requirements of the questions. Vague and undefined answers will generally not gain high knowledge marks.
- Lack of knowledge of specific examples of definitions, for example **Question 1c** – pricing methods, means that candidates are unlikely to gain high marks for analysis, and in some cases knowledge. Many candidates described pricing methods, however, they used common language terms which do not provide evidence of the level of knowledge and understanding required at AS level.
- Candidates should understand the requirements for an 11-mark Recommend or Evaluate answer. Many candidates start their answer with their recommendation or evaluation, often as a simple one-line statement. As the candidate has used no evidence or analysis at this stage, the maximum that can be awarded at this stage is 1 evaluation mark, as there is no justification or development of the answer. This approach can be a useful guide as to the direction the response will take, and can help the candidate to focus, but it must be reinforced with further evaluative judgments later as well. Structures should be taught and used to ensure that evaluations and recommendations follow analyses, to enable candidates to develop and justify their final judgement.

General comments

- Candidates must have a solid preparation in exam technique. In a significant number of responses, the actual question asked was not answered. 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 vital 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 whole page answers for 3-mark questions and then answered the 8 and 11-mark questions in a few lines. Definitions and explanations should be short, clear, and concise. For example, if two marks are available, two separate and defined elements must be given in an answer.
- Answers that only use the same words as the question will not be rewarded – for example, dynamic pricing must not be explained with the words ‘dynamic’ and ‘price’.
- Candidates should read the text in the case carefully. Ray’s Taxi, for example, is a one person sole trader. However, many candidates wrote about Ray being the owner of a multiple taxi business with many drivers employed – this lack of clear reference to the text means that application marks cannot be awarded.
- When identifying key elements of the text to use as evidence in a response, candidates may refer to the terminology used in the case but must explain or analyse it using their own words for application to be awarded.

Comments on specific questions

Question 1

Candidates must read the case carefully or application marks will be missed. As mentioned above, Ray was not the MD of a taxi company with many drivers. Care should be taken in **parts b, c and d** to ensure specific examples from the text are used.

- (a) (i) Candidates should not use the word 'competition' in the answer. While generally well answered, the focus needed to be on a business or person who is targeting the same market.
- (ii) A very poorly answered question – dynamic pricing was clearly not well understood – dynamic must be referenced as responsive (changing in response) to external factors. Pricing must have some understanding of cost to customer and an example needed to be given of how dynamic pricing works, such as using internet cookies or apps.
- (b) (i) Many candidates focused on 'profit' rather than 'profit margin'. A definition is not asked for, it is the way in which profit margin increased. This was very poorly answered mainly due to the wrong focus in the answer.
- (ii) A common error was to calculate Summus' daily revenue (\$240) without removing the 20% that Summus charges. Although \$240 could be awarded 2 out of 3 marks *with working shown*, many candidates did not receive these two marks as there was no working. Working shows the method/process which, if correct, can be rewarded even if the final answer is incorrect.
- (c) A significant number of candidates failed to provide clear understanding of pricing methods and used simple descriptions rather than terminology – competitive, penetration, skimming, cost-based or psychological should have been clearly identified but were not. This led to a lack of application to a taxi service and a resulting lack of developed analysis.
- (d) Candidates generally chose relevant reasons for whether to join Summus. However, many points were not quite relevant – Ray would not own Summus and he does not have a multi-taxi firm - this lack of understanding of the case prevented developed analysis.

Question 2

While a lot of application was provided, candidates should be not copy entire paragraphs into their answer – they should use their knowledge and understanding of business situations to identify key data to support an answer, rather rewrite whole sections of text. This is time consuming and receives no reward. A common fault was to start the **c** and **d** questions with a paragraph of repetition with little or no further application to the points discussed.

- (a) (i) Very few candidates seemed to understand the term – surplus cash after all costs is not clear enough – there needs to be an understanding of the difference between actual output and breakeven.
- (ii) A very poorly answered question – people working together describes virtually any type of business structure – co-ops have members who each have a stake in the business – this was not clear and led to a low average mark for this question.
- (b) (i) A generally well answered question when candidates remembered the formula. Formulae should always be provided. Questions generally use simple figures because it is the business concept, not mathematics, that is being tested, hence the need for formula/process/working to be shown.
- (ii) Breakeven analysis does not ensure a profit will be made or that costs will be covered. BE analysis indicates what prices *could* be charged *in order to* cover costs *at a certain level of output*. Those who did provide the correct level of understanding often failed to link their answer to the price (or figure) calculated in **b(i)** – that is very straightforward application.
- (c) The marketing mix consists of the 4P's – the question asks for *two* elements, therefore there should be two paragraphs, each with a clear focus on one of the 4P's. When referring to the product, 'play' cannot be awarded application marks as the word is in the question – application comes from using the words theatre, co-op, etc. When referring to price, candidates should use the information calculated in **b(i)**. For analysis to be awarded, the explanation must make a clear link to marketing, describing the elements is not enough.
- (d) The analysis of this question was generally strong. However, although some candidates started with a yes or no, many candidates did not make a final judgement as to whether JTG should only perform in city M. This final evaluation - ranking the importance/relevance of the factors they have already analysed – enables candidates to produce a clear and explicit answer.

BUSINESS

Paper 9609/22 Data Response
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Key messages

- Candidates must be careful to fully read and understand the terms in each question which should form the basis of their answer. Simple mistakes, such as the difference between scale and size or recruitment and selection can mean that a candidate wastes time on an answer which has no relevance to the question.
- The case data is given as a basis for answering the questions. Although generic answers show understanding of the knowledge required, candidates cannot provide analytical and evaluative answers that gain all of the marks without application to the case. Where a question states the name of the business or a specific stakeholder, then the answer must be given in the context of that business or stakeholder. For example, **Question 2(d)** is specifically about Lakeland Oysters (LO) and the data in Table 2.2. Therefore, the answer must explicitly use that data in the analysis and evaluation.
- Analysis is about showing the impact, effect or consequence of something. However, good analysis shows the steps that link the initial action to the final effect on the business. For example, in **Question 1(b)(ii)** candidates should identify a factor that may affect scale and then show in a series of steps, or a chain, how this would affect HB specifically. Many candidates do not make a clear chain of analysis and miss out the links between the initial factor and the business itself. This often leads to limited analysis, which is worth less marks than a good chain of analysis.
- Evaluation is about answering the question. In **Question 2(d)** this is very clear because the question asks for a recommendation. However, where the command word is Evaluate, candidates often fail to provide an evaluation/judgement. In **Question 1(d)** the obvious evaluation was to judge the *most appropriate promotion method* for HB to target the hotel laundry market. Candidates who first demonstrated strong analytical links of two promotional methods, then gave a judgement as to which was the most appropriate for HB's market and why, gained the highest evaluative marks.

General comments

The two cases provided contrasting scenarios for candidates which allowed them to develop their application and analysis within context.

Hot Bubblez (HB) was targeting an industrial market in **Question 1(d)** and this proved to be difficult for some candidates who may not have had much experience applying promotion methods to this market. However, the context of a laundry business was well-understood and most candidates could find elements of the business that they could relate to.

Lakeland Oysters (LO) was unlikely to be a context in which many candidates had experience. However, the primary nature of the product and the 'farming' element gave candidates the opportunity to show their understanding of this sector.

Comments on specific questions

Question 1

- (a) (i) A service is a distinct type of product and a common term used throughout the syllabus. It was obvious that most candidates had some knowledge of services, however a clear definition was rare.

