Principal examiner reports for teachers

Principal examiner reports for teachers summarise what candidates did well and what candidates needed to improve for this examination series only.

This report is to be used in conjunction with the question paper and mark scheme.

For guidance on teaching and learning we provide resources for many of our syllabuses.

Resource	Where to find it
Grade descriptions – Grade descriptions describe the level of performance typically demonstrated by candidates achieving the different grades awarded for a qualification.	School support hub Select: Subject > Resource finder > Syllabus and specimen materials
Schemes of work – Schemes of work are designed to support you in your teaching and lesson planning.	School support hub Select: Subject > Resource finder > Teaching and learning
Lesson planning – Guidance on how to plan a lesson.	Lesson planning
Resource plus – There may be additional resources such as teaching packs containing lesson plans, resources and worksheets and videos for aspects of your syllabus.	School support hub Select: Subject > Resource finder > Teaching and learning
Teaching tools	Teaching Tools
Exemplar candidate responses	School support hub Select: Subject > Resource finder > Teaching and learning
Learner guide – A guide for students to help them understand what the course involves.	School support hub Select: Subject > Resource finder > Teaching and learning
Community forums – Do you have a question or something to share? Our online forums are great way to keep up to date with your subject and the global Cambridge community.	Community forum on the school support hub
Access to scripts for this series.	Access to scripts service
Results analysis is available for some syllabuses.	Results analysis
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BUSINESS

Paper 9609/11
Business Concepts 1

Key messages

What candidates did well

- Most candidates demonstrated good knowledge and understanding. This was particularly evident on topics such as fixed costs, objectives, niche marketing, marketing mix and unique selling point (USP).
- Most candidates demonstrated good analytical skills, specifically in ***section B***. Most candidates developed clear chains of analysis by explaining how an issue would affect a business. This was particularly evident in responses to questions on mass customisation, niche marketing and unique selling point (USP).
- The most effective evaluative responses answered the specific question set and made clear judgements that were supported by relevant contextual evidence.

What candidates needed to improve

- Some candidates had limited understanding of buffer inventory, corporate social responsibility (CSR), ways to reduce variable costs and job production.
- Application was often limited in ***sections A*** and ***B***. Candidates would benefit from more developed explanations.
- In ***section B***, most candidates would benefit from referring to the specific business context throughout the main body of the response and in the final evaluation. This involves using specific relevant words related to the context given in the question.
- Many candidates also need to improve their skills of evaluation. Evaluation was most effective when it directly answered the question. In extended responses, some conclusions moved away from the focus of the question or repeated earlier analysis rather than making a supported judgement.

Comments on specific questions

Section A

Question 1

(a) Comprehensive responses

- Most candidates provided a clear and accurate definition of buffer inventory, referring to extra/minimum stock required should there be a sudden spike in demand or delay in deliveries.

Limited responses

- Some candidates only referred to the extra stock held by a business without explaining why extra stock is held, that is, to cater for sudden increased demand.
- Some candidates confused buffer stock with re-order level and lead time.

(b) Comprehensive responses

- Some candidates clearly explained one advantage to a business of labour intensive operations. Advantages tended to focus on lower costs compared to machinery, customisation and high quality.
- Some candidates demonstrated developed application by explaining how customisation involved more interesting work that could motivate employees to produce high-quality work.

Limited responses

- Many candidates did not explain the advantage to a business in sufficient detail. Candidates needed to explain why not having to repair machines was an advantage to the business, such

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as not having maintenance costs, and not having production stop whilst repairs were being carried out.
- Some candidates confused 'labour intensive' with 'capital intensive', explaining that machines were more efficient and did not require a rest.

Question 2

(a) Comprehensive responses
- Many candidates gave a clear definition of fixed costs that referenced a cost that does not change or stays constant and does not vary with output or production.

Limited responses
- Some candidates stated it was a cost that does not change or a cost that stays the same without including the output or production reference. Candidates do not need to include examples of fixed costs in a definition.
- A few candidates confused fixed costs with variable costs.

(b) Comprehensive responses
- Most candidates were able to identify a way that a business can reduce its variable costs, such as reduce expenditure, for example, by using less or finding a cheaper supplier.
- Some candidates were then able to make two linked explanatory points related to the way identified.

Limited responses
- Many candidates, whilst able to identify a relevant way to reduce variable costs, may have benefited from explaining how the method, for example, bulk discounts, led to reduced variable costs. This may have involved an explanation of bulk discounts by negotiating with suppliers and the impact on the cost of materials for production.

