BUSINESS

Paper 9609/12
Business Concepts 1

Key messages

- It is pleasing to see that more candidates are recognising the importance of producing a strong final evaluative section in their answers to **Questions 5(b)** and **6(b)**. 6 marks are available for a developed and supported judgement in context.

- This final section should draw upon earlier analysis and application and respond to the specific question posed **and** make explicit reference to the context (of a parcel delivery business or a public sector energy supplier.) Explicit reference to the context means providing evidence that there is detailed understanding of the specific context given in the question for example reference to some specific examples of what the operational activities of a parcel delivery business or a public sector energy supplier might be.

General comments

- This paper proved to be very accessible. Many candidates were able to offer impressive responses across a range of questions.
- The least successful candidates were those who failed to give precise answers such as in response to **Question 3(b)** for example. Candidates were required to *explain one reason why a business may need finance*. Some candidates gave two or even three reasons leaving little room for development and application of any *one* reason. Such responses secured only one mark out of the three available.
- Many responses included information not required by the question. For example **Questions 5(a)** and **6(a)** required analysis of the limitations of sampling and the barriers to entrepreneurs. Candidates are reminded to focus directly on the requirements of the question. Answers to these questions did not require extensive definitional discussions of the roles and characteristics of different kinds of sampling or the characteristics and work of entrepreneurs. Many responses included such extensive introductory sections that wasted valuable time and were not rewarded in the marking process.

Comments on specific questions

Section A

Question 1

(a) Candidate knowledge of the term *quaternary* sector was generally good with the best answers identifying the sector focused on the knowledge-based economy with specific reference to the fields of technology and research. Partial definitions were limited to statements such as the fourth economic sector, information services, or services.

(b) Most candidates were able to identify a factor of production, give an example of what it might be, and explain how it would contribute to business activity.

Question 2

(a) The term *dismissal* was well understood by most candidates – the termination of an employment contract of an employee. Some answers however confused the term with redundancy.

(b) Candidates performed reasonably well in explaining the impact on employees of being trade union members with many discussing the achievement of better pay and conditions via collective bargaining and fighting for employee rights. Weaker answers focused more on the role of trade

© 2024

unions than on trade union membership and some misinterpreted the question and discussed the impact on employers rather than on employees.

Question 3

(a) While this was the least well answered of the definitions, strong responses included succinct answers such as 'money to be paid later for goods bought on credit'.

(b) Most candidates were able to identify why a business may need finance, reasons given included survival, working capital, and expansion. Strong answers gave a developed explanation of *one* of these reasons. Weaker answers drifted into explaining more than one reason rather than explain just *one* reason as the question required.

Question 4

The best answers for this question focused on the impact of operating at below maximum capacity such as low output, inefficient use of resources leading to increased costs, uncompetitive performance, decreased sales and lower revenue. Some candidates also recognised the potential positive impact of below maximum capacity with a business ability to respond quickly to any sudden or unexpected demand. Weaker answers spent too much time on explaining the advantages of operating at maximum capacity leaving insufficient time to answer the specific question relating to operating at *below* maximum capacity resulting in an unbalanced response.

Section B

Question 5

(a) Most candidates who attempted this question identified bias, a too-small sample, the time-consuming nature of sampling, and the high cost as the main limitations of sampling. The identification, and application of the limitations were generally stronger than the analysis of those limitations. Very few answers were awarded the two marks for analysing each limitation Analytical comments relating to the resulting unreliable and inaccurate results and incorrect business decisions could have been made. Many candidates spent time in giving information relating to different kinds of sampling as an introduction to the discussion of the limitations of sampling. This introductory material is unnecessary and no marks are given for it.

(b) Candidates performed reasonably well in their answers to this question. A good understanding of promotion as one of the 4Ps was revealed as many candidates used the 4Ps as an analytical model to explain the features of a parcel delivery business. Strong answers often referred to well-known businesses such as Amazon and DHL and discussed important features of a successful parcel delivery business such as speed of delivery, security of delivery and the ability to track a parcel. Some confident evaluation was often given but there was still a reluctance to make explicit reference to the characteristics of a parcel delivery business in these concluding evaluative sections. Access to the higher evaluation marks requires this explicit reference to the question context in these evaluative sections.

Question 6

(a) Most candidates were able to identify and apply two barriers to an entrepreneur when starting up a business with lack of finance, lack of customer base, and the level of competition being the most common barriers cited. As with the answers to **Question 5(a)** the analysis of each barrier was generally not strong. Better answers developed good and relevant analysis in the form of reviewing the difficulty of raising finance(loans) and combatting strong high levels of competition through developing a unique market position. Again some answers contained unnecessary material relating to the role and characteristics of entrepreneurs for which there are no marks awarded.