A definition requires a clear statement that identifies the term and clearly shows understanding of the knowledge. In this case, the definition of a service required some understanding that a service is intangible and that it is sold by a business.

- (ii) In explaining the term 'sole trader' candidates must ensure that they have shown the difference between a sole trader and other legal structures. Most candidates correctly identified that a sole trader has one owner, as well as other features. However, there was some misunderstanding of the difference between limited and unlimited liability and many candidates incorrectly suggested that a sole trader has limited liability.

- (b)(i) This question required an understanding of how market share is calculated and application of this to the data. Many candidates correctly worked backwards from the 300 households that used HB's laundry service and the pie chart in Fig 1.1.

Some candidates worked out 300 as a percentage of the entire market, instead of the 20% which used a laundry service. Candidates who made this mistake could achieve some of the marks for their answer as long as they showed their workings/method. It is essential that candidates clearly set out and show their working, so that wrong answers can be awarded process marks where appropriate.

- (ii) This is a specific question about scale, not size. Many candidates did not realise this difference and so there was a significant number of responses which did not receive any marks.

Factors which affect scale are those which affect the ability of a business to supply products and, therefore, any answers which focused on demand factors were not rewarded. The most common weak answers included the population of town P and the promotion of HB, both of which are demand factors. The strongest answers focussed on contextual issues, such as HB's capital items (washing machines, irons, etc.) and HB's lack of labour since Karen is the only worker.

- (c) This question asked for a recruitment method, but many candidates gave a selection method, such as an interview or CV. There is a distinct difference between selection and recruitment, and this must be fully understood. Recruitment methods are about attracting candidates and include wider methods such as external versus internal, and more specific methods such as a job advertisement.

This question is not generic because it specifically asks about an appropriate method for Karen to use and as such it is not enough to explain a method, it must be explained in context. Therefore, candidates needed to use some of the given data in their answer. For example, Karen might have used external recruitment because she does not have any other workers so internal recruitment is not an option. This answer is correct and based clearly in the context of the data.

- (d) Promotion tends to be a topic which candidates are comfortable evaluating and as such there were a number of strong answers to this question. Weaker answers lacked context or had not fully read and understood the question.

The question specifically asks for promotion methods for HB to target the hotel laundry market. Therefore, responses which discussed above the line promotion methods which were obviously targeting the mass market of laundry customers were unlikely to achieve high marks.

Those candidates who achieved high marks in this question often used below the line promotion methods which were targeted at hotel and hotel managers to convince them to use HB's service.

The question also calls for methods, not just one method. So candidates needed to analyse at least two methods and then come to a judgement about which, of the two, was likely to be most appropriate for HB to target this market.

Question 2

- (a) (i) A market has many different meanings in a business context and candidates could use any legitimate definition of a market to gain full marks in this question. The most common definition was a place where buyers and sellers exchange money for products and services. However, whatever type of market a candidate chose to define, they needed to make sure they gave a full definition, not a partial one.
- (ii) The most common way to approach this question was to start with the formula for a profit margin. A formula is a good way to show the knowledge of what a profit margin is, but it is not enough for a full explanation. Candidates who gained full marks on this question gave some other way of showing good understanding such as what a profit margin is used for or an understanding of different profit margins.
- (b) (i) This question was generally done well, but there were responses where candidates did not fully read the question and/or the data and came up with some extraordinary answers. Occasionally, a response showed a mistake in the calculation of one of the profit figures and where the candidate had set out their working clearly the correct working was rewarded.
- (ii) This question asked specifically why the profit margin is higher for the consumer market than the industrial market, not just why the profit might be higher. Many candidates confused profit and profit margin, and this often led to weak answers. There are clear clues in the data as to why this might be the case and candidates who used the data were likely to gain full marks. The strongest answers identified the likely lower costs in the consumer market (due to not having to transport the oysters) and/or the lower price in the industrial market, due to bulk buying.
- (c) The triple bottom line is associated with social enterprises and the specific elements in the syllabus are economic (financial), social and environmental. Candidates needed to analyse the importance of *two* of these elements to LO and do this within the context. Most candidates understood that this had to do with society, but how each element might relate to LO was not well analysed.

Analysis questions always require context and the case had plenty of evidence to allow analysis of the importance of all three elements. Any two of the elements could have provided a full answer, although a few candidates did attempt to analyse all three elements, which was unnecessary.

- (d) Business is about making decisions and the ability to make recommendations is vitally important. Questions, such as this one, 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 usually to choose which data is most important in the given context and focus the analytical arguments on this.

Table 2.2 provided the majority of the data and most candidates used the quantitative data well. However, candidates occasionally limited their own analysis by not fully developing arguments and links to show how each could affect the business. For example, it is not enough to just state that Location A is further away; a good argument analyses what the impact on the business of the location being further away actually is, such as an increase in costs.

A strong response could make a judgement that either location should be chosen. The quality of the argument and evaluation is more important than the actual judgement.

BUSINESS

Paper 9609/23
Data Response

Key messages

- The majority of candidates achieved Application and Analysis marks on **parts (c) and (d)**. Candidates can reach application and analysis with a few well-developed points. A good chain of reasoning, in the context of the case, is the basis for well-developed analysis.
- In **Questions 1(d) and 2(d)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid repetition of previous points when writing their evaluation.
- In calculation questions, **1(b)(i) and 2(b)(i)** candidates should always show their workings out. Use of a calculator should be encouraged.
- Candidates need to be more 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 1(b)(ii), 1(c), 1(d), 2(b)(ii), 2(c) and 2(d)**
- Candidates should know that answers requiring the use of context, such as **Question 1(c)**, should integrate the information from the case study, but avoid repetition of the case material.
- Ensure full understanding of the command words.
- Practice Explain and 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 1(d)** on entering into a partnership. In **2(d)** there was a clear difference between candidates who had revised Mintzberg's roles of management and those candidates who confused this with other theorists such as Maslow.

Teaching tip: Answer the question in the context that it is set!

Candidates should make full use of opportunities to:

- Use the context
- Identify opportunities to analyse – good analysis based on a contextualised chain of reasoning
- Identify opportunities to evaluate – **Question 1(d)** required a justified recommendation as to whether *Bilal* should enter into a partnership with *Sophie*.
- Answer the set question – **Question 1(c)** only asked for two factors and **Question 2(c)** required two *disadvantages*.

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

Comments on specific questions

Question 1

- (a) (i) Candidates generally did well on this question and were able to give a full definition of the term market research. Methods of research (e.g. primary/secondary) are not relevant to this question.
- (ii) Most candidates managed to score 2 marks by explaining social awareness but did not develop their explanation for the third mark.

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

- (b) (i) Many candidates failed to differentiate the (net) profit margin from the gross profit margin so calculated both margins for the answer. Some candidates calculated the profit margin on each apartment, if correct they achieved full marks. The majority of candidates correctly calculated the overall profit margin. It is good to see the majority of candidates showing their workings.
- (ii) Most candidates demonstrated good understanding of added value and gave an example in context.
- (c) Many candidates gave price as a factor influencing demand which is incorrect as price affects *quantity* demanded. Good answers used the context of the housing market, e.g. comparing to the cost of renting, or of population moving to a city for the facilities available. A minority of candidates referred to how Bilal could increase demand although the question asked about buying apartments in City W.
- (d) Some candidates score full marks. Those candidates gave two-sided arguments on whether Bilal should enter into a partnership with Sophie, developed chains of reasoning and concluded with a justified recommendation. Many candidates demonstrated good knowledge of partnerships in context and scored good analysis marks, but failed to make a balanced recommendation which was required for the evaluation marks.