Question 3

(a) Comprehensive responses
- Some candidates provided a correct explanation of corporate social responsibility (CSR) with reference to the social, ethical and environmental concerns as a business objective, or taking responsibility for the impact of their decisions/activities on stakeholders.

Limited responses
- Many candidates provided limited explanations such as the business is interested in the environment or helps the local community. Candidates needed to include the social, environmental and ethical elements to demonstrate a clear understanding.
- A few candidates discussed providing benefits for employees, without relating it to CSR.

(b) Comprehensive responses
- Many candidates were able to identify a benefit of setting objectives for a business and provide a developed explanation of that benefit. For example, a benefit such as motivating staff was often developed by explaining that objectives give employees a goal to work towards, which can act as a motivator and encourage them to achieve the objective.

Limited responses
- A few candidates listed two different benefits instead of focusing on explaining one benefit in detail.

Question 4

Comprehensive responses
- Most candidates identified and explained one implication to a business of high labour turnover such as recruitment costs or low employee morale.
- Many candidates were able to analyse the implication to the business of a factor such as low employee morale by explaining how it might lead to employees leaving the business due to a poor working environment and the subsequent increased costs of recruitment and training and how this might impact productivity and profit margins.

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- A few candidates focused on the positive aspect of high labour turnover such as new ideas brought into the business that led to innovation and a competitive advantage.

Limited responses
- Some candidates identified two implications and provided limited explanations and analysis on each one. Candidates should pay close attention to the question which only required one implication to be analysed.

Section B

Question 5

(a) Comprehensive responses
- Some candidates were able to identify, apply and analyse two advantages to a business of using job production.
- The most common advantages were motivated workers, high-quality products and unique/tailored products.
- Some candidates were able to offer a clear explanation and developed analysis of how workers were motivated due to the job being highly skilled and interesting and would therefore often be more productive and happier at work, leading to less sickness/labour turnover.

Limited responses
- Some candidates were only able to identify advantages of job production such as motivated workers or high-quality products.
- Some candidates gave very limited application or analysis content to identified advantages.
- Some candidates identified and discussed just one advantage.
- A few candidates incorrectly discussed the creation of jobs in an economy.

(b) Comprehensive responses
- Most candidates demonstrated developed knowledge and understanding of mass customisation.
- Most candidates' analysis focused on the positive impact on the business as it enables them to meet customer requirements, leading to customer satisfaction and customer loyalty.
- These answers also provided a good understanding of the context of a sports footwear manufacturer with numerous relevant references such as basketball, Nike, athletes and teams.
- Some candidates were able to provide a clear evaluative conclusion with analytical justification that in the present marketplace, mass customisation does have an important impact on the success of a sports footwear manufacturer.
- The competitive nature of the market was often used to justify the need for mass customisation due to the added value and competitive advantage it could give a business.
- Some candidates argued that whilst mass customisation was an important element of business success, it had to go hand in hand with an effective advertising campaign.

Limited responses
- Some responses discussed mass customisation without referring to the 'mass' element and the advantages this can give a business, such as low unit costs. By understanding both elements of the term, candidates are in a better position to build an argument that allows them to apply, analyse and evaluate.
- Some candidates repeated earlier points and just provided a simple sentence on the importance of mass customisation without justification.

Question 6

(a) Comprehensive responses
- Most candidates were able to identify, explain and analyse two advantages to a business of niche marketing. These candidates were able to explain how the nature of niche marketing enabled the business to gain each specific advantage and what impact these advantages would have on the business.
- References were made to advantages such as less competition, higher prices, customer loyalty and cheaper advertising.

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- Explanations tended to focus on how niche marketing had few competitors where no-one else sold the product or that a business did not need to advertise to the mass market.
- Analytical development tended to focus on how high prices lead to high profit margins which might attract investors for potential future growth or how exclusive products led to strong customer loyalty and increased sales revenue and market share.

Limited responses

- Some candidates were able to identify advantages to a business of niche marketing although the explanations as to how these advantages came about were often limited or not attempted.
- Some candidates' analysis was limited to one effect on the business such as 'exclusive products lead to customer loyalty'. Candidates are advised that developed analysis would explain two effects such as 'exclusive products might lead to customer loyalty' and 'higher market share'.