(b) This was a more challenging question than **5(b).** Strong answers provided detailed knowledge of public sector organisations and their objectives with an emphasis on environmental concerns. The context application of energy supply proved difficult for many candidates, however references to pollution, wind, solar, electricity, and sustainability were made in strong answers. Most candidates attempted a concluding evaluative section with the strongest focusing on the unique responsibilities of public sector organisations such as a concern for the universality of energy provision alongside a concern for the cost and sustainability of energy supply.

© 2024

BUSINESS

Paper 9609/22
Business Concepts 2

Key messages

- Command words are an important aspect of any question and provide candidates with a structure to answer in full. A description of each command word is given on page 38 of the syllabus. Candidates who target their answer to the command word are far more likely to achieve a high mark.
- **Questions 1(d)** and **2(d)** require candidates to use all four assessment objectives (AOs). However, half of the marks are awarded for the skill of evaluation and yet many candidates write very little evaluative judgements and comments in response to the question. Good evaluation comes to a judgement that answers the given question. This judgement is then justified and may be compared to other possible judgements. This skill is at the heart of Business as a subject. Examiners are not looking for the one correct answer, but instead for the skills to be demonstrated. So, for example, in **Question 2(d)**, candidates could have argued that MLC should or should not change from a private limited company to a public limited company and still achieve all of the marks available.
- The data context is there to signpost the most likely/relevant/applicable answers. Candidates who ignore the data and use the first answer that they can think of, are unlikely to gain any AO2 (application) marks and may find it much more difficult to analyse and evaluate where relevant.
- When answering an 'explain' question, candidates must apply their answer to a business context. If the name of the business, or a stakeholder of the business is given, then the answer must be applied to this (as in **Question 1(b)**, **Question 1(c)**, **Question 1(d)**, **Question 2(b)(ii)**, **Question 2(c)** and **Question 2(d)**). However, where the context is not stated in the question, any suitable business context can be used. These contexts can be ones that have been discussed as a class, or ones that the candidate knows from their own experience.
- There is usually some numeric data within each question. Numbers make some of the best context and can be used quickly in an answer. For example, **Question 2(b)(ii)** which is about labour turnover. The labour turnover of Factory A (14 per cent) is stated in the data and could have been used to answer this question. Likewise, **Question 2(b)(i)** gave the labour turnover for Factory B and this could also have been used (even if the answer is wrong).

General Comments

Both pieces of data were well used and contained plenty of context to help answer the questions. The best candidates used the data as a signpost to help them to identify the most relevant points to apply to each question. For example, in **Question 2(c)**, there are many possible advantages and disadvantages of price skimming, but only a few of these are relevant to MLC. These points are more likely to achieve a higher mark as they are easier to put into context.

Candidates should spend a reasonable amount of time reading and understanding the context before attempting any questions which are based on the context.

Comments on Specific Questions

Question 1

(a) (i) This is a one mark question and, as such, it does not require more than a few words to answer. The most common correct answer of a feature of JIT inventory management was that a business will not hold inventory/stock. Some candidates simply wrote 'no stock' or 'low inventory', both of which were acceptable answers. However, some candidates gave a far more detailed answer, in some cases a whole paragraph, which was unnecessary and reduced the time available for the rest of the examination.

© 2024

The command word 'identify' requires a simple and brief answer and candidates do not need to provide any explanation.

(ii) Most candidates had some knowledge of a niche market and gained AO1 marks. However, fewer candidates were able to explain the term in enough detail to gain application (AO2) marks. This question was not focussed on the data. This can be seen because the question does not make a direct reference to either the business (ZB) or any of its stakeholders. Therefore, the AO2 marks must come from explanation of the nature of a niche market, beyond a typical 'textbook' definition. This could have included many different aspects of a niche market, such as something being unique about the product, or typically a higher price being charged.

Candidates often choose to use an example to aid their explanation. This can be a very useful way to tackle a question with the command word 'explain'. However, some candidate simply repeated some of the data 'The bags are targeted at a niche market and made to customers' orders.' This does not show any explanation and making products to customer orders is not a feature of a niche market.

A few candidates did successfully use ZB as an example, by explaining the characteristics of ZB's niche market (high income, expect high quality etc.) and this was awarded AO2 marks. Any relevant example can be used to help a candidate explain their answer, but it must be an example of a niche market (not a business that has a niche market) to be rewarded.

A typically good answer is likely to give a 'textbook' definition, an explanation of one or more features of a niche market and perhaps an example of a niche market. All of this can be done in two or three sentences.

(b) (i) Calculations linked to break-even are often done well on this examination. However, this question was less well-done than usual. It is likely that this was due to the data being presented in a graph and not a table.

The most common mistake that candidates made, was to use the wrong current output figure. Many candidates assumed that the end of the total cost and total revenue lines was where ZB was currently producing (1500 units). This gave an answer of 500 units, instead of the correct answer of 400 units.

