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BUSINESS STUDIES

Paper 9707/11
Short Answer/Essay

Key messages

- Candidates may wish to tailor the length of their responses to the instruction words and mark allocations in **Section A**.
- Candidates need to carefully select an appropriate **Section B** essay to answer. There is evidence that some candidates are attracted to a question from a particular section of the syllabus and then pay too little attention to the demands of the specific question asked in that section of the syllabus.

General comments

Many candidates demonstrated a good knowledge of the syllabus content assessed in this paper. A significant minority demonstrated a less developed understanding of operations management business activity, which was evident in many responses to **Question 4**.

Answers to questions in **Section A** of the paper could have been less detailed, and answers to the **Section B** essay would have benefitted from more detailed explanation, analysis, and evaluation.

Comments on specific questions

SECTION A

Question 1

(a) The marketing mix was generally well understood, and precise definitions were common. Most answers focused on the 4P's, but some acknowledged alternative definitions, such as the 4C's.

(b) The explanation of **place** was not always confidently presented. Strong answers referenced factors such as the significance of convenience to customers, the role of **place** in decisions concerning distribution channels, and the importance of **place** in a successful marketing strategy. Lower-scoring responses focused only on the location of a business, and would have achieved more marks by addressing the **importance** of the concept, as required by the question.

Question 2

(a) The term 'labour turnover' was generally less well understood. A few candidates correctly defined the term as a measure of the rate at which employees **leave** an organisation over a particular period of time. Many answers confused the term with either the recruitment of employees or to employee productivity or performance.

(b) Candidates approached this section with greater confidence. Common explanations of the contribution of human resource management to organisational objectives included the role of HRM in the effective recruitment and selection, training, and motivation of staff.

Question 3

The majority of candidates demonstrated a sound understanding of the importance of cash flow forecasting for all businesses. A minority of responses were less able to differentiate between cash flow and profit.

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Some answers would have gained more marks by addressing the **importance** of cash flow forecasting for **new** businesses as required in this question.

Question 4

(a) Many candidates were unsure of how to accurately define the term 'operations management'. The term relates to an important part of the syllabus, and is a crucial aspect of business activity. Operations management is concerned with: the processes involved in converting inputs into outputs suitable for customers, the effective use of resources in a business, and relates directly to the production process for products and services, and with efficiency and effectiveness in resource use. It seeks to maximise productivity and to add value to the inputs associated with product and service provision. Operations management is not limited to manufacturing businesses. Production efficiency and effectiveness is just as important in service businesses such as in banks and retail stores. Candidates would benefit from a greater awareness of operations management.

(b) Answers to this section varied considerably in quality, which indicates a less assured understanding of operations management. Strong answers accurately explained how technological innovation and change could have a significant impact on the nature and efficiency of the product or service production process. Strong answers also gave examples of how technological development and change could lead to cost reduction, more efficient processes, and also perhaps more capital equipment and a reduced investment in the labour resource.

SECTION B

Question 5

(a) This was a very popular question. Many answers included an accurate explanation of Maslow and his concern with the satisfaction of human needs for those working in business organisations. Detailed explanations of the hierarchy of human needs were common. However, candidates were less confident in their explanation of the two factor theory of Herzberg. Relatively few answers were able to distinguish between the significance of 'hygiene' extrinsic factors and motivating ('motivators') intrinsic factors. Some candidates confused Herzberg with the Theory 'X' and Theory 'Y' ideas of McGregor.

(b) There were many general responses on the contribution of effective Managers and Leaders to the success of business organisations. There is a growing body of literature that seeks to define and delineate the potential roles of Managers and Leaders in achieving business success. The strongest answers were able to use concepts developed by Mintzberg to discuss the particular and distinctive tasks of effective Managers while concepts and theories relating to Leadership styles and characteristics were referenced to discuss how Leaders could make a distinctive contribution to business success. The most perceptive answers recognised that successful organisations need effective Managers **and** effective Leaders and that exceptionally they can be the same people.

Question 6

This was a less popular question. Strong answers initially identified a number of business stakeholders such as shareholders, employees, suppliers, competitors, customers, and local and central government. These answers then typically explained the content of published accounts and how this information could be of interest and concern to specific stakeholders. Some answers would have benefitted from a greater ability to demonstrate how some detailed aspects of business accounts (such as profits, assets and liabilities) links to the concerns of specific stakeholders. Lower-scoring answers mentioned the strengths and weaknesses of published accounts in a general sense, but could have more fully discussed the critical aspects of published accounts and then linked these aspects to the specific needs and concerns of business stakeholders.

Question 7

(a) This was the most popular essay question. Most candidates gave accurate explanations of each production method, and the stronger responses then developed their answers by identifying some distinctive differences between the two methods.

(b) This section was generally well answered. A minority of responses identified and analysed factors such as the cost implications of new/additional machinery, and the impact on staff morale of likely reductions in the labour resource. The strongest answers considered the possible context for a

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change from batch production to flow production in a manufacturing business and raised issues such as the existing levels of automation, the existing level of staff morale, and the capability of managers to effectively implement such a change in the production process.

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BUSINESS STUDIES

Paper 9707/12
Short Answer/Essay

Key messages

- Candidates may wish to tailor the length of their responses to the instruction words and mark allocations in **Section A**.
- Candidates need carefully select an appropriate **Section B** essay to answer. There is evidence that some candidates are attracted to a question from a particular section of the syllabus and then pay too little attention to the demands of the specific question asked in that section of the syllabus.

General comments

Many candidates demonstrated a good knowledge of operations management business activity, while a significant minority showed a less developed understanding of the syllabus content assessed in this paper.

Answers to questions in **Section A** of the paper could have been less detailed, and answers to the **Section B** essay would have benefitted from more detailed explanation, analysis, and evaluation.

Comments on specific questions

Question 1

(a) Market segmentation was well-understood by most candidates, and answers generally gave an accurate definition and included relevant examples. Some answers could have been shorter, in line with the requirements of a two mark definition question.

(b) Most candidates offered two valid ways for a hotel to segment the market for hotel accommodation. Common answers included: segmentation by income, where wealthy customers could be offered luxurious suites while lower income groups could be offered standard rooms with basic facilities. Another popular answer suggested that the market could be divided into couples and families, and such responses often included suggestions about the various facilities that could be provided to cater for these various segments.

Some candidates listed market segments but did not relate these to a hotel context.

A few candidates suggested that a hotel could adapt its facilities to increase its attractiveness and success, but such responses did not relate to market segmentation, which was the focus of the question.

Question 2

(a) This was answered correctly by most candidates, and answers generally provided the formula for the current ratio or the acid test ratio. However, a few candidates provided a profitability ratio rather than a liquidity ratio.