Question 2

- (a) (i) Candidates demonstrated understanding of liquidity by referring to the ability of a business to pay its debts. For both marks candidates should make clear that they are referring to short-term debts.
- (ii) Most candidates scored 2 marks by explaining internal growth but did not develop their explanation for the third mark.
- (b) (i) The majority of candidates achieved full marks, demonstrating a good understanding of how to calculate total revenue.
- (ii) Many candidates gave generic answers. Good answers referred to the data in Table 2.1.
- (c) Candidates demonstrated good knowledge of process innovation and gave two disadvantages to BU. Some candidates also gave advantages even though the question only asked for two disadvantages. Many candidates scored 2 + 2 or 4 + 2, but lack of developed analysis in answers meant that some candidates did not get beyond 6 marks.
- (d) Candidates who are familiar with Mintzberg's roles of management scored high marks. Some candidates answered without any reference to Mintzberg and scored very low marks. Some candidates referred to other theorists such as Maslow or Goleman, which are irrelevant for this question. Excellent answers used the context of recruiting a new factory manager.

BUSINESS

Paper 9609/24 Data Response
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Key messages

- Good answers are rooted in the context given in the case data. This examination requires some time to be spent reading and understanding this data and it is clear that not every candidate does this in the same depth. The majority of questions require answers which are based on the given businesses, in this case Apple Farm (AF) and Delicious Chicken (DC) and non-contextual answers rarely achieve more than half of the available marks. Candidates should use the data as a signpost to the most appropriate answers, especially in the questions that require analysis and evaluation.
- Analysis is about showing the impact, effect or consequence of something. However, good analysis must show the steps that link the initial action to the final effect on the business. For example, in **Question 2(c)** candidates should identify disadvantages of being a small business and then show in a series of steps, or a chain, how this would affect DC specifically. Many candidates do not make a chain of analysis and missed out the clear links between the initial disadvantage and the business itself. This often leads to limited analysis.
- Evaluation is the highest order skill on this syllabus and often differentiates the strongest answers. In this examination, two evaluative command words were used; evaluate and discuss. Both require a candidate to weigh up and compare their analytical chains of arguments by evaluating the relative merits of each argument. Making a judgement is always a good route into evaluation and candidates who come to a reasoned judgement are rewarded the higher level marks.

General comments

Apple Farm (AF) and Delicious Chicken (DC) are very different businesses and gave candidates opportunities to apply their knowledge in different ways.

AF provided the context of a primary sector business launching a new product. The specifics of this new product formed the basis of the longer answer questions, and the case text gave a number of quantitative and qualitative pieces of data that could be used. Strong candidates referenced this data throughout their answers and made their analysis and evaluation specific to the business.

DC was, as a contrast, a secondary/tertiary business supplying products directly to a loyal customer base. The business had human resource issues to be overcome and most candidates could recognise similarities between business that they may have encountered in their studies.

Comments on specific questions

Question 1

- (a) (i) Most candidates correctly identified that fixed costs do not change, however this is not a full enough answer. The essence of a fixed cost is that it does not change *when output changes*. It was rare to find answers which correctly identified this. A definition must give a full answer. It does not need to be a long answer but must include all of the elements of the given term.
- (ii) A sole trader is not just one person working on their own, which was how some candidates explained this term. It is about the legal ownership of the business, and this needed to be clear to gain marks for this question. Candidates also needed to ensure that they have shown the difference between a sole trader and other legal structures. There are many ways in which a candidate can show this knowledge and the most common were often that shares could not be sold, and that the business had unlimited liability.

- (b)(i) Break-even is usually a well-understood topic and this calculation was generally done well. However, one common mistake was to try to calculate the break-even number of apples individually, not as a pack. The question clearly asks for the break-even output for packs and working it out for individual apples gave the calculation an extra layer of complexity that was unnecessary.

There were some mistakes made in the calculations, but as long as candidates set out their working clearly, the examiner could award marks for a correct process where appropriate.

- (ii) This was a poorly answered question, particularly because candidates did not read and really think about giving an appropriate response. The purpose of break-even is to give the level of output at which a firm neither makes a profit or loss, but this is not the use of break-even analysis.

The question asked how a firm would use the data. For example, it could use the data to plan the inventory needed to be sold or it could use it to model price changes in the future. Whichever, a use of break-even analysis is not to know the break-even point.

- (c) There was some misunderstanding over how leasing works, which meant that some candidates' answers lacked the detail required. Many candidates mixed up leasing with hire-purchase and some thought that interest would be charged for a leased product. These mistakes occasionally formed the basis of a candidate's analysis and could not be accepted as correct because of the terminology used.

Strong answers referred to the numbers in the data (\$4000 per year to lease compared to \$10000 to purchase the machinery) and made a calculation as to how long AF would need to keep the machinery and whether leasing was an advantage or not. It is not essential for candidates to use quantitative data when analysing, but it is a very strong indicator of good application.

- (d) Most candidates identified the elements of the data which made appropriate packaging particularly important for AF, especially the marketing benefits and the logistical benefits. This often led to some good analysis of why packaging was important to AF. However, this was an evaluative question and therefore a good response needed a judgement as to the *importance* of appropriate packaging. There are many ways to show this in an answer. Some candidates argued that other elements were more important to AF than packaging. Other candidates made a judgement over the most important argument for packaging. Any valid route into evaluation could be accepted, but many candidates made no attempt to come to a judgement at all.

Question 2

- (a)(i) One of the most difficult issues with a definition is to define the term without using the words in the term. This is especially true with unique selling point and many candidates failed to avoid some repetition. A candidate should ask themselves if they have defined every word in a given term without using the actual word. A simple and effective answer to this question was 'a feature that makes a product different from others/competitors'. This type of short answer is rare, but very effective.
- (ii) As with **Question 2(a)(i)** it is difficult to explain the term customer orientated without using the word customer. However, this is what a good response will do. Both the term 'customer' and 'orientated' should be addressed.

An explanation requires more than a definition and a good, full-mark, answer will often contain an example or some other way of showing good understanding. Examples are excellent ways of showing good understanding, however, they must not be repetition of the data. In the case, line 6 states 'DC has always been customer orientated', so simply stating that DC is an example of a customer orientated business is not good enough. However, any other example of a well-known customer orientated business is acceptable because it is not repetition of the data and clearly shows knowledge and understanding.

- (b)(i) Most candidates correctly identified the labour turnover formula. Occasionally candidates inverted the formula so giving a wrong answer but received some marks for correct identification of the figures. Candidates who simply wrote the answer with no working, or crossed out working, risked zero marks if the answer was wrong. Candidates should always be encouraged to set out their working clearly and not to cross it out as it can be used to reward a correct process or method, even with an incorrect result.

Some candidates forgot to use the % in their answer which was still considered a correct answer, but candidates should make sure their answer is fully correct showing the right unit.

- (ii) Understanding of labour turnover had been shown in the previous question (2(b)(i)) and repeating what labour turnover means in this response was not credited and wasted time for a candidate. This question specifically asked about a problem of high labour turnover and this should have been where candidates focused their answers.