This data was not found in Fig 1.1 but was included in the data above Fig 1.1. This was the reason that the question stated, 'Refer to Fig 1.1 and other information'. This should be a signpost to candidates that there is data which may be useful to answering the question outside of the Fig.

Whilst many candidates did make an error, marks could often still be awarded for the correct processes or correct use of numbers. By setting out the answer in clear, logical steps (which would usually start with a formula), the examiner can easily see where an error has been made and account for this when marking the overall answer.

A good example of this would be the break-even level of production. In Fig 1.1 this is shown as 1000 units. Recognition of this as the break-even level of output (which is part of the formula for the margin of safety) was worth a mark. However, if a candidate simply writes the number '1000' in their answer booklet, then the examiner does not know if they have correctly identified the break-even point. Setting out where the numbers come from and what they mean (perhaps by starting with a formula) will allow the examiner to award as many marks as possible to the candidate, even if their overall answer is wrong.

(ii) There are many ways in which a business can use break-even analysis and identifying one of these was awarded one AO1 mark. However, as with Q1aii, the command word here is 'explain' and that requires more than a simple statement.

Unlike **Question 1(a)(ii)**, this question is specifically about ZB and in particular Zoe and Luis as the owners. Therefore, the answer must be explained in the context of ZB, Zoe and Luis to be awarded any AO2 marks.

For example, a common use of break-even analysis is to find the level of profit the business can make at different levels of output. A full-mark answer must explain how this could be used by Zoe and Luis for ZB. This is not looking for analysis (it is not about the effects or impacts of finding the

© 2024

level of profit), but a good answer will be focussed on how Zoe and Luis can use it – not generally how any business could use it.

Therefore a 'good' answer might make mention of the recent 50 per cent increase in sales from February or perhaps do a simple calculation of the profit made during February at the output level of 1400 units ($10 000).

As a general rule, numbers make excellent context (for any contextual question) because they are almost always specific to the context of that business.

(c) This question required candidates to analyse two benefits of providing off-the-job training to the new supervisors. There are three types of training stated in the syllabus; off-the-job, on-the-job and induction training. Therefore, for this question, candidates needed to specifically analyse the benefits of off-the-job training, not generic benefits of training.

Some candidates did not do this and therefore did not show any knowledge and understanding (AO1) of off-the-job training.

Centres should ensure that candidates focus on the specific term given in the question. Whilst there is no need on a question such as this, to define the term itself, the benefits chosen must be specific to the type of training and also the business, in this case ZB.

This is an analysis question, and the focus of the analysis needed to be on ZB, as the question stated. A few candidates analysed the benefit to the supervisors themselves. For example, that the training might motivate them or that it might give them transferable skills to take to future jobs. These were not awarded marks as they did not answer the question.

(d) Evaluation questions require candidates to come to a judgement. They put candidates into the place of a business decision maker and ask them to make a decision. Half of the marks for a 12-mark question, such as this, are for AO4 evaluation. It is not unreasonable, therefore, that candidates should focus more of their time on AO4 than any other individual AO in their answer.

For this question, candidates were asked whether ZB should introduce performance related pay. However, some candidates never came to a judgement, despite the question clearly pointing towards the need for one.

The breakdown of marks for each question can be found in the mark scheme. A 12-mark question on this paper has two marks for each of AO1, AO2 and AO3, with six marks for AO4.

The most common error that candidates made on this question was to spend too long analysing points (where there are only two AO3 marks available) and not enough time evaluating their judgement.

A full-mark answer can be justifying either that ZB should or should not introduce performance related pay. There is no 'right' answer to a question such as this.

Those candidates who received high/full marks on this paper, usually had one or two reasons why performance related pay should, or should not be introduced (it is always a good idea to analyse both sides of the argument, so one well analysed point for and one against is enough) and then made their judgement. There needs to be some discussion over why that judgement was made, and then some justification of the judgement. This often includes evaluative comment – the ability to discuss different perspectives that might change the judgement (short term/long term, different stakeholder perspectives etc.) – to get to full marks.

Some candidates start their answer with their judgements. Whilst this can be rewarded, it is very difficult to justify a judgement and use evaluative comment without some analytical basis. Better evaluation usually happens at the end of an analytical point or the end of the answer.

Knowledge of performance related pay was often weak. Many candidates stated that it was the same as piece rate, which it is not. It is possible, in some contexts that piece rate may be a part of performance related pay (such as a worker who only manufactures units – therefore their performance could be rated by their piece rate) so this was generally accepted as long as the candidate linked the piece rate to performance. More careful understanding of terms which are

© 2024

similar, but different, is needed and centres should focus on preparing their candidates with good knowledge of these.