(b) Most candidates successfully identified factors that could affect profitability, but only a few answers included an explanation of how the factor would affect the profitability of a business. Candidates were expected to identify a valid factor and then explain what kind of impact there might be on profitability. However, some candidates stated that an increase in production costs would affect profitability, and did not explain exactly how this would happen. Higher scoring responses included more detail, and mentioned factors including an increase in production costs, such as an increase

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in the price of raw materials would decrease profits if the price charged was not or could not be increased. Lower scoring responses confused liquidity and profitability, and some incorrectly explained the factors which affect liquidity.

Question 3

Most candidates identified some possible reasons why business objectives might change over time, but some candidates wrote more general responses which would have benefitted from references to specific objectives. Stronger responses cited survival, growth, profit maximisation, and market share as specific business objectives.

Some better answers compared and contrasted the objectives of small versus large businesses, and the objectives of new versus well-established businesses. Other equally effective answers used the product life cycle concept as a framework for their explanation.

Many candidates used a new business as a starting point for their answer, and explained that it would most probably have survival as its prime objective, due to a need to establish itself in a market. This idea usually continued into discussions of growth and profit maximisation. Better answers linked this progression with other factors including the impact of competition or a change of internal management.

This was a topic area that the majority of candidates understood well, but there were some less assured responses to the 'change over time' aspect of the question.

Question 4

(a) Most candidates demonstrated a clear understanding of this concept. A few candidates answered from a marketing context rather than an operations management context, but these answers often included relevant examples.

(b) The content of many of the answers suggests that candidates would benefit from a better understanding of operations management. References were frequently made to aspects of a business outside the remit of operations management, such as HR, marketing, finance and sales. Stronger answers identified a reduction in wastage as a key way to improve performance, and explained how this might be achieved through Kaizen and lean production methods. Other candidates explained that effective inventory management would also lead to a reduction in waste, which could reduce production costs and therefore lead to a more profitable business.

Question 5

(a) This was the most popular essay question. Strong answers presented a clear explanation of McGregor's theory about how managers view their workers. These answers frequently analysed the impact of such views on the workers, and the management/leadership styles adopted to manage such workers. There were some very perceptive responses to this question, with some candidates speculating about how significant the way in which a manager views their employees can be for the success of the business. Some weaker answers confused Theory X and Theory Y and some incorrectly described them simply as leadership styles.

(b) Most candidates demonstrated a good understanding of the components of team work, and strong answers analysed the benefits of team work to workers and managers. However, many answers could have gained more marks by discussing the context of 'production' workers and managers. In some cases, these answers were analytical and even evaluative, but context was essential for higher level marks to be awarded.

Question 6

This question was less well answered. Most responses discussed market research activity in some detail, but did not discuss how a business might review the effectiveness of such activity and expenditure.

Relevant answers explained market research activity and expenditure in relation to call phone manufacturing and then discussed measures of effectiveness, such as comparing the level of sales before and after the launch of a cell phone, or judging any change in the market share of the business as a result of reacting to customer needs and wants that were discovered through market research.

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Question 7

(a) Stronger answers recognised and explained the link between the functions of HRM and its importance to the operations management function. Such answers explained how HRM would be responsible for finding the right number of employees with the appropriate skills to enable operations management to achieve its targets in terms of quality and productivity.

Some candidates were unsure of the role of operations management and were therefore less able to explain the link between the two functions.

(b) Some candidates gave a good response to this part of this question, by identifying actions such as 'taking steps to improve quality and productivity so that the car manufacturer would be more competitive'. Strong answers recognised that the reaction would depend on what type of action the competitor had taken. Some perceptive answers pointed out that competition is not the only factor influencing decisions and that a large car firm with a strong brand might not be very afraid of the competition.

Most candidates wrote about how to compete, but their methods were often linked to marketing activities rather than to the operations management function.

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BUSINESS STUDIES

Paper 9707/13
Short Answer/Essay

Key messages

- Candidates are encouraged to tailor their answers to the key words and mark allocations, particularly in **Section A**, where shorter answers are sufficient. This strategy will ensure that there is enough time to write a comprehensive essay answer for **Section B**.
- In **Section B**, higher marks were awarded to essays which remain focused on the question and included an evaluation.

General comments

Most candidates demonstrated sufficient knowledge of syllabus content assessed in this paper.

Comments on specific questions

Section A

Question 1

(a) Most candidates gave a clear definition of niche marketing, and many responses included relevant examples. A few candidates stated that niche marketing was the opposite of mass marketing, but did not explain how it differed. Better answers explained that niche marketing identifies and exploits a small segment of a larger market, and develops products specifically for that market.

(b) Many candidates identified and explained two valid disadvantages. Answers typically mentioned that a niche market often prevents a business from benefitting from economies of scale due to the smaller scale of production/sales. Lower-scoring answers explained two advantages of niche marketing, and no marks were awarded to answers which discussed the cost of labour.

Question 2

(a) This question was often more challenging for candidates. A few candidates correctly defined disciplinary procedures as the actions taken or the process followed when employees fail to behave in a proper manner at work. Lower-scoring answers defined disciplinary procedures as the rules and regulations that workers must obey.

(b) Higher-scoring answers mentioned bad behaviour or a breach of contract. Some candidates correctly linked disciplinary procedure to the image of the business and the requirement to be able to prove that any actions taken were not illegal or could not be judged to be unfair in any way.

Question 3

Most answers included several well-explained factors, including: perishable goods cannot be kept for long periods of time; the availability of storage facilities; the demand from consumers and the wish to gain discounts for bulk buying. Answers often included an explanation of these influences on the level of inventory, though a few answers explicitly referenced whether the inventory would be expected to be higher or lower as a result of the various circumstances. No marks were awarded to answers which discussed the impact of holding or not holding stock.

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Question 4

(a) Most candidates gave an accurate definition of 'break-even', and often included a formula to support their answer. Some answers defined it as 'the level of output where total revenue is equal to total costs', which was sufficient for full marks. Lower-scoring answers discussed the notion of costs being offset by revenue in a less precise way. Most candidates recognised that break-even level of output is the point at which a business makes neither a profit nor a loss.

(b) Many candidates explained how break-even analysis can be used to calculate the margin of safety and how this enables a business to judge just how far their output can fall before they begin to make a loss. Several candidates also identified its use as being to test the impact of a change in costs or price on the break-even level of output. Some answers discussed the way in which break-even analysis can be used to choose between different locations or different equipment with businesses usually choosing the one that produces the lowest break-even level of output.