By starting with the context, some candidates gave excellent answers about the difficulties of a fast-food restaurant being able to deliver the product and service required with high labour turnover. Training costs, slow service and bad publicity were the basis of the strongest answers.

- (c) There is a clear need for context in analysis questions and weaker answers were too generic - applicable to any small business - so missed marks.

The strongest answers focussed on how DC might be disadvantaged by being a small business. For example, the competition in this market, the limitations of employees that DC faces, and the data given in Table 1. These formed the basis of some excellent analysis.

The command word 'analyse' does not require any evaluation skills to be shown and it was surprising how many candidates attempted to form a judgement over which disadvantage was worst for DC, or even attempted to analyse the *advantages* of being a small business, neither of which was asked for or rewarded.

- (d) Motivation tends to be a well-studied topic and many candidates spent considerable time describing motivation theories, occasionally drawing Maslow's hierarchy of needs, which was far beyond the knowledge requirements of the question. In an *evaluative* question, the focus must be on *using* knowledge, not explicitly explaining it - telling the examiner everything that is known about motivation theory is not good use of time and does not earn reward.

The start of a good answer was often to use the data and identify the motivation problems faced by DC, such as the autocratic leadership of DC. A candidate can then outline potential solutions to these problems and come to a judgement over which is most likely to be suitable for DC.

There is a fine balance for candidates to achieve when asked to evaluate potential solutions for any issue. A few candidates only analysed one possible solution, but the question asked for ways so one solution was not enough and made evaluation impossible. However, if a candidate tries to analyse too many possible solutions, then they are likely to run out of time - as happened with some candidates. Deciding on two possible solutions, that are the most appropriate to the scenario in the case, should allow enough time to create linked analytical arguments for both, and to develop evaluative judgements.

BUSINESS

Paper 9609/31 Case Study

Key messages

- Take time to read the case study and the questions to ensure that the focus of answers is appropriate.
- Learn business concept definitions to help provide the foundations for extended answers.
- Practice calculations for all numerical elements of the syllabus.

General comments

Candidates frequently demonstrated weakness in their understanding of a range of business concepts and techniques. Most candidates were able to give effective answers to some of the questions, but often lacked the knowledge and understanding to tackle all the questions and develop appropriate chains of argument. This problem was made worse by lack of focus on the question set.

There were some good examples of well-focused responses where candidates had read the question carefully and knew how to meet the demands of the question. The strongest candidates demonstrated a good understanding of the broad range of topics that were tested. Good responses were produced by candidates who targeted their answers directly at the questions. The best of those combined evidence from the case to support and develop chains of reasoning. The best answers made judgements throughout the response and provided a conclusion based on analysis previously developed. Effective answers often focused on a limited number of points rather than attempting to cover all possible issues. Analysis is often superficial when attempting to develop too many lines of reasoning.

Many candidates could have improved their answers by making use of the case material to support their argument rather than providing a generic response. Candidates should read the case carefully and then spend time planning answers to ensure a greater degree of focus in their responses. With careful planning candidates will be clearer of the demands of each question.

Comments on specific questions

Section A

Question 1

Many candidates made effective use of the case information to develop answers. However, weaker candidates repeated information from the text rather than demonstrating an understanding of ERP. Candidates should avoid simply repeating the text and should aim to define key terms and use the case material in their answers to show the relevance of the business concept to that business. Better answers provided a clear definition of ERP recognising that it is dedicated software to integrate orders, materials and distribution to minimise costs and reduce inventory holding costs. The best answers built on this definition and linked ERP to efficiency and the likely impact on PGC's competitiveness in the context of a business that was holding too much inventory resulting in wasted coffee due to the reduction in value of ground coffee over time. Often these links were not developed, and candidates just repeated the bulleted points from the case that 'too much inventory is being held' and that 'too much coffee is wasted by being stored for too long'.

A significant number of candidates showed no knowledge of this key business concept. Candidates should aim to ensure that they are at least able to define terms in their answers. Without demonstrating knowledge candidates cannot be awarded any marks.

Question 2

Candidates found this challenging, with many omitting to answer one or more of the calculations and showing uncertainty as to how to develop analysis and evaluation for **Question 2(b)**.

- (a) (i) It was evident that many candidates did not know how to calculate the net realisable value of inventory. However, most candidates did attempt the calculation, and many were able to use the table to calculate the saleable value of the inventory. Only the strongest responses realised that the cost of selling the coffee had to be subtracted from the saleable value.
- (ii) This question built on candidate answers from **Question 1(a)(i)** and most candidates gained full marks. However, over 10% of candidates omitted this question, including many who had answered **Question 1(a)(i)**.
- (b) Candidates found it difficult to develop relevant lines of reasoning as to why PGC found it difficult to correctly value its inventory. As in some other questions, weaker answers tended to repeat information from the case material without interpretation. Often candidates selected irrelevant information. There were some good answers that made links between information in the case and constructed chains of analysis focused on the question. For example, some candidates observed that market conditions due to weather could change dramatically, affecting harvests and consequently the price of coffee beans. This could result in the saleable value of coffee changing making it difficult to value the inventory of coffee. Very few candidates made effective judgement, but those who had shown understanding of the problem often achieve Level 1 evaluation by providing a conclusion that identified the most important factor with some supporting evidence.

Question 3

Although the marketing mix is well understood, many candidates still find it difficult to develop a coordinated strategy for marketing a product or service. Most candidates achieved full marks for knowledge, by referring to the 4Ps, and then explained one or two elements in more detail. This usually resulted in Level 1 analysis as chains of argument were developed linking points together. However, many candidates simply made a list of marketing tactics that were unconnected and occasionally contradictory. These answers did not fulfil the requirement to recommend a coordinated marketing mix.

There was also some confusion about who PCG should be marketing the courses to, and some candidates went off at a tangent by discussing PGC recruiting and training their own employees. Other answers mistakenly focused on the benefit of training to employees. Better answers made effective use of the case material within their discussion. Good answers started by identifying the target market for the courses. This often led to recognition that the marketing would be business to business so tactics relating to relevant forms of promotion and pricing could be developed. This approach enabled evaluation as candidates were able to give supported judgements as to the likely effectiveness or limitations of the proposed strategy.

Question 4

Candidates who are practiced in the construction and interpretation of network diagrams gained full marks on the numerical questions. Other candidates often just guessed the answer, and many did not gain any marks for **Question 4(a)**.

- (a) (i) Many candidates provided what appeared to be random numbers for the EST of activity F. Those candidates with some knowledge recognised that the timings of activities A, B, C and E were relevant but were unsure how to calculate the EST of F. The correct answer of 21 days was given by a significant minority of candidates who correctly added the time for Activities A and E together. Common errors were to suggest the EST of F was either 19 days or 9 days.
- (ii) This was less well answered than (a)(i). Candidates were able to gain a mark for the definition of total float – either descriptively or as an equation. Many candidates just gave an answer showing no working and scored zero marks.
- (iii) More candidates gained full marks for calculating free float than for calculating total float. However, in preparing for the examination, both concepts should be practiced by candidates.
- (b) This was omitted by a significant number of candidates. Weaker answers provided little more than a definition of critical path analysis and did not use the case material in their answers other than to

repeat information from the diagram or their calculation to **part (a)**. Better answers made reference to individual activities within the network diagram to illustrate how the analysis could help with keeping the project on schedule. A few strong answers provided evaluative comment that went beyond the generic observation that CPA could not guarantee that the installation would occur on time. For example, some candidates questioned whether the young and newly qualified production manager would have the experience or knowledge to construct an accurate CPA. Some candidates did not focus on the question and wrote about whether the new coffee roasting machines would bring success to PGC rather than on the role of CPA in the successful installation of the machines. Candidates should take time to read the questions and consider what is being asked to ensure appropriate focus.