Question 2

(a) (i) This question asks for one secondary market research source. The most common answer, that was not awarded, was 'internet'. The internet is a tool that can be used for both primary and secondary market research. For example, in terms of primary market research, many firms place surveys online. Likewise, a business could go to a competitor's website and look at the prices they charge. Therefore, the source is not the internet itself, it is the webpages used and candidates must be specific about this instead of just stating 'internet'.

Generally, this was a well understood question. Very few candidates mixed up primary methods with secondary sources, but as with **Question 1(a)(i)**, only a short answer is required.

(ii) There was reasonable understanding of leasing, but some candidates confused 'leasing' (an external source of finance) with 'sale and leaseback' (an internal source of finance). This often led to answers which seemed confused.

Whilst using examples is a good way to show application, simply repeating the wording from the data does not show any understanding. Too many candidates quoted the sentence from the data that 'Maria, the Managing Director, decided to use leasing for the new machinery'. This does not show any application to a business context of the term – it simply shows that the candidate can quote the text.

There were many ways to explain 'leasing', but all must start with good knowledge of the term, such as 'a legal contract to enable the lessee to use an asset in return for a payment'. 'Renting' was also accepted as showing knowledge of the term as leasing and renting are very similar.

From this point, candidates needed to explain the term. The easiest way to do this is by stating the features of leasing, such as that ownership of the item remains with the original owners, or that the owners usually take care of the maintenance.

(b)(i) As with **Question 1(b)(i)**, information was not just in Table 2.1, but also in the lines above the table. Candidates needed to know the formula for labour turnover and then calculate using the numbers in Table 2.1.

The most common mistake that candidates made was to invert the formula. Despite this giving a clearly wrong answer, if the candidate clearly set out their working, then it was possible to award most of the marks for the correct elements.

A few candidates did the calculation correctly, but then did not find the difference in labour turnover between the two factories. Centres must instruct candidates to look closely at the question and spend enough time on calculation questions to make sure they have fully answered the question.

(ii) The most common error when answering this type of question, is that candidates do not apply their answer to the data given – in this case the data about MLC. One of the most obvious pieces of data to use was the answer from **Question 2(b)(i)**. Even if the given answer is wrong, a candidate can still gain all the marks on subsequent questions under the 'own figure rule'. This means that a candidate's own answer to a calculation question, even if it is ridiculous, can be used as AO2 context. Since **Question 2(b)(i)** asked for a labour turnover calculation and **Question 1(b)(ii)** asked about low labour turnover, it would seem logical to use the answer to **Question 2(b)(i)** as application for **Question 2(b)(ii)**.

The knowledge here was for an advantage of low labour turnover – not a definition of labour turnover or even low labour turnover. Many candidates wasted time explaining what labour turnover was when this was not required.

The most common correct answer was that MLC could benefit from lower recruitment and selection costs. However, many candidates then went on to analyse how these low costs might affect MLC. This was not what was asked for in the question. The command word here is 'explain' and the context is MLC. Therefore, a good answer stated the advantage (for example low costs), explained

© 2024

www.dynamicpapers.com

what type of costs might be lower (recruitment and selection) and then applied this to the context of MLC.

(c) There was relatively poor understanding of price skimming, and many candidates thought it involved MLC charging a low price. This led to answers which were totally wrong. Without some knowledge, it is impossible to award marks for any of the other AOs in a question.

Candidates who did know what price skimming was, often started their answer with a definition of the term. However, the question asked for one advantage and one disadvantage, and the knowledge required was for these, not the term itself. If a candidate did not show knowledge of an advantage and a disadvantage, then one mark could be awarded for the definition of the term.

This type of question involves AO1, AO2 and AO3. Candidates who did well on this question, often presented each point clearly in that order. For example, they showed knowledge of an advantage, specifically applied this to MLC and then built a chain of analysis of the likely impact on MLC of this advantage.

Where full marks were not gained, it was often because the candidate had not been specific to MLC (i.e., the advantage or disadvantage could have applied to any business – nothing from the context was included) or they did not build a chain of analysis – they often just had one impact. Centres should prepare their candidates to fully analyse each point that is made in these questions and take the chain of analysis as far as possible. This does not always end in the business making more or less profit – the context of the business may mean that this is not always its main objective.

(d) As with **Question 1(d)**, this question requires a judgement. In this question it is a judgement about whether MLC should change from a private limited company to a public limited company. The knowledge required was about the features of the two types of company. Many candidates thought that a public limited company was the same as a public sector business (a nationalised business). This is probably due to the pressure of an examination, but it is a common mistake and made it difficult to come to a justified judgement in this question.

To properly answer this question, candidates needed to understand what differentiates private and public limited companies. The most common answer included the ability to sell shares on the stock market. This would be a benefit for MLC as they require finance for their new capital equipment and to launch the five new computers.

Some candidates thought that a private limited company had unlimited liability and focussed their answers on this. However, this is a feature of all company's and was not rewarded.