Most candidates gained some marks for their response. Lower-scoring answers only offered an explanation of one use and therefore limited the marks that could be awarded, regardless of the quality of their explanation.

There were some candidates who gave a list of possible uses of break-even analysis but did not offer any explanation. Lower-scoring answers were sometimes structured as a list.

Section B

Question 5

(a) This was a popular question, and most candidates demonstrated a good understanding of non-financial motivators. Many answers linked the arguments that supported non-financial motivators to relevant motivational theorists, and generally provided a sound explanation of the various motivational tools that could be used. The question required candidates to analyse why **only** non-financial motivators might be used and it was this element of the questions that was frequently ignored by candidates. Stronger answers did offer some insight to this by explaining why not everyone is motivated by money for example, if a person earns enough to satisfy their need for money then they will need to be motivated by other factors such as the need for self esteem and self-actualisation. Some candidates identified other reasons, such as a business that was seeking to reduce costs might prefer to use non-financial rewards. Most candidates were able to gain most of the marks for their response by giving a good explanation but the candidates who retained focus on the question often offered an analytical response by fully exploring why financial motivators might not be appropriate in some cases.

(b) Many candidates showed an understanding of workforce planning and explained the importance of having the right number of workers with appropriate skills and experience in order for a business to achieve its objectives. Some candidates thought that workforce planning was the organisation of employees' work and time.

Many candidates explained the benefits of workforce planning, and sometimes offered an analysis of its importance. There were a few candidates who evaluated the extent to which it is necessary for a business to be successful. These candidates often recognised that while workforce planning is very important to a business, there are other factors such as the effectiveness of the research and development team or the marketing department of even the state of the economy that can have an impact on business performance.

Question 6

Most candidates demonstrated a good understanding of corporate responsibility, and incorporated many relevant examples in their answer. Higher-scoring responses explored advantages and drawbacks, whilst lower-scoring responses only discussed one factors. Many candidates explained how meeting corporate responsibility objectives can add to the costs of a business, but it provides an opportunity to enhance the image and reputation of the business. Some candidates explored the implications for various stakeholders, and how their conflicting objectives might impact on the ability of a business to consider pursuing corporate responsibility objectives. Lower-scoring answers discussed the objectives in general terms, and did not

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explore the possible implications for a business of adopting corporate responsibility objectives. There were many analytical responses to this question, and a few answers employed an evaluative approach.

Question 7

(a) Most candidates showed a good understanding of the difference between the legal structure of a sole trader and that of public limited companies. Higher-scoring answers linked the potential sources of finance clearly to each of the legal structures and also explained in what circumstances finance might be made available or might be limited. Lower-scoring answers often included an outline of the advantages and disadvantages of both forms of business ownership, sometimes without a reference to possible sources of finance.

The majority of candidates recognised the limited access to finance of a sole trader but stronger answers analysed their ability to raise finance from banks due to perhaps a lack of trading history or because the assets owned by a sole trader might not be sufficient to be used as collateral. Such responses often contrasted this with the asset base of most public limited companies who could therefore offer more security to lending institutions. The ability to raise finance through an issue of shares was also discussed in many answers. Many candidates offered explanation of the two structures and their access to finance, and a few answers demonstrated some analytical ability.

(b) There were many high-scoring answers to part **(a)**, but fewer answers scored highly for part **(b)**. Candidates were expected to discuss the impact of cost information on measuring the opportunity costs of certain decisions, of the cost effectiveness of a hotel as a whole or of a particular department within the hotel. Contextual examples such as the cost of food and drinks for a restaurant or the cost of room cleaning and laundry could have been introduced to demonstrate how a hotel might use cost information. Context generally seemed to be more challenging for candidates. Lower-scoring answers mentioned restaurants and gyms but did not link these to the uses cost information, or wrote about improving such facilities to draw in more customers. High-scoring answers suggested that cost information would allow hotel management to reflect on areas where costs were increasing so that plans could be put in place to make the business more cost effective. Candidates could have also referred to the use of such information to determine future budgets and to create targets, either for the hotel as a whole or for specific departments. A few answers included an analytical response and evaluation to this part of this question.

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BUSINESS STUDIES

Paper 9707/21

Data Response

Key messages

- Candidates are encouraged to carefully read all the information in the text and identify factors such as type, size and age of business; product/service sold and target market in order to achieve contextual responses. Use of the data is crucial to achieve a higher score.
- Candidates are advised to develop full answers when explaining terms such as 'direct costs'. The use of an example can help to demonstrate understanding, and will gain more marks if it is supported with an explanation.
- Candidates are encouraged to include an evaluation after the analysis, although judgements should be made throughout the answer. Terms such as 'this depends on' often lead to evaluation marks when the answer is contextual. Comparative statements within an answer are also a route to evaluation. Any course of action is not always a guarantee of success, and may rely or depend on a number of factors both internal and external to the business.

General comments

There was some evidence of successful engagement with the data. Candidates accessed both scenarios, and generally seemed to understand the questions. Most candidates answered all the questions, although there were some brief answers, and some answers which were unrelated to the question. Candidates are advised to observe the command words in each question, to ensure their answers are sufficiently detailed and tailored to the requirements of the question to achieve all available marks. The command words and the allocated marks indicate the time that should be allocated to each question and the level of skill required to achieve the highest reward. Responding to the data is the objective of this paper, however, in some cases, statements of knowledge restricted the reward that could be achieved by candidates. Candidates are also encouraged to use the information rather than repeating data from the paper. This lack of development was particularly evident in **Questions 2c** and **2d**.

The level of knowledge was variable. A few candidates successfully demonstrated their knowledge of dynamic pricing, trade receivables, direct costs or corporate responsibility. It is important that the specification is fully covered for candidates to perform well. Many candidates fully used the context and data. This was highlighted in the best responses to **Question 1c**, where many candidates understood liquidity and used the information Table 2 to inform their analysis.

This session demonstrated an improved ability to analyse, though evaluation marks could have been higher. Candidates are encouraged to create a balanced argument and to reach a conclusion about their relative importance in the context of the data.

Comments on specific questions

Section A

Question 1

(a) (i) Some candidates successfully explained the term 'dynamic pricing' in detail and therefore received a few marks. Best answers explained that this method required businesses to use information about the market and the changes in it over time in order to set prices in response to these changes. There were a few examples of candidates understanding that this type of pricing is normally reliant on electronic information.

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(ii) Candidates gained marks for explaining that trade receivables are customers who owe businesses money on credit. A few candidates knew that these were part of current assets, and knew how they contributed to the working capital of a business.

(b) (i) Most candidates correctly calculated the labour productivity for 2013, and most showed the method used and therefore gained a mark for an attempt, even if the final answer was incorrect.