Question 5

This was the most challenging question in **Section A**. Candidates should be encouraged to define key terms and focus on the question asked. Many candidates did not demonstrate an understanding of workforce planning and/or did not focus on the importance of workforce planning to the success of the proposed new cafes. A few candidates did not answer the question and just commented on other factors that might impact the success of the new cafes. Good answers knew that workforce planning involved an audit of the workforce and the identification of future human resource needs of the business. Application could then be developed by identifying the specific job roles that PGC would require, such as baristas and kitchen employees. Stronger analysis considered how a workforce plan would ensure that employees could be recruited at the right time and that was essential for providing good customer service in the new cafes.

Section B

Question 6

Candidates have often shown a preference for essay questions relating to strategic analysis. This was the case this series with approximately 80% of candidates choosing **Question 6**. Most candidates were able to identify and show an understanding of PEST analysis. Candidates frequently took guidance from the case study and focused on Table 3. However, as with other questions, some candidates did not go beyond repeating the PEST analysis and did not show any interpretation of the data or develop argument as to how PEST analysis would help PGC in considering whether to supply tea. Candidates must focus on the question to achieve marks for analysis. Good answers linked strategic analysis to risk reduction and the importance of the external environment in affecting the success of strategic decisions. The best answers recognised that PEST analysis should be used alongside complementary techniques such as SWOT and Porter's Five Forces Analysis. This often provided a route into making strong evaluative comments.

Question 7

Data indicates the average mark was significantly lower than for **Question 6**. Some candidates did not identify any relevant strategic choice techniques. Others who defined techniques such as Ansoff's Matrix and Decision tree Analysis incorrectly treated this question as an evaluation of which option the business should choose. Only a small number of better answers were able to identify choice techniques and focus on the usefulness of those techniques to the directors of PGC in decision-making. The best answers applied their knowledge to the case material making use of the data linked to Force Field Analysis and developed evaluative comment within the main body of their answers as well as in their conclusions. Understanding of the limitations of strategic choice techniques provided an effective way of developing evaluation. In this case the weighting of the various forces could be considered or the likely accuracy of investment appraisal techniques over an extended period of time.

BUSINESS

Paper 9609/32 Case Study

Key messages

- To access evaluation marks, it is necessary to use the case material and make supported judgement.
- Effective structured answers can be developed by providing contextual analysis of a relevant point followed by a counter point and evaluation in each paragraph.
- Candidates frequently focus on the wrong issues or on too many issues. This results in ineffective analysis. Good analysis links together cause and effect.
- Define key terms.

General comments

Most of the questions on this paper proved accessible to candidates of differing abilities. The paper discriminated effectively, with a wide range of marks awarded.

Although there were many candidates who gained full marks on the calculations there were over 10% who did not attempt one or more of the calculations. Knowledge of all ratios and how to apply them is essential.

There were some good examples of well-focused responses where candidates had read the question carefully and knew how to meet the demands of the question. The strongest candidates demonstrated a good understanding of the broad range of topics that were tested.

Good responses were produced by candidates who targeted their answers directly at the questions. The best of those combined evidence from the case to support and develop chains of reasoning. The best answers made judgements throughout the response and provided a conclusion based on analysis previously developed. Effective answers often focused on a limited number of points rather than attempting to cover all conceivable issues. Analysis is often superficial when attempting to develop too many lines of reasoning.

Many candidates could have improved their answers by making use of the case material to support their argument rather than providing a generic response. However, most candidates make arguments that are contextual to the case.

Candidates should read the case carefully and then spend time planning answers to ensure greater focus in their responses. With careful planning candidates will be clearer of the demands of each question.

Technique and understanding were frequently weaker in **Section B**; these extended essays continue to provide significant challenge. Typically, candidates find it difficult to develop evaluation. Candidates should analyse a point and a counter point followed by a judgement. Answers should end with an overall judgement or recommendation that refers back to their analysis and the question.

Comments on specific questions

Section A

Question 1

Most candidates understood the scope of the economic environment. Good answers focused on two economic changes as indicated in the question. In the best answers this resulted in well focused answers in context. Weaker candidates tended to consider more than two economic changes and this resulted in less developed analysis making it more difficult to achieve Level 2 marks. There was confusion about the impact

of an appreciating exchange rate. This is a common area of weakness for business candidates. Good understanding was shown by some candidates who observed that appreciation would reduce the cost of imported components and that this could enable Inolla to reduce prices or increase profit margins. Better answers contrasted this benefit with the impact on exports which would become more expensive to foreign importers.

Question 2

- (a) (i) Statistically this was the easiest question with many candidates scoring full marks. Answers were clearly laid out with most candidates stating the formula and showing method.
- (ii) Many candidates gained full marks. However, it was very common for candidates to score 2 marks for calculating monthly, rather than annual productivity. Occasionally, candidates inverted the formula.
- (b) Most candidates were able to gain all the knowledge marks relatively easily. Candidates frequently began their answer by defining HRM, its features and examples of what a typical HR department does. Candidates often defined and/or distinguished between hard and soft HRM using case material to explain Inolla's approach to HR. Candidates often used their responses from 2(a)(i)/2(a)(ii) to inform their answer. Weaker candidates simply repeated data from the case, without showing any understanding or analysis of HRM, however, these descriptive responses were uncommon. L1 analysis marks were gained by developing simple chains of reasoning linking the approach to HR to outcomes for the business, such as increased costs from higher labour turnover. Supported judgment that the approach to HR was either beneficial or damaging to Inolla was awarded L1 evaluation. However, it was less common for candidates to achieve L2 analysis and L2 evaluation. Often, the analysis lacked depth and evaluation was superficial. Better responses considered examples of where Inolla's approach to HRM was effective and ineffective, which provided a more balanced response, and therefore attempts at evaluation were more effective.

Question 3

Overall this question was done poorly. Many candidates were capped at four marks as they did not refer to business to business selling. Many candidates answered as if the customer had not changed and they were still selling to the public, not businesses. Candidates were only able to access knowledge and application marks. Some candidates thought Inolla was renting the scooters out themselves, again missing the B2B element of the question.

Most candidates understood what a marketing strategy involved, with the majority talking about the 4Ps, price and product being the most common. However, a few candidates confused this with a business strategy and discussed general factors a business needed to consider like their HRM issue and their efficiency/quality problems.

Where candidates did answer the question well, they referred to the business changing its strategy to include more competitive pricing as the customer businesses would also need to make a profit and the fact that businesses would bulk buy so discounts would be required. Safety issues and reliability of the product were also good points analysed in stronger responses. Stronger evaluation considered other points Inolla would need to consider such as if their capacity could handle an increase in sales on this scale and if they had the finances to make changes to the marketing strategy.

Question 4

- (a) (i) A large number of candidates were unable to calculate ARR, although many of these picked up some marks for a partial answer, e.g. calculation of profit. Some candidates incorrectly attempted a discounted cash flow version.
- (ii) Although slightly better answered than ARR, many candidates were unable to accurately calculate payback. A key weakness was not being able to calculate the correct number of months. Many candidates gained one mark for identifying that the payback was in the third year.