Again, candidates could come to any valid judgement. Full marks could be gained from judging that MLC should or should not become a public limited company. The quality of the evaluation of that judgement is the most important aspect.

The most common reason for becoming a public limited company was to fund the new computers being launched. The most common reason for not changing to a public limited company was the 55 per cent owner, Maria, losing control of the business.

© 2024

BUSINESS

Paper 9609/32
Business Decision-Making

Key messages

- Practice essential numeracy skills such as calculating percentage change as this will enable quicker answers to be given. For example, application of the price elasticity of demand equation in **Question 4(a)** requires the calculation of percentage change in price.
- Always include the correct unit of measurement for a numerical answer such as percentage or dollar.
- When using data from tables check whether it is in millions or thousands as this will affect calculations and answers.
- Be selective in using data and information from the text. Identify and use the most relevant information to the question.
- Structure answers in relation to the command word given in the question. Evaluate questions require chains of analysis and supported judgement whereas analyse questions only require chains of analysis.
- Skills of analysis and evaluation are most effectively demonstrated when developed in context of the business described in the case study.
- Read the questions and then the case study more than once before starting to write answers.
- Making a brief plan for **Questions 3(c)**, **4(b)** and **5** may facilitate more focused answers.
- The allocation of marks on this paper is weighted towards evaluation and in the 12-mark questions there are only two marks for analysis.
- Candidates should be aware of the marks available for each question so that they spend the appropriate time on each question and devote sufficient time to the 12-mark questions which require more developed answers.
- Limit answers to **Question 1 and 2** to analysis of two impacts.

General comments

Most candidates answered all questions and there was no evidence of time being a constraint. Candidates do need to develop understanding of all concepts in the syllabus and some answers lacked depth of understanding which limited the development of appropriate analysis. A few candidates gave only superficial answers and did not use business terminology accurately. Other candidates understood key terms but needed to improve how answers were structured. Textbooks provide definitions and a guide to exam structure.

Candidates typically completed their responses within the confines of the question paper provided. This helped ensure that answers were brief and focused on a limited number of key points. This often resulted in more time effective analysis and evaluation than those candidates who attempted to cover all possible arguments.

Candidates should give more focus to making judgements in answers and providing a developed conclusion. There are 12 marks for evaluation for **Question 3(c)**, **Question 4(b)** and **Question 5**. Many candidates provided only a brief evaluative statement at the end of their answer without justifying the judgement made with evidence from the case or business argument.

© 2024

Comments on specific questions

Question 1

Analyse **two** benefits to CD resulting from internal economies of scale.

Knowledge provides the basis for demonstrating higher level skills so it is essential that students can accurately explain and apply terms that appear in the syllabus. Many students gave an accurate definition of internal economies of scale referring to lower unit costs as the firm's scale of production increases. This provided the foundation for analysing one or more benefits of scale economies. The focus of most analysis was the link between lower unit costs and profitability with better answers providing developed analysis of that link. Good answers also considered how lower unit costs could help CD be more price competitive against multinational corporations and therefore contribute to the fulfilment of CD's objective to double market share in country K. This argument successfully linked the analysis to the case context and is an approach to structuring answers that works well. Other answers needed to develop more detailed chains of argument to reach Level 2 for AO3. Ideally answers should develop analysis of a benefit that identifies connections between causes, impacts and/or consequences of two points.

Candidates do not need to make a judgement or counterbalance points for this question requiring analysis of two benefits. A few students devoted valuable exam time to commenting on the limitations of economies of scale or analysing how very large corporations could be impacted by diseconomies of scale. Such argument was not rewardable.

Some candidates tried to analyse more than two benefits of internal economies of scale. Although this rarely resulted in a lower mark being awarded for **Question 1** it is not an effective use of time and is likely to reduce the time available for answering other questions.

Question 2

Analyse **two** advantages to CD of changing to a geographical organisational structure.

The base for any answer is knowledge and if a candidate does not understand the core concept this will limit the award of marks. Candidates need to systematically learn the concepts identified in the syllabus such as geographical organisational structure. Most responses demonstrated only a partial understanding of the term and many responses talked about employing local people in each area or international expansion of the business. There were a few strong answers that understood how a geographical organisational structure differed from the current structure of CD noting that it is a structure based on geographical area in which each division is self-contained with its own functional departments. This understanding enabled answers to develop analysis of the advantages of changing to a geographical organisational structure including comments on being more responsive to changing local needs, making quicker decisions and providing better customer services. The best answers applied their understanding to the case context. For example, commenting how a geographical organisational structure could help CD's expansion in country C to become profitable or facilitate CD's aim to successfully expand into three new countries.

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

Question 3

(a) Refer to Table 1.1. For 2024, calculate the price earnings ratio.

Most candidates correctly calculated the price earnings ratio as 6.67. A few answers included a dollar sign and therefore did not gain a mark.