(ii) Most candidates used the answer to **b(i)** to inform the answer to this question. Some answers included simple statements about 'labour productivity going down' and 'capital productivity going up'. Best answers explained why this might have happened, perhaps with a more efficient use of machinery or lack of motivation in the workforce.

(c) Candidates generally understood and used the relevant liquidity ratios to answer this question. There was a varied ability to calculate the current and acid test ratio. Those who stated the correct ratio gained some reward. Those who did not use the ratios used the contents of the table to explain liquidity and how a change in some of the information, increase in inventories and increase in trade payables may have impacted on the business. Statements such as 'going up' and 'going down' gained fewer marks, whereas 'sales increasing' and 'profit decreasing' gained more marks. This should immediately flag that there is a problem with credit sales and money not being received from debtors. Use of the context in the analysis would lead to a better response.

(d) This question required candidates to show knowledge and an understanding of corporate responsibility, with specific reference to its relevance to SV. Some candidates used the information in the newspaper report to explain why SV should be more responsible. There were many answers which restated what was in the table. There was some limited evidence that candidates understood the concept of corporate responsibility in terms of the triple bottom line or the stakeholder versus shareholder approach. Some candidates recognised that the purpose behind such an objective was an ethical approach to issues such as child labour and energy use. To discuss the importance of such an objective to SV, it is necessary to compare it with other objectives the business might have such as increased sales, increase profits and market share. How might these objectives conflict with the objective of corporate responsibility? Which stakeholders would benefit and which would lose? Is it important that the business has this objective at all and to what extent will this impact on the future success of the business? Is it such a long term objective that it is impractical in such a competitive industry? Centres should encourage candidates to really analyse the impact of changes in the external global environment in order to make an informed judgement about changing objectives.

Question 2

(a) (i) This question was generally well-answered, and many candidates achieved full marks for their explanation of public limited company and their us of relevant examples. There was minimal confusion regarding the public sector or private limited company.

(ii) This was a challenging question for candidates. Direct costs are not always the same as variable costs. Best answers explained that these costs had a direct impact on the level of production or the delivery of a service. An example is a useful way to enhance the explanation of direct costs, in order to show understanding. Statements such as 'raw materials' gained fewer marks.

(b) (i) Most candidates gained full marks by calculating the correct answer for market share for 2013, although some candidates gained fewer marks, as they reversed the formula.

(ii) The question asked whether maintaining its market share was a suitable objective for TQ or not, and it required candidates to demonstrate knowledge and an understanding of market share and its relevance to the supermarket industry. Many candidates construed this as 'increasing' market share. This is a very competitive business, and TQ offers a completely different type of service and any attempt to increase market share might result in the loss of loyal customers. In addition, market share is just as likely to be determined by competitor behaviour as by the actions of TQ. Some candidates less successfully used the information in the case to explain that CC was significantly larger than TQ in every area and twice as large in terms of market share.

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(c) This question required candidates to use the marketing information and to analyse the implications to TQ of adopting the proposed marketing mix. It was important for candidates to identify the differences between TQ and CC, particularly in terms of the response of the market to such changes. For example, TQ already has a strong brand name and this has allowed them to charge premium prices; lowering prices might give the impression that the quality of the products has fallen at the same time potentially lowering the business' profit margin. Identifying and using characteristics such as TQ's unique selling point of providing excellent customer service and continuing to develop that side of the business which may result in a further expansion of its market base. The higher scoring answers identified and developed the key features of the business in order to analyse the impact of such strategic change. Candidates who repeated information from the text gained fewer marks.

(d) This question required candidates to develop the information given in the text regarding how the contracts of employment might improve TQ's overall performance. Better answers identified the two parts to this question. First, TQ has stated that highly motivated employees are essential to its performance. However, there is no indication about how this performance might be measured. We could assume that it might be through increased sales or improved customer service from reference to other parts of the data. Secondly, better answers analyses the impact of each of the changes on the employees as well as the business. Such analysis should lead to some judgement about the likelihood of success of the changes on the performance of the business.

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BUSINESS STUDIES

Paper 9707/22
Data Response

Key messages

- Encourage candidates to use the context to support their responses.
- Identify what analysis and/or evaluation is appropriate to a question and practice these skills.
- Ensure full understanding of the command words.
- Learn and effectively use the relevant formulae.

General comments

The case material for both questions was generally well-understood. Some candidates were unsure of the concept of a co-operative for **Question 2**. Some candidates tried to answer **Question 1(c)** without reference to profits, and instead discussed whether it was a good decision.

There was no apparent evidence of timing issues, and candidates generally had a good understanding of business terminology, and expressed themselves effectively.

Comments on specific questions

Question 1

(a) (i) Some candidates answered this well, and differentiated between consumer markets and industrial markets, and identified the final consumer as the customer. Some candidates did not explain the term, and instead only discussed the markets.

(ii) Most candidates correctly identified and defined the 4P's. Better answers briefly explained how the 4P's could be calculated, with reference to the need for an integrated mix.

(b) (i) Most candidates calculated the labour turnover correctly as 22.2% examiners allowed rounding of this number. It is important that candidates state the unit, in this case %. Some candidates calculated the ratio 'up-side-down' and got the answer 4.5. This was allowable if it was stated that the labour force turned over once every 4.5 years. Some candidates assumed that the 12 people who left were not replaced.

(ii) Most candidates suggested acceptable methods for reducing labour turnover. Better answers related the method to the data in Table 1, by suggesting that because 4 people had left for higher pay elsewhere, then a pay rise might keep people on so long as pay matched the competitors. The best answers then explained that this would increase wage costs but decrease recruitment costs.

(c) This question required candidates to use the information in the case, consider likely changes to costs, likely changes to revenues and then combine these two to consider what might happen to profits. The best answers did this and usually concluded that profits are likely to fall in the short run (costs of new equipment, costs of establishing a new market, low revenues to start) but could well increase in the long run as markets became established. By making this judgment about the short and long term impacts the candidates were demonstrating evaluation skills. Lower-scoring answers less successfully used the case material, or provided textbook answers, or did not answer the question.

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(d) This question was well-answered by most candidates. The best answers used the case material effectively in their answers. A few candidates were unsure of the difference between 'stakeholders' with 'shareholders'. The most common stakeholders chosen were the employees and the customers, although owners and suppliers were also frequently discussed. Lower-scoring answers discussed one stakeholder, their discussion of impacts lacked depth, or the case material was not used effectively.

Question 2

(a) (i) Most candidates explained job production. A few candidates thought that job production meant 'hand-made'. Better answers included relevant examples.