- (b) Very few candidates provided a good definition or an understanding of the key benefits of ERP. A significant minority restricted their definition to the planning of resources within a business to improve efficiency. Higher scoring responses considered Inolla's problem of low inventory turnover.

Despite problems in correctly calculating ARR and payback, many candidates were able to pick up marks for some knowledge of investment appraisal results. Many answers managed to achieve 6 marks by basing their answer on ARR or payback results, without showing any understanding of what ERP was. Too many answers vaguely referred to advantages of efficiency but were often quoting from the case or mistakenly referring to a new member of staff, the ERP specialist. Those candidates who had attempted the calculations were able to score an application mark and those with some appreciation of ERP were able to comment on various problems such as low inventory turnover, high unit costs, and high gearing. Candidates showed awareness of the importance of analysis and evaluation although were frequently limited to Level 1. Better analytical answers linked ERP to better/quicker communication with suppliers leading to reduced costs of holding inventory enabling Inolla to increase profitability. This benefit was contrasted with arguments linked to the need for training employees or problems obtaining finance. Most candidates also provided a conclusion with limited support.

Many candidates discussed the advantages of ARR and payback so gained analysis and evaluation marks for their argument. Good responses often considered issues relating to financing the ERP and made links to the gearing of Inolla.

Question 5

There were many strong answers to this question. The topic was well-known and even if candidates did not precisely define or explain the concept it was clear that they understood it. The capacity limitations of the business were understood and explained in context. Perhaps more could have been made of the 400% increase in demand, which was very significant for Inolla.

There was a lot of material in the case for candidates to use in the context of subcontracting so application marks were easily earned. Candidates referred to the abilities and limitations of the chosen subcontract firm and used this in their arguments. Quality control issues and the fact that the firm concerned also supplied one of Inolla's competitors were also well analysed. Many candidates stated that the subcontracting agreement was flexible and could be cancelled at any time, but this is not necessarily true as the terms of the contract were not known. The effect on brand image and on Inolla's reputation were also recognised.

Alternative schemes were also discussed and analysed well. The cost of a new factory for a highly geared business was mentioned and analysed in context, with issues of control balanced with those of cost. The idea of converting to a plc was often discussed, although several candidates thought that this was relatively easy and would bring in a great deal of money which is not accurate. There is no guarantee that the shares would be bought or at what price they would be floated. The loss of control was also identified here. The nature of the current shareholders is not known. It is not known who they are or what power they wield. In a company like this they may well be family members. Some candidates wrongly assumed that shareholders play a major role in the decision-making and running of the business.

Evaluation was good, with candidates following their analysis with a justified recommendation or choice. Opinions varied but most candidates gave well supported conclusions to their recommendation. Perhaps the most sensible recommendation was that subcontracting might be a good short-term solution while the firm did something about its capacity issues (at a cost) in the long-term.

Section B

Question 6

Candidates often show a preference for essay questions relating to strategic analysis and 90% chose **Question 6**. Candidates were able to identify and show understanding of strategic analysis techniques. They took guidance from the case and focused answers on the strategic analysis conducted in 2018. This frequently resulted in the award of application marks. However, some candidates simply repeated the information from the case and did not show any interpretation of the data or develop arguments as to how strategic analysis would guide the identification of future growth strategies. Candidates often think it sufficient to complete a strategic analysis of the business and do not focus on the main element of the question. Better answers recognised that the strategic analysis was dated and that as the market was dynamic might no longer be relevant in determining growth strategies.

Question 7

This proved to be a challenging question. Most candidates did not understand the question and answered it as if it were **Question 6** and so had to be marked that way as they talked exclusively about SWOT and Porters. Candidates often provided very general answers about corporate planning and did not apply it to the case, so frequently no application or evaluation marks were given. Creditable content for knowledge and analysis included understanding of the aims and objectives of the firm, what they wanted to achieve, creating a road map and motivation for employees to follow. Better answers included application to the difficult year the business had experienced - with the batteries exploding - and observing how a contingency plan would have been useful.

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Key messages

- Candidates should practise applying numerate and written theory concepts across a wide range of case study contexts. This can be best achieved by studying past papers and mark schemes. Teachers should advise candidates to spend the first 15 – 20 minutes reading the case study and then return to the relevant parts before answering each question. Candidates should plan for approximately 1.5 minutes per mark for planning and writing answers, so allow 24 minutes for a 16-mark question.
- Answering questions in order is the best approach. This allows an overview of the business to be developed and understood. Candidates may leave space to return to an answer later if they have more to add or 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 mean for the business or project in the question. An integrated approach, that links financial calculation from different parts of the case, should also be analysed in the context of the business overall. Candidates should be encouraged to consider to what extent the business is a financial success, using a range of criteria.
- The strongest answers have detailed application to the case, developed chains of analysis with judgments throughout, and a well-supported evaluation at the end. To achieve this, candidates should return to the precise question before writing their final evaluation to ensure they have answered the question set, especially in the **Section B** essays where candidates sometimes lose focus on the case context and specific question.

General comments

The best answers demonstrated excellent understanding of Business concepts and used data and information from the case to support judgements. In contrast, there were answers that used a more general approach, based on generic/textbook knowledge and analysis. High marks in this paper depend on a candidate's ability to focus their answers entirely on the business issues and decisions in the case and apply comprehensive subject knowledge to those issues.

It is always important for candidates to read the questions carefully and show judgment when required. Stronger evaluative answers made links between different parts of the case as well as taking a strategic overview of the business' current position, objectives, and future plans. When a comparison and choice is required, such as whether to convert to a plc or accept a new contract, candidates should do more than just quote from the case. There should be analysis of the advantages and disadvantages of choices, based on the specific company context. Candidates should also be encouraged to consider alternative views, such as, in this case, suggesting that converting a family-owned business to a plc may not be desirable, or that social media may not be a useful method of promotion.

Teachers can improve candidates' performance in application, analysis and evaluation, by working through past papers and assessing answers using the mark schemes. Candidates who are familiar with the structure of mark schemes, for example knowing that there are no evaluation marks in **Question 1**, will not waste time making a judgement in their response. Recognising command words and understanding what is expected by them is important. Responding to the exact question set, with a clear focus, uses time effectively and is key to good results. Candidates also need guidance on how to choose the optional question in **Section B**, as there was occasional evidence of a choice being made and then changed, wasting time.

The area of strategic management remains challenging for candidates, especially the use of the techniques to answer questions in context. Teachers can improve candidates' understanding by introducing these concepts from **Section 6** of the syllabus earlier in the course, integrating them with other syllabus content.

Comments on specific questions

Sateja's Business College (SBC)

Section A

Question 1

This question was well answered by many candidates, who showed good understanding of economic indicators and their potential impact on this education business. Application marks were generally gained by linking economic conditions and developments with aspects of the SBC operation, for example the changes in the industrial structure from traditional manufacturing to service industries leading to a need for business and IT training courses. This then allowed analysis to be developed further about higher demand, business growth and opportunities to diversify courses offered by SBC. Good understanding was also shown of government intervention, such as improving internet infrastructure and how this could lead to more customers being able to access the SBC website and online training. Candidates who misread the question and included threats, such as increased competition, did not receive credit for that part of their answer.