(b) Refer to Table 1.1. For 2024, calculate the return on capital employed.

Most candidates were familiar with the equation for return on capital employed and gained marks for method even where the final answer was incorrect. Errors focused on the calculation of capital employed, with candidates frequently missing one or more elements of the required calculation. Capital employed is the total long-term investment in the business and includes share capital, retained profits and non-current liabilities. Candidates should include the correct unit of measure in the final answer which for ROCE is a percentage sign.

© 2024

www.dynamicpapers.com

(c) Evaluate the usefulness of the data in Table 1.1 to potential shareholders when considering whether to buy shares in CD.

This question directed candidates to consider the data in Table 1.1. Interpreting a wide range of data is a complex skill as candidates need to understand the data, select the most important data, analyse its significance and consider the limitations of the data. Answers also need to consider other information from the case that will be useful to shareholders in deciding whether to invest. Candidates must carefully select which data to focus on as there is limited time for writing the response. Candidates often went through and commented on all the data in the table. This usually resulted in answers lacking focus and limited development of analysis.

Good answers identified the likely objectives of shareholders such as making a return through dividends and an increase in share price. The data was then used to explore whether those objectives were likely to be achieved noting for example that the operating profit margin had decreased or that the share price had increased by 2.56 per cent. The best answers developed argument and counterargument in each paragraph and also added evaluative comment thus ensuring balance. A few candidates then provided a fully supported judgement highlighting the most important factor in determining the usefulness or otherwise of the data.

Evaluation was often limited highlighting, for example, that the data was only from two years or that as it was only quantitative it did not provide any qualitative factors. Candidates should aim to develop evaluative comment using chains of argument to fully support the final judgement.

Candidates must focus on the question given. There were a number of answers that focused on whether potential investors should purchase shares rather than whether the data was useful in making a decision.

Question 4

(a) Refer to lines 36–40. Calculate the estimated change in quantity demanded if CD increases the price of its detergent from $4.00 to $4.60.

There were many accurate answers to this question with clear method demonstrated. Often candidates knew the equation for price elasticity of demand but did not have the mathematical skills to rearrange the equation to find the percentage change in quantity demanded. Others need to understand how to calculate percentage change as part of applying the PED equation. Frequently candidates were awarded three marks as their answer did not indicate that the change in demand was negative or a decrease, this was because the negative sign for PED was not used in the calculation.

(b) Evaluate the importance of new product development to CD's future success.

Many candidates started answers with a concise definition of new product development such as the process of creating and bringing new products to market. Good answers selected case study information to support argument as to the importance of new product development to the success of CD. Most candidates highlighted the benefits of new product development in differentiating products from the competition and gaining a competitive edge. Candidates argued that this had supported the growth of CD and could be important to its plan to enter new markets where customer needs might be different to country K.

Many candidates provided a one-sided response, usually that new product development was very important. These answers would be improved by giving a more balanced range of argument. A few candidates noted that CD's products were less effective at cleaning than the products of leading multi-national corporations. This context was often used to argue that CD needed to develop better products. Others used this as evidence that product development is not guaranteed to succeed. Candidates also analysed the problems of new product development including the impact on cash flow.

The best answers often use calculations from **Question 4(a)** in their answer to **Question 4(b)**. Some candidates argued that demand for CD's detergents was price inelastic due to effective new product development in the past. Further product development, it was argued, could further reduce price elasticity giving CD more control over price and increasing profitability.

© 2024

www.dynamicpapers.com

Question 5

Evaluate the impact on CD of the appreciation of country K's exchange rate.

Most candidates correctly identified that appreciation of the exchange rate would reduce the cost of imports into country K. Some candidates explained that this gave CD an opportunity to reduce its costs of production by switching from locally sourced chemicals to imported chemicals. Analysis was then developed by linking lower costs to profits and competitiveness in the market observing that cheaper per clothes washes was a key benefit for customers.

Balance is an important attribute of the best answers and this was shown by candidates who argued that importing chemicals would be counter to the environmental credentials of CD. This argument was expressed by a few candidates as an evaluative argument by emphasising the importance of sustainability to CD's current success. Other candidates provided balance by noting that an appreciation of country K's currency would impact the price competitiveness of CD's detergents in export markets such as country C.

Good responses draw on concepts from different sections of the syllabus. For example, some good evaluative comments centred on to what extent an increase in price would damage CD's sales in export markets with candidates arguing that demand was likely to be price inelastic due to the detergent being differentiated from competition or that demand might be price elastic due to there being many substitutes.