(ii) Most candidates understood that 'JIT' was an acronym for 'just-in-time'. Answers which explained this in terms of a stock control system or in terms of a complete lean production system were both rewarded. The best answers referred to the lean aspects of JIT and identified some of the necessary conditions for its success e.g. reliable suppliers.

(b) This question was generally a challenge for candidates. Better answers analysed the advantages to employees deriving from their ownership, such as sharing profits being involved in decisions and so on while causing disadvantages such as difficult decision making, difficult management, sharing liabilities. Lower-scoring answers often demonstrated less understanding of the meaning of a co-operative, answered in general terms, or did not recognise that the employees are also the owners.

(c) The best answers recognised the likely constraints on GG as well as using effectively, the information in Table 2. The lack of non-current liabilities means it may be relatively easy to get loans, the fact that there is little cash, current assets and retained profits mean that external sources will be necessary. Lower-scoring answers often presented 'textbook' expositions on sources of finance. These answers were general and did not apply specifically to GG. Improvements were made when the answers did refer to Table 2, but they sometimes did not include other contextual matters. For example, is it realistic for a co-operative to convert to a public limited company or expect employees to invest more into the enterprise?

(d) This question was generally well answered, and many candidates recognised the features of leadership described in the case material. The best answers recognised that the Managing Director used features from more than one leadership style, in some instances effectively, and in other instances to the detriment of the business. The best answers related the discussion to the particular features of the co-operative, in which all of the employees are also owners. These answers often then demonstrated evaluation skills by arguing for particular changes to the leadership style to best suite GG. Lower-scoring answers often related theories of leadership without applying to the case material, or repeated the case material without including further development.

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BUSINESS STUDIES

Paper 9707/23

Dara Response

Key messages

- Candidates are encouraged to carefully read and understand the context of the case studies, and should apply this to their analysis. Marks are gained by the use of selective knowledge and the presentation of a balanced conclusion, based on the business in the case study.
- Developed answers are more likely to gain higher marks. For example, **Question 1d** required candidates to correctly identify motivation techniques and then analyse the impact on the Pippa's business of using that method. Higher-scoring answers analysed the likely impact on costs to the business, productivity of the business, customer service levels and, in the end, profits for Pippa.
- Candidates are encouraged to fully address the question in their analysis, and higher marks were awarded to answers which reached some form of judgement.
- High-scoring answers included technical business language and theory, such as the use of ratio analysis in **Question 1b**, elasticity in **Question 1c**, motivation theory in **Question 1d**, location factors in **Question 2c** and ethics in **Question 2d**.

General comments

Higher marks were gained by candidates who distributed their time effectively to complete all the questions within the allotted time.

The contexts of both Pippa's Shop and Entrerprise Energy gave most candidates accessible businesses upon which to base their knowledge, understanding, analysis and evaluation. Most candidates effectively used the data, and the best responses answered in the specific context of each business. An understanding of the market beyond the case study (for example from candidates own experience of such facilities) was not required, and did not unfairly advantage any candidates.

Comments on specific questions

Question 1

(a) (i) Portfolio analysis as a means of achieving business objectives is in the Marketing section of the syllabus and as such should have been better understood in this examination. A few candidates gained full marks on this question. Some candidates recognised that the product life cycle and Boston matrix were means of analysing a businesses portfolio, and a few candidates used this knowledge to explain portfolio analysis.

(ii) Inventory was reasonably well-understood, and most candidates recognised the link to stock and types of stock. Many candidates gave good examples of inventory, often from the case material, and this is an excellent way to gain full marks on any explanation question.

(b) This question tested candidates' knowledge of liquidity, yet not all answers included liquidity ratios (current ratio and acid test) in their answer. Candidates were rewarded for the use of context of the figures and the knowledge of the ratio. If the result is used to form an argument then this represents analysis and can be the basis of a good answer.

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The use of other figures and context from the case could also gain marks. The best responses calculated at least one ratio and used the other data to come to analyse the impact on the forecast liquidity of the proposed expansion.

(c) Higher-scoring answers specifically addressed Chloe's proposal to reduce prices. The question asked for 'brief' analysis. The skill of analysis is explained further in the key messages section. Brief analysis can be done in a sentence or two, when based on good knowledge and context. In this case the impact was on the likely success of Chloe's proposal. In essence, what was likely to make it more or less successful. The context in this question should have been firmly routed in the type of products that Pippa sells; newspapers, sweets and groceries. Is demand for these products responsive to price changes or are there other more important factors that affect demand (for example location, convenience and quality)? Without context this was a far more difficult question and this highlights the need for candidates to read the case study carefully.

(d) The best answers combined motivation theory with the context of the case, most often by looking at how the issues in the case could affect motivation using the theories. For example, uncertainty over the future of Pippa's business can be linked to security needs in Maslow's hierarchy of needs. This suggests that Pippa should try to make the workers feel more secure. Candidates sometimes then analysed the impact on the business and the workers of these methods, both good and bad.

This approach begins with the context, rather than the motivation theory. It will always be beneficial in these longer answer questions to use the case study as the first step in an answer, as this will ensure that it is in context.

Question 2

(a) (i) Many candidates assumed price discrimination related to paying workers different wages. This was because the term was used in the same sentence as wages. This demonstrates that higher marks were gained by candidates who had a a comprehensive knowledge of the syllabus.

(ii) Some candidates accurately identified the 4C's. Most recognised that it was linked to the 4P's, and the higher-scoring answers developed their answer further. The 4C's identify a customer focus, and this understanding was included in answers which gained full marks.

(b) (i) This question required candidates to discriminate between the items from a profit and loss account/income statement, and items on a balance sheet/statement of financial position.

(ii) Some candidates recognised and commented on the trend, namely, a 50% increase in the retained profits for EE. Higher-scoring answers suggested why this trend may have occurred. Full marks were gained by candidates who used their own figure with confidence, regardless of the answer to **b(i)**. This was the case with the follow-on question from a calculation.

(c) This question specifically concerned the relocation of the call centre for EEs. This was made clear in the question and in the case study. Many candidates analysed the loss in sales and level of competition between country X and country Y. Although this shows some knowledge of relocation, it does not show application to the context of the case study.

Some of the best responses recognised the training and customer service elements of the decision, rather than just the cost of the relocation. In this context, candidates thought about this as a real business decision and were realistic in their analysis.