Question 2

- (a) (i) Most candidates performed this calculation correctly.
- (ii) Most candidates received 2 marks for the correct calculation, or 1 mark for the formula or calculation of gross profit margin.
- (iii) Candidates found this calculation more challenging as the case contained two years of figures, 2020 and forecast for 2021. Some calculated the correct answer, but there were many who failed to add the \$0.25 m to the LTL and the CE. However, most scored at least 1 mark.
- (b) This question was well answered by many candidates. Very few made the mistake of assuming that SBC was considering entering the public sector and being taken over by the government. Many answers demonstrated an understanding of the advantages and disadvantages and used figures from the first part of the question, usually the gearing which was assumed to be high, but also analysed changes to the profit and profit margins – this is excellent application. Application marks were also gained by considering possible changes to the amount of control that could be lost by Sateja and her family. Other factors discussed included the desirability for shares given the financial results, and the costs involved in converting to a plc. Such strong application points often led to well-developed analysis, such as the opportunities for raising finance in the short and long-term. The most common evaluation points were supported judgements on whether to become a plc, but also linked to SBC's objectives, as well as suggesting that the family would be better advised to retain 51% of the shares.

Question 3

A well answered question. Most candidates demonstrated an excellent understanding of how SBC might use social media to communicate with customers. Many answers extended the use of social media beyond marketing/sales communications into allowing customer feedback and even facilitating online teaching. There were also comparisons made with the current old-fashioned methods of marketing, as well as the potential costs, such as the website development. Application and analysis marks were gained by considering the ways in which social media may/may not reach different target customers, such as students, parents, and businesses, and linking this with customer loyalty. A few candidates made a case against the use of social media as being unprofessional, especially for the regular business customers who send their employees on training courses. Evaluation often balanced advantages and disadvantages of social media and the need to manage, for example bad reviews and over-use of social media. Many candidates advised against replacing current methods entirely with social media.

Question 4

- (a) (i) Many candidates correctly calculated the total contribution for the five years or gained 3 marks for a one-year calculation.

- (ii) Many candidates carried out this calculation correctly. Others gained 1 mark for a partial calculation or a correct formula.
- (b) This part of the question was reasonably well answered, even by some of those who had not correctly performed all parts of the calculations. There was plenty of information in the case, other than the figures, for candidates to use to gain application marks and support arguments for and against SBC accepting the government contract. Most commonly, the results from 4(a) were commented on, especially the relatively small addition to profit and initial set-up costs, as well as maintenance. Either opinion could be justified in view of figures, security of the government contract, and existing expansion opportunities. Most candidates saw cooperation with the government as a good opportunity, with future potential. However, a few questioned whether this could be worthwhile or even feasible for SBC, given their challenges in retaining teachers. Analysis marks were gained by chains of reasoning as to future implications for SBC of accepting the contract, or not. Evaluation marks were gained by most candidates for a justified judgement, as well as questioning whether the government would still be in power after 5 years and the reliability of forecasts for costs and revenue.

Question 5

This HRM question was quite well answered, with the use of information given in the case as to the part-time nature of most teachers' employment contracts, difficulties with retention, competition from other colleges, and future expansion plans. Many candidates went beyond estimating the number and skills of employees needed to meet the needs of the business to explain workforce planning. Application marks were easily gained by linking the need for good quality teachers with the success of candidates and the business, balanced against the problems caused by current policy of part-time contracts. Analysis marks were gained by analysing cost and benefits of more focus on workforce planning, especially whether Sateja should offer full-time contracts to the best teachers. Stronger candidates also analysed how the decision might be made on who was the best and the possible negative effects on those who were not chosen. Evaluative comments were often quite limited, but stronger answers questioned whether costs or quality of tuition might be more important in the short and long-term. Further evaluation included comments that the management of a growing workforce, on a mix of contracts, may be challenging for the current management, especially if the government contract is accepted.

Section B (Option questions)

Question 6

This was the most popular optional question, selected by 75% of candidates.

The text and appendices provided a range of information to be used for force field analysis, decision tree modelling and investment appraisal. However, candidates needed to do more than just repeat from the text to gain application marks. Confusion between strategic analysis and choice techniques also led some candidates to focus on SWOT and PEST, which could not be rewarded, except as knowledge of strategic management. The two possible future strategies were important, but candidates were not required to make a choice between them, they had to consider how the effective use of strategic choice techniques might prove useful when making a choice. A good start was to link the appendix information to the force field analysis technique and propose how this could be used to compare driving and constraining forces or commenting that no numbers had been included to indicate the importance of these. Decision tree and investment appraisal quantitative information could also be compared, and some candidates analysed how these could be used to compare the options. Stronger candidates also evaluated the extent to which the data given was not sufficient or even very helpful, given the changing market conditions. However, there was often too much focus on repeating the appendix information, rather than focusing on the usefulness of techniques. Most candidates made some justified evaluation about the usefulness of force field analysis, but these were generally not fully supported, although a small number of the strongest candidates did consider wider issues in terms of further information needed by SBC. There was often consideration of the limitations of strategic choice techniques and, in some cases, comparison between these in terms of which could be more useful to SBC specifically.

Question 7

This was the least popular questions, selected by 25% of candidates.

Strategic implementation is often an unpopular topic, perhaps because it is the last topic on the syllabus but, as suggested above, it is good practice to introduce it alongside other topics earlier in the course than to run out of time. This question was broader than **Question 6** with focus on the implementation of one option – the joint venture with an educational social enterprise in a developing country. This new venture is a major change from what is essentially a profit-making enterprise in Country X and might involve a new business plan, managing operations in a new country, and the need to adapt to the culture of the partner company. However, a great many candidates wrote generic answers and seemed unsure how to use strategic implementation concepts in the context of SBC. Instead, they referred back to the appendix data and factors for and against the choice, which was not relevant because strategic implementation takes place once the decision is made. Some candidates showed a good understanding of contingency planning, with reference to the possible change of government in Country Y in 2022, questioning whether this could lead to the loss of subsidies or even to social and political unrest. Most candidates gave some evaluation, but it often assertive, rather than supported. Evaluation of the limitations of implementation techniques were mostly ignored, however, stronger candidates questioned what successful implementation might be for a joint venture with a social enterprise in a low-income country.

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Key messages

- Focus on the question asked and follow instructions fully.
- Take time to read the case study and questions together to identify relevant case information to use in answers.
- Provide balanced argument in extended answers as business decisions are typically complex and require competing factors to be considered.

General comments

Candidates frequently demonstrated weakness in their understanding of a range of business concepts and techniques. Most candidates were able to give effective answers to some of the questions, but often lacked the knowledge and understanding to tackle all the questions and develop appropriate chains of argument. This problem was made worse by lack of focus on the question set.

There were some good examples of well-focused responses where candidates had read the question carefully and knew how to meet the demands of the question. The strongest candidates demonstrated a good understanding of the broad range of topics that were tested. Good responses were produced by candidates who targeted their answers directly at the questions. The best of those combined evidence from the case to support and develop chains of reasoning. The best answers made judgements throughout the response and provided a conclusion based on analysis previously developed. Effective answers often focused on a limited number of points rather than attempting to cover all possible issues. Analysis is often superficial when attempting to develop too many lines of reasoning.

Many candidates could have improved their answers by making use of the case material to support their argument rather than providing a generic response. Candidates should read the case carefully and then spend time planning answers to ensure a greater degree of focus in their responses. With careful planning candidates will be clearer of the demands of each question.