© 2024

BUSINESS

Paper 9609/42
Business Strategy

Key Messages

- The wording of each question is important and gives candidates the specific points that should be used in their evaluation. For example, in **Question 1** it was the 'effectiveness' of CC's marketing strategy, whereas in **Question 2** it was an operations strategy that would 'enable future survival and growth'. These should form the basis of a candidate's evaluation. Where the question provides evaluative points such as these, care must be taken to evaluate against these every time – even if this sounds repetitive.
- Too often, candidates attempted to analyse every piece of data, especially each entry in the timeline. Depending on the route taken to answer the question by the candidate, some of the data can be ignored or becomes irrelevant. The best responses were not the ones that comprehensively covered every decision made in the data, but the ones that choose the most important aspects and focussed on these.
- Timing was an issue and some candidates spent too long on one question, leaving only enough time for a brief outline answer to the other. Whilst these 20-mark questions do require more analysis and evaluation than a 12 mark question from another paper, a good response can be written in 25–30 minutes using three or four good chains of analysis and evaluative judgements throughout.
- Candidates should come to a judgement. In the world of business, decisions need to be made and the best responses give clear judgements that follow on from the arguments used. Good evaluation should also include different perspectives on that judgement, but there must be a decision made. Every paragraph written in response to the questions should be part of a clear answer to that question.
- Both of these questions require all four assessment objectives (AOs) to be demonstrated as part of a strategic response.
- AO1 knowledge and understanding is about using relevant business theory in answer to the question. This could be through defining terms from the question or by using theory in the correct way that is related to the question. Since these questions are often wide ranging, this allows candidates to choose what theory is relevant to their own answer.
- AO2 application is about using the data from the timeline and appendices in an appropriate way. It is not about repeating the data. For example, in **Question 1**, there are many different elements of a marketing strategy used in the text. However, understanding how this piece of context may have led to CC's marketing strategy being effective (or not) is appropriate.
- AO3 analysis is an important skill and is about finding the effects, reactions, consequences and impacts of the issues being raised. Since candidates can make many different arguments and there is a great deal of context, examiners are not looking for specific arguments. Instead, the skill of being able to develop these arguments is what is rewarded, not specific arguments. It is quite conceivable that two candidates could use the same theory, the same context and come to diametrically opposite arguments and conclusions. As long as this can be justified, this is perfectly reasonable and be rewarded.
- AO4 evaluation is about coming to a judgement that specifically answers the question. Therefore, a good evaluation should include a judgement about this.
- Good evaluation not only includes a judgement, but also justification about that judgement and weighing up of other factors that may affect that judgement. A significant proportion of a good answer should be focussed on providing these evaluative elements.

© 2024

General Comments

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

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

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

Comments on Specific Questions

Question 1

The questions on this examination allow for a range of responses from candidates and there is no 'right' answer. In this question, candidates were asked to evaluate the effectiveness of CC's marketing strategy between 2010 and 2020.

The knowledge and understanding (AO1) required for this answer was anything linked to marketing strategy. This was a well understood area of the specification and almost any aspect of marketing could be rewarded within an answer to this question. Some elements of marketing were more appropriate to the context of CC, but this is covered through application (AO2). The knowledge and understanding marks are separated into 'limited' (AO1 L1) and 'developed' (AO1 L2). Limited knowledge and understanding involves using correct terms and showing some simple knowledge of that term, perhaps through a definition. Developed knowledge and understanding is when a candidate goes a step further. For example, a candidate might identify the marketing mix as the 4ps (price, product, place and promotion) and this would be credited as limited knowledge and understanding. However, if the candidate were to develop their knowledge of the marketing mix further (for example by showing how a marketing plan also includes objectives, resource and research), then this would be credited as developed knowledge and understanding.

Most candidates achieved AO1 L1, but often this was limited to L1 because none of the points were developed. Although definitions are not required to gain all of the AO1 marks, they do provide a clear point of knowledge and understanding that can then be developed through their use. It should be noted, that the majority of each AO is assessed separately. Therefore, it is possible that a candidate has excellent analysis and evaluation, but only achieves AO1 L1, because they have not demonstrated developed knowledge and understanding.

The most common pieces of knowledge used to answer this question were the 4Ps of the marketing mix. However, instead of treating the entire mix as a strategy, most candidates analysed one element at a time. This paper is about business strategy, and, as such, the best answers analyse the strategy as a whole.

For example, in Appendix 2, there is data about CC's old and new marketing mix. Taken as a whole, it is possible to analyse the entire marketing mix and this is far more likely to lead to strategic analysis (AO3 L3). The very best responses analysed the entire marketing strategy as opposed to each element. Candidates who analysed the entire marketing strategy in terms of what is good and what is bad about the strategy were able to access AO3 L3.

Each question on this paper has seven marks for evaluation and the simplest form of evaluation was for a candidate to make a judgement over the effectiveness (or not) of the marketing strategy. Evaluation is about coming to a judgement that can be justified and is in the context of the business. Some candidates substituted 'effectiveness' for a different word, perhaps to avoid repetition of the term. However, this is a key evaluative term and it should be used throughout all the evaluation. If this starts to sound repetitious for the candidate, then they should ignore this and continue to focus their answer on the viewpoint set out in the question. For example, a few candidates would start by making a judgement that CC's marketing strategy was not effective, but on their next evaluative section, this would have changed to 'successful' and they might state that therefore this continued to show that CC's marketing strategy was not successful.