(d) 'Discuss the extent' questions require candidates to identify the two sides to the argument and realise that the answer probably lies in the middle. In this case, there was sufficient case evidence to suggest that EE are unethical, and also some evidence to suggest that they are ethical. By using the evidence to highlight the two sides of the argument, candidates could build up a two-sided answer. The best responses also challenged the evidence, such as the bonuses, and suggested that this was not unethical but perhaps normal business practice. Candidates then needed to come to a judgement to gain evaluation marks. This is usually done through the use of a conclusion. The higher-scoring responses included evaluative comments throughout their answer.

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BUSINESS STUDIES

Paper 9707/31
Case Study

Key messages

- Full marks are often awarded for calculation questions. Candidates are encouraged to clearly explain what their results mean for the decision being considered by the business.
- Candidates are advised to include detailed analysis and evaluation in their answers.
- Effective time management was demonstrated on this paper.
- Application of answers to the case study business should be a feature of every answer to non-calculation questions. Effective applications gains marks and facilitate a competent evaluation.
- High-scoring essays in **Section B** carefully addressed the requirements of both questions.

General comments

There was a wide spread of marks on this paper, and well-prepared candidates were awarded high marks. There was no evidence that the case study material had been misread or misunderstood. Answers to some questions would have benefited from a more direct use of case study context, and in the case of **Question 5**, a clearer grasp of relevant subject content. There was some evidence that answers to **Section B** could have been improved by more careful reading of the questions.

Some answers could have been improved by demonstrating a greater knowledge of concepts such as investment appraisal techniques, organisation structure and the specific content of a marketing plan. In addition, higher-scoring answers addressed the "application" on a case study paper.

The quality of written communication varied, and the best scripts demonstrated impressive subject knowledge and examination skills, and a clear and mature written style. Some candidates were less able to develop a fully discursive answer to a question, which suggests a lack of understanding of the level of debate, discussion and judgement required for the higher mark questions on the paper.

Comments on specific questions

Question 1

This proved to be a very accessible question. Most candidates discussed the meaning of "operating ethically" and the references made to this in the case. Application and analysis to the case study business was sometimes less effective. A good example of linking with the text to identify application was the statement made by one candidate that "by offering a profit sharing scheme, a good example of ethical practice, RSC has a productive and loyal labour force despite the old fashioned production methods currently being used". This point could then have been explained in detail, in terms of how a productive workforce can help to keep unit costs of production down and improve business competitiveness.

Question 2

(a) There were many correct calculations for both of the profit margin questions.

(b) Most candidates made some suggestions for "increasing profit", and a few candidates fully addressed the question by also discussing ways to increase "profit margins". Many answers did not identify the key features of a marketing plan that might be required to support a decision such

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as “raise prices” or “reduce advertising to cut overheads”. These two suggestions could be considered entirely appropriate as measures for increase “profit margins” but their potential negative consequences needed to be discussed and the integrated marketing plan needed to support these decisions should have been examined. Many answers were not sufficiently detailed, and answered the question with minimal analysis or evaluation of an overall marketing plan. Fewer marks were gained by answers which repeated their results from **(a)**.

Question 3

Most answers included a high level of awareness of efficiency and demonstrated how technology might increase productivity. The potential negative impact of introducing new technology was generally less well-explained, and the case study information could have been used more effectively. For instance, the low labour turnover suggested that most workers were well used to the existing methods of production and if new, advanced methods were introduced without consultation or effective training, workforce efficiency could actually decline. A few candidates analysed “both sides” of the increased use of technology. Many answers were not sufficiently well-balanced to be awarded high marks for evaluation.

Question 4

(a) Most candidates demonstrated some understanding of investment appraisal techniques. The net present value was generally answered correctly. The calculation of the “number of months” in the second year was more challenging for some candidates.

(b) Many candidates discussed Strategy B rather than Strategy A, and only a few answers compared the two strategies. Better answers explained the advantages and limitations of selling RSC products from their own shops. Most of these responses explained how “own shops” would help to overcome some of the marketing problems that RSC currently experience. A few answers discussed the limited product range and lack of retailing experience of RSC management.

Question 5

This question was a challenge for some candidates. More effective answers suggested that “a matrix structure would be more appropriate for the research and development as teams of R and D researchers could work together with people from marketing and finance to develop products that the market would buy and RSC could afford to develop”. Many responses did not include organisation structure subject content such as delayering, levels of hierarchy and matrix structure. Some answers redrew a redesigned hierarchical structure with, for example, a more equal number of R and D researchers in the two R and D teams. There was often limed explanation of the benefits of this redesign and little application of organisation subject content to the answer.

Question 6

Higher-scoring answers fully addressed the question, and explained how the data could be useful to RSC when considering this takeover. Lower-scoring answers repeated the data in Table 3 and did not explain or discuss its usefulness to RSC.

Question 7

Most answers showed an understanding of corporate culture and the differences between the culture of CSP and RSC. These differences were often well-illustrated by relevant references. The question was particularly concerned with how the culture gap could be reduced by changing the culture of CSP if RSC took over the business and this crucial aspect of the question was much less well answered. Better answers suggested that they key factors in changing the culture of CSP would be a new ethical code of conduct and replacement of CSP senior managers – as they were the people who were most likely to have established the existing, rather unethical, culture of the business.

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BUSINESS STUDIES

Paper 9707/32

Case Study

Key messages

- Candidates performed well on calculation questions.
- Questions need to be read with great care as some candidates did not answer the specific questions set.
- Candidates should read the case study carefully and select only information that is appropriate to answering the questions set.
- Candidates should look for opportunities to use calculations to support their argument

General comments

There was a wide range of marks on this paper with a small number of exceptionally well crafted responses demonstrating a sophisticated understanding of the syllabus material tested. Although there was no evidence of the case study material having been misread or misunderstood the overall standard of answers was lower than in previous sessions. As in previous years ***Section B*** proved difficult. There was some evidence of candidates misreading **Question 6** and this contributed a low average mark on this question. **Question 7** also proved difficult as candidates did not produce a focused answer.

Candidates coped well with the numerical questions but understanding and use of their results remains a weakness for many candidates.

Some Centres are notable for the length of scripts produced by candidates. This is a testament to the drive and energy of the candidates but it should be noted that a good proportion of these long scripts lack focus and structure. It is potentially better to pause for thought in the exam room to give time to filter the case material and pinpoint the key arguments that will demonstrate a clear understanding of what the questions are really testing.

Comments on specific questions

Section A

Question 1

This proved to be a highly accessible question for candidates. There were many excellent answers that demonstrated a clear understanding of the policies referred to in the case and their likely impact on GC. Many good answers developed chains of argument linking, for example, the rise in interest rates to the impact on consumer spending and therefore demand for housing. The best answers took this analysis further through identifying that as households typically need to borrow money to purchase property a rise in interest rates would likely have a substantial impact on GC's demand and therefore sales and profit and might force them to reduce prices and impact their decision about the Phoenix project. There were some common misunderstandings demonstrated by candidate answers: many confused direct taxation with indirect taxation and argued that an increase in direct taxes would lead to an increase in prices; some candidates also believed that an appreciating exchange rate would help GC export their bricks.