Technique and understanding were frequently weaker in **Section B**. Typically, candidates find it difficult to develop evaluation. Candidates should give point and counter point followed by a judgement. Answers should end with an overall evaluation or recommendation that refers back to the question and analysis, but does not repeat it.

Comments on specific questions

Section A

Question 1

Good candidates provided an accurate definition of interest rates in their introduction, often noting that this was part of contractionary monetary policy to control inflation through changing the cost of borrowing. This naturally led to an analysis of the impact of a change in the cost of borrowing on the economy and on business. Better answers placed the analysis in the context of a business selling premium toys arguing that households who faced higher mortgage repayments would likely cut spending on non-essential items such as toys resulting in a reduction in TT's sales and therefore a reduction in profit. Chains of argument were extended in the strongest responses to consider the increased pressure on TT to cut prices to maintain sales and a consequent reduction in profitability.

Many candidates ignored the reference to interest rates and focused on the reference in the case material to the depreciation of the euro against other major currencies. Such an approach did not answer the question and could not be rewarded with any marks. However, some of the best answers understood that an increase in interest rates could result in an appreciation of the exchange rate and correctly identified how this might impact TT due to importing components from outside Europe and exporting to the US and the Far East.

Question 2

The concept of contribution was not well understood by candidates. Marks were gained for the calculation as most candidates showed method. However, the amount of working shown in some answers suggests that too much time was spent which could negatively impact later answers.

- (a) Candidates scored well on this question as most had a good understanding of how to calculate profit. Use was made of the information on variable costs and fixed costs to identify how profit was affected by accepting the special order. Even weak answers gained some marks for being able to calculate the revenue from selling the toys. However, there was clear evidence of a lack of understanding of contribution as most candidates included fixed costs in their answer. Most candidates calculated a reduction in profit of \$50 000 as fixed costs were included. For full marks candidates needed to just focus on the variable costs of production and the additional revenue.
- (b) Most candidates were able to identify at least one relevant factor in the decision to accept or decline the special order. Application marks were frequently awarded to candidates who made appropriate use of their answer to **part (a)**. Better responses made effective use of other information as well, for example, recognising that the special order would result in TT reaching full capacity for the production of toy trains. The best answers provided a balanced discussion of arguments for and against before reaching a considered recommendation. The strongest answers questioned whether it was necessary for TT to accept the special order given the upward trend in sales.

Question 3

All candidates answered this question. Most candidates considered a range of factors that were relevant to the decision of who was most suitable to employ. Answers focused on the information in the case about the experience of each candidate, their current salary and their personal attributes and goals. However, in some answers there was no development or interpretation of the information. These answers were able to achieve marks for identifying relevant factors but did not build any analysis of the decision. Good answers made a clear supported judgement as to whether the correct decision had been made with many focusing on the likely salary to be paid to each candidate. Better answers reflected that the difference in salary was not as significant within the context of a relatively large business. Although there is no right or wrong answer to essay questions candidates often focus on less relevant issues, in this case whether candidates had passed their marketing degrees was less relevant. A less effective line of reasoning was that as one candidate had experience of using IT, they could help TT to implement the automated CAM system, but an operational issue is unlikely to be a key role of a marketing manager. A more relevant line of reasoning was to link experience of IT to TT's limited use of digital communication with customers. The best answers developed chains of reasoning linked to the most relevant factors from the case such as the relative experience of each candidate and their key strengths.

Candidates should be reminded that they must use the case material rather than just repeat it. A few candidates simply repeated the data from the case offering no interpretation at all.

Question 4

There were some effective answers to **part (b)** and many partially correct answers to **part (a)**.

- (a) (i) Process was shown by most candidates who were able to gain one mark for offering some correct cumulative net cash flows beyond Year 0. Many candidates used the data effectively to calculate payback as being 4 years and 1.5 months.
- (ii) 15% of candidates omitted this question. Marks were awarded for process even where the candidate did not specifically know all the steps to calculate ARR. Some candidates were rewarded for summing the net cash flows and calculating profit over the project's lifetime. Few candidates gained full marks but there were many who only missed one element of the calculation and, because they showed their workings, were able to gain three of the four marks available.

- (b) There were some strong answers that gave balanced discussion of merits of outsourcing versus purchasing the CAM equipment. Most candidates used their calculations of ARR and payback in their recommendation. Weaker responses were superficial and did not develop extended chains of argument. Some candidates considered too many factors which often became a descriptive list with little analysis. A few candidates did not engage with the question and either focused only on subcontracting or only on the purchase of the CAM equipment; this reduced the award of analysis and evaluation marks as the answers were incomplete. The best answers made a clear recommendation based on information from the case such as the importance of quality to TT as a seller of premium toys. This context was used by some candidates to reject outsourcing as being too dangerous to TT's reputation whilst others observed that as the outsourcing business had a good reputation for quality it would be safe to outsource. A few candidates showed good evaluative technique by weighting the importance of different factors in the decision.

Question 5

Many candidates were uncertain of the meaning and scope of Total Quality Management (TQM). However, candidates were able to access some of the marks for their general understanding of the importance to a business of controlling. Even where candidates knew that TQM involved a focus on quality throughout the organisation it was common to incorrectly assert that TT would need to recruit more quality inspectors. Good answers gave an accurate definition and understood that TQM gives employees responsibility for quality. Better answers analysed how this could enhance motivation and therefore improve production and might help address some of the human resource issues referred to in the case. Counter argument was often based on the cost of training employees and a few answers also observed that the culture of the business might make the introduction of TQM difficult.

This question emphasises the critical importance of candidates having a good understanding of business terms from the syllabus. Without knowledge it is not possible to gain marks. Knowledge provides the foundation for developing an applied analytical answer.

Section B

Question 6

This was the more popular question, chosen by 70% of candidates and answers were significantly better than those to **Question 7**. However, it still proved a difficult question with candidates demonstrating how challenging they find writing a 20-mark essay on strategic decision making. Weaker candidates did not identify any relevant strategic choice techniques. These candidates typically discussed strategic analysis techniques instead and could not be rewarded any marks. Others defined techniques such as Ansoff's Matrix and Force Field Analysis but treated this question as an evaluation of which option the business should choose rather than the usefulness of choice techniques. Only a small number of good answers kept their focus on how using choice techniques could help ensure better decisions, that reduce risk to a business, when making important strategic decisions. The best answers made use of information from the case and developed evaluative comment within the main body of their answers and in their conclusions. These answers often applied Force Field Analysis observing, for example, that the \$3.5 m cost of the joint venture could be a restraining force whilst the similarities between the two companies could be a driving force.

Question 7

Candidates found this to be the most difficult question and marks were unusually low. This continues a trend of strategic implementation questions producing weaker answers. Some answers tended to focus on whether the merger was the correct decision rather than how management, having chosen the merger, should implement changes. There was general knowledge of the need to communicate with workers and some recognition of the impact of business culture on holding back change. Better answers developed analysis of strategies for overcoming resistance from workers with reference to communication and training. Other strong answers considered the difference in company culture to be a significant obstacle and considered whether managers might be a problem in trying to integrate the two businesses. The issue of whether TT directors would be able to adapt to change was sometimes used as a means of making evaluative comment.

The choice of question in **Section B** is important and candidates must consider whether they have the understanding and ability to make suitable recommendations. In this examination very few candidates had the necessary knowledge to successfully attempt **Question 7**.