© 2024

Effectiveness and success are not the same thing, and without making a judgement linked directly to the question, the candidate may not access L2 or L3 AO4 marks. The words chosen for the questions have been thought about carefully and any judgement or justification should be specifically focussed on those words.

Application (AO2) might seem like the easiest assessment objective to demonstrate in an examination such as this where candidates are given such a wealth of data in the case study. However, candidates should not copy parts of the data without using them as evidence. For example, the most common piece of knowledge used was the marketing mix (4Ps), and the changes to CC's can be seen on Appendix 2. This shows, not only that the candidate has read the case, but also that they know the specific scenario facing CC. There is no need to quote the marketing mix in Appendix 2 – just to refer to it. Candidates can assume that the examiner knows the case very well.

Likewise, when using the numerical data in Appendix 4, quoting the numbers does little, but using these in a simple calculation, for example that CC's profit is 10 per cent (in 2020) of what it was in 2008, can be used as evidence for knowledge of profit, analysis of the marketing mix, or even to contextualise how ineffective the marketing strategy was.

For the majority of an answer AO2 is assessed separately from the other assessment objectives. However, the top level of AO4 (evaluation) requires application to the context of CC. This highlights how important AO2 is to attain this top level. It is the only difference between L2 and L3 in AO4, but it must be part of the evaluation – not elsewhere in the answer. This is because this examination is trying to simulate how a specialist might be expected to operate in a real business. If a management consultant, for example, was asked to write a report on the effectiveness of a business, they would be asked to evaluate the effectiveness and therefore would be expected to come a judgement that was specific to that business' specific context. Not a generic context.

Question 2

The command word 'advise' aims to put the candidate in the position of a business leader – in this case to advise CC as a business. The answer to this question is unlikely to lie in the data, it is expected to based on the data and to be able to be justified in the context of CC. Some candidates instead gave an evaluation of CC's current operations strategy.

This question is looking for candidates to advise CC on whatever aspects of the syllabus within Operations Management they think are most likely to enable the future survival and growth for the business moving forwards. It is a chance for candidates to be creative. It is also possible to make an argument that CC's current operations strategy is the best strategy to enable CC's future survival and growth. As mentioned earlier, there is no right or wrong operations strategy, as long as it actually focussed on Operations Management.

A few responses showed limited knowledge of what Operations Management included. Many answers included pieces of Marketing, Human Resource Management and Finance. If these were used to oppose or justify a suggested operations strategy, then that is reasonable. However, if the candidate spends the entire answer on these aspects, then it is unlikely to receive many marks at all.

A strategy should include more than one 'strand'. For example, a complete operations strategy is unlikely to just to focus on inventory. Candidates who take one strand at a time and never bring these together to form a cohesive strategy are likely to be limited to L2 AO3. The top of L3 analysis, requires candidates to bring together strands of a strategy and analyse these as a whole, preferably from both sides (the advantages and disadvantages) of such a strategy. Answer should be holistic and combine at least two aspects to be considered 'strategic'.

By 2023 (the end of the timeline), CC has made some changes in operations, but the readers are unaware of the impact of these. We are aware of John Dee's objective to restore CC's brand reputation (this is an excellent point to evaluate against later in the answer) and that he has insisted on new quality control procedures. This gave candidates a point to move from at the start of their answer and quality was the most common piece of knowledge used. However, quality alone is not enough to base an entire strategy upon.

Some answers to this question attempted to advise CC on a new marketing strategy – in many cases starting their answer from the point that they had finished their answer to **Question 1**. These answers often included some good analysis and evaluation, but they were not focussed on the question set in this examination. Candidates need to fully read and understand what each question is asking them to do.

© 2024

There is a need, of course, for candidates to apply their answer to CC, not any generic business. However, unlike **Question 1**, the aim in this question is to base their new (and distinctive) operations strategy on CC, as opposed to evaluating what CC has done in the past. For example, relocation can be part of an operations strategy and a candidate may use this in their answer. However, because of CC's profit having fallen by 90 per cent between 2008 and 2020, it may not be able to afford to relocate. This is an example of using the context to support the analysis and evaluation.

A good answer to this question would not attempt to cover every aspect of a possible operations strategy. A good answer would be where a candidate chooses the two or three aspects of an operations strategy that the candidate believes are the most important based on the context of CC. Although this may not give a comprehensive answer, the 'missing pieces' can be used as evaluation as to what else is also needed to enable the future survival and growth of CC. Selectivity in this examination is essential to good time management.

© 2024