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Question 2

The calculations were completed accurately by a large proportion of candidates. In a few cases marks were lost because working was not shown and therefore the own figure rule could not be applied. Candidates could have made more effective use of their results in answering **Question 2(b)**.

(a) (i) The majority of candidates were awarded marks for calculation of the payback period. Many good answers clearly demonstrated how the answer was arrived at by providing a table that included cumulative cash flows. A few candidates gave their answer as 4 years 2.4 months as payback was in the fourth year.

(ii) With a number of calculations to perform to arrive at the correct net present value this is a good example of the need to show working. Quite a few candidates simply provided the correct answer of $7.05 m for which they were awarded 4 marks. However, there were a number of candidates identifying a different answer with no working shown and they were therefore awarded 0 marks. In some of these cases it is likely that the candidate had made a single mistake in multiplying a net cash flow by the discount factor or had added the discounted cash flows incorrectly – with appropriate working shown such candidates could have scored up to three marks.

(b) It has previously been noted that candidates should be able to differentiate between R&D and market research. However, once again a significant number of answers focused on market research and its benefits. On this occasion candidates could still access marks if they analysed the results from **Question 2(a)** and demonstrated an awareness of the relevance of the payback period and/or net present value.

Good answers typically defined R&D accurately and then explained the potential benefits of research to GC with reference to the case study identifying, for example, the unique selling proposition of developing more environmentally friendly houses. The best answers contrasted their identified benefits with the potential drawbacks of research such as considering whether GC would be financially able to carry out the research or observing that they might have to choose between the Phoenix development and the Eco-house project given the financial problems of the firm and the difficult economic climate. An effective approach to developing evaluation used by a few candidates was to contrast the potential short-term cost of the project with the potential long-term benefits.

In assessing the data from **(a)** candidates frequently made vague observations about the payback being either a long or a short time. Such perspectives need further consideration and development to be worthy of marks – what is the benchmark in this case for assessing whether the time is short or long? A suitable approach might be to consider the liquidity of the business to argue that GC would potentially desire as quick a payback as possible. Other candidates without any justification decided that the net present value of $7.05 m was either good or bad. Again identifying something that the NPV could be measured relative to would have been useful such as the cost of the investment.

Question 3

Candidates were generally able to identify a range of finance sources, though many answers would have benefited from developing analysis of a few of these sources in context of the particular circumstances of GC. Too many answers provided a list of sources rather than an exploration of suitable sources of finance. The case study suggested that the finance director was reconsidering sources of finance in light of the changes to economic policy. This was generally understood with candidates frequently identifying the rise in interest rates as a constraint on further borrowing. This was occasionally linked to consideration of the gearing of GC and in a few answers gearing was recalculated on the assumption that GC borrows the full amount required for the development. Candidates should practice these calculations in preparation for the exam. Of those that recalculated gearing many made errors such as not adjusting the capital employed figure given.

In reviewing sources of finance candidates should develop greater awareness of the role of retained profits. In this case it was often assumed that because GC had made good profits in recent years it would, therefore, be able to use retained profits to finance the project. More astute candidates recognised that those profits might not have been retained as a consequence of tax and dividend payments and that any retained profits might have already been spent; after all the liquidity of GC did not suggest substantial cash reserves.

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Question 4

The answers to **Question 4(b)** typically required greater development and were over reliant on repetition of case material. The calculation was effectively attempted by many candidates.

(a) The majority of candidates were able to gain at least three marks on this question. It was broadly recognised that to calculate the expected monetary values it was necessary to make use of the probability data given in Appendix 1. However, many answers assumed that failure meant that there must be a negative economic payoff when, in fact, there was no such indication in the data provided.

(b) One area in which there has been improvement in candidate answers over the years is that most candidates now take note of the directive word within the question. Thus, most candidates did recommend one of the 3 options for the Phoenix site. However, judgements should be supported by argument and in this question needed to be more developed. Many answers simply repeated at length the information contained within Appendix 1. These responses were often descriptive rather than analytical and attracted few marks as the information was very well developed. Very few candidates understood what their answers to **Question 4(a)** actually meant. The majority of answers believed that their calculations represented the profit that would be made from undertaking each option. The monetary value is only an estimate of the average profit from a particular option. A few good answers took this into consideration and developed their response by calculating an estimate of the profit/loss of each option depending on whether the option was a success or failure. Consequently they were able to observe that, assuming the estimates were correct, Option 3 was the only option that did not risk making a loss and was therefore, arguably, the least risky option.

Question 5

The concept of corporate social responsibility was well understood. Candidates typically identified a range of potential benefits and often these were in context of GC and made use of the case study. Candidates could have improved their answers by reading the question more carefully. This question was about GC reporting on its CSR activities in its Annual Report and thus required a different focus to just discussing how GC could be more responsible. Those candidates that focused on the issue of reporting scored highly. There were some strong answers that in evaluation considered whether reporting on CSR might just be seen as 'greenwash' whilst others built an effective argument that GC should report on CSR activities as other companies were doing so and explored the issue of whether GC should report everything or be selective.

Section B

Question 6

This was the more popular of the two essay questions. There were few good answers and this resulted from a weak focus on the question. A large number of candidates discussed whether the brick factory should be closed. Interesting and intelligent arguments were put forward in this regard. However, such discussions missed the focus of the question which was to consider how to proceed with the closure of the factory. There was little scope for rewarding answers that simply discussed whether it should be closed beyond the award of a few marks for recognising some relevant issues. Good answers frequently explored the benefit to GC of consulting with its workers and unions. Communication it was argued was essential to reduce opposition and industrial conflict. Candidates often suggested that GC should not pay the minimum redundancy as this would undermine their long term goal of implementing CSR. This was a thoughtful line of argument and was well rewarded particularly if the financial position of GC was also taken into account.

Question 7

This was a less popular essay choice. This proved to be a difficult question with only a small number of candidates scoring highly. However, there were fewer examples of candidates scoring 0 marks in comparison to **Question 6**. Candidates found it difficult to develop application in their answers but there were issues that could have been identified from the case. For example, there was some evidence of corporate planning by GC as its long term aim was to be more sustainable and they had formed joint ventures to achieve this. In contrast there was evidence that plans were not sufficiently flexible as GC seemed to be caught by surprise by the economic changes and having purchased the Phoenix site at a high

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price. Most candidates were able to identify benefits of long term planning such as providing goals for the business and a sense of direction. However, there was some evidence that candidates were unsure on what to focus their answer on; some candidates commented on everything they knew to do with strategic management with descriptions of strategic analysis, strategic choice and strategic implementation. Everything from SWOT analysis to critical path analysis was included resulting in a very general essay with weak application. The best answers identified the relevant context and built their answer around those issues.