(b) Comprehensive responses

- Most candidates had clear knowledge and understanding of unique selling point (USP) and marketing mix.
- Most candidates' analysis was developed and focused on the impact of having a USP on the business. A common chain of analysis stated that because a phone had a unique feature, it enabled it to stand out in the market. This encouraged consumers to buy the product, thus increasing sales and market share and developing brand loyalty.
- These answers also provided a good understanding of the context of a mobile phone manufacturer with many developed explanations relating to Samsung/Apple, camera, battery life, storage, etc.
- Some candidates were able to provide a clear evaluative conclusion with analytical justification that in the present marketplace, having a USP does have an important impact on the success of a mobile phone manufacturer.
- The competitive nature of the market was often used to justify the need for having a USP due to the added value and competitive advantage it could give a business.
- Some candidates argued that whilst having a USP was an important element of business success, it had to go hand in hand with an effective advertising campaign. Many candidates realised that for the top brands there was not much to separate them when it came to unique features and customer loyalty meant some customers would not change brand no matter what new features were added to other brands to make them stand out.

Limited responses

- Some candidates had limited understanding of what factors constituted success for a mobile phone manufacturer. These factors could have been related to becoming market leader, cultivating a capable workforce, developing efficient processes, driving growth and profitability.
- Some candidates' application was limited to adding key brand names like Apple or Samsung without providing any further explanation such as increased memory and a better camera than competitors.

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BUSINESS

Paper 9609/12
Business Concepts 1

Key messages

What candidates did well

- Most candidates demonstrated accurate knowledge and understanding of a range of business concepts drawn from all sections of the syllabus. (An exception was **Question 3(a)**, where many candidates showed limited understanding of psychographic market segmentation.)
- Almost all candidates understood and complied with rubric instructions and managed time effectively to complete the examination paper.
- In ***Section B***, the majority of essay responses indicated that candidates clearly understand the requirements relating to the AO1 (knowledge and understanding) and AO3 (analysis) skills.

What candidates needed to improve

- Candidates are advised to avoid long introductions to answers in ***Section A*** of the paper. These introductions do not contribute directly to the essay response and may use up valuable time that could be better spent writing the essay answers in ***Section B***.
- Candidates should include application in their answers. The comments and examples given for **Questions 5(b)** and **6(b)** show how just a few words or phrases relating to the business context can have a positive effect on performance and results.
- Candidates are again reminded that evaluation (AO4) is a significant component of **Questions 5(b)** and **6(b)**. Many candidates write long analytical passages on the concepts in the question and write just one or two short paragraphs for the evaluative part of the answer. Candidates should develop their skills of evaluation. They should spend more time preparing to more effectively evaluate issues, propositions and assertions made repeatedly in questions on this paper.

Comments on specific questions

Section A

Question 1

(a) Comprehensive responses

- The majority of clear and correct responses referenced employees in a business who innovate, take risks, create projects, and act like entrepreneurs.

Limited responses

- Limited responses did not include the 'employee' element of a correct definition and defined entrepreneurship rather than intrapreneurship.

(b) Comprehensive responses

- Reasons given for a change in objectives included a change in ownership, changes in a dynamic market environment, and the achievement of previous objectives. An example of a comprehensive response would be: The reason is a change of ownership where the previous owner operated an ethical business with strong corporate responsibility objectives. The new owner wants to expand the business by opening new outlets and focus more on profits.

Limited responses

- More limited responses identified a relevant reason such as previous objectives achieved, and included little application or developed explanation of the reason.

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Question 2

(a) **Comprehensive responses**

- Comprehensive responses referred to some sort of equilibrium between the time spent at work and the time spent with family and leisure activities – the ability to maintain a family and social life alongside work.

Limited responses

- Some responses did not address the word 'balance' in their answers or simply repeated the words in the question.

(b) **Comprehensive responses**

- Comprehensive answers referred to the expense of using 'off-the-job training', as employees had to attend specialist training centres, resulting in travel and accommodation expenses as well as reduced profitability in the short term.

Limited responses

- Limited responses referred to high costs with very limited application to business consequences.

Question 3

(a) **Comprehensive responses**

- Candidates who presented a comprehensive definition referred to the targeting of sub-groups of customers in a market based on characteristics such as lifestyle and interests.

Limited responses

- Candidates with more limited responses referred to the division of markets according to the psychology of customers**.**

(b) **Comprehensive responses**

- Comprehensive answers stated that market segmentation might be expensive due to the requirement to conduct primary market research into several market segments, followed by the development of products designed to meet the preferences of customers in those segments.