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BUSINESS STUDIES

Paper 9707/33

Case Study

Key messages

- Calculation questions are typically followed by a question that requires the candidate to make use of the calculation.
- Application of answers to the case study business is improving but this needs to be a feature of every answer to non-calculation questions. Some candidates answer all questions with virtually no contextual references.
- Some candidates copy out large sections of the case study material and unless this is directly tied in to the answer to the question, it will not be awarded application marks.

General comments

There was a wide spread of marks on this paper with evidence of a significant number of well prepared candidates being awarded high marks. The case study material, and its application to answering questions, was understood by most candidates. However, there was evidence of weak understanding of the nature of the economic data used in **Question 5** and the significance of these changes for PA.

It was encouraging to see further evidence that many Centres continue to impress upon their candidates the important principles behind "case study" based examinations and prepare these candidates with appropriate practice. It is still true to say that the best way to prepare A Level candidates for the academic challenges offered by this paper is to set several "mock" examinations using past papers and for these to be marked to Cambridge standards using the mark schemes made available to teachers. Such exposure to previous 9707/33 examinations helps build the key skills of application and evaluation.

Some candidate responses would have benefited greatly from a better understanding of basic business concepts, such as planning and business strategy. Where this knowledge was evident candidates often needed to use information from the case study more selectively and demonstrate an understanding of why the information was relevant.

Although there was variation in the quality of written communication, generally candidates with a weaker command of English were able to access a full range of marks. The Examiners assessing Cambridge Business Studies scripts will always make strenuous efforts to grasp the meaning of a candidate writing in a language that may not be their first language.

It is encouraging to report that not only is the international popularity of this A Level subject increasing but also that the quality of many scripts continues to be most impressive. Both quantity and quality of candidates seems to be improving. The best scripts read by Examiners were outstanding not just in terms of subject knowledge and examination skills but also in the clarity and maturity of the written style used.

Comments on questions

Section A

Question 1

Most candidates were able to identify benefits, but generally the definition given of segmentation was vague. The best candidates were able to develop the benefits in context. They analysed how segmentation could help PA reduce marketing costs by focusing on the market segment of "young fashion conscious

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consumers". In many answers, however, good analysis was rare and these responses tended to just describe the main methods of segmentation.

Some candidates evidently did not have knowledge of market segmentation and wrote in general terms about the successes that PA had enjoyed. A considerable minority wrote about the disadvantages before making a final evaluation but received no credit for either of these parts of their answers as the question was focused on "analysis of the benefits"

Question 2

Most candidates identified and explained JIT and often were able to use elements from the case to illustrate why it might be adopted. However, a discussion of which factors would be most important in influencing the JIT decision, and why, was less common. Better answers were able to link the issues such as reduced buyer discounts and squeezed margins to the implementation of JIT, but the analysis tended to be an explanation of what JIT meant, not the implications. Evaluation could have been improved by candidates focusing much more closely on the precise demands of the question and assessing which factors were most likely to influence this decision.

Question 3

(a) Both **(i)** and **(ii)** were generally done well. A common error was to forget to subtract the capital cost in both the calculations. A small number of candidates discounted the cash flows when calculating part **(i)** and then consequently became confused in their methods for part **(ii)**. It was pleasing to read a large number of well laid out solutions to both calculation questions.

(b) In part **(b)** the discounted payback period was sometimes given correctly and this helped to support candidates' answers from part **(a)**. Consideration was also given to the unpredictability of the forecasts and the external economic environment by a good number of candidates. Many candidates were able to develop quite well balanced arguments to support their conclusion as well as showing judgement in considering the possible limitations of their choice.

Question 4

Most candidates were able to gain good knowledge and application marks as the case study was used effectively. The analysis of the arguments for and against was often quite detailed and there was often a sound understanding of the implications of both increasing wages further or not agreeing to the trade union's demands. Weaker answers could have been improved by the avoidance of digression into discussions of motivation techniques and advantages. Better answers calculated the numerical impact of the increase, but further analysis could have been demonstrated by linking this to projected profits or future economic forecasts.

On the whole this proved to be the most easily accessible question for the majority of candidates. Some of the better answers raised the issues of fairness, corporate responsibility and company image which provided fruitful lines of argument.

Question 5

Generally, this question could have been answered better. A few weak answers quoted figures from the case with no reference to PA, and no explanation of the meaning of the figures. The majority of candidate responses were able to explain what the figures meant, but few linked this to PA beyond "and so sales will decrease". An example of a better answer was when a candidate was able to show that increased import costs might mean lower margins which would impact on profits. Answers could be improved by assessing the significance of the impact to PA's future strategies for investment at the airports, and the likelihood of profits.

Answers could, in many cases, have been improved by the avoidance of the following misunderstandings: The tapering rise in GDP growth was often referred to as a recession; the rise in indirect taxes was often given as a factor that would impact directly on PA's tax liability; the effects of a weakening currency were confused with the effects of an appreciating currency. Many answers did make some valid (if rather simplistic) analysis however, and, usefully, there was often reference to the unpredictability of forecast data.

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Question 6

This was the less popular essay question and most responses could have been significantly improved with a clear explanation of planning in a business context. Unfortunately, many weaker candidates tended to select this essay and, without a clear grasp of the importance of planning, their answers failed to demonstrate essential understanding. Some responses gained good knowledge and analysis marks by showing some understanding of the general importance of marketing planning, or of setting objectives, or coordination of functional areas. Better candidate responses examined and discussed the significance of the several references to planning in the text.

Question 7

This was by far the more popular essay question. All candidates were able to identify the relevant evidence from the case study to refer to in illustrating SWOT, in particular. However, there was only a minority of scripts that were able to explain HOW using the models helped to make strategic decisions. Most common errors on this question were writing lengthy descriptions of SWOT, PEST, Ansoff, Force Field, or Boston Matrix with no reference to context at all, or simply illustrating a SWOT or PEST using the facts of the case with no reference to the question set. Most responses could have been improved substantially if candidates had demonstrated an ability to evaluate the models or assess which might be particularly useful for PA and why.

The best candidates provided a summary of strengths and weaknesses of strategic analysis and/or discussed the limitations of using such methods to PA when taking major decisions. Such candidates scored well.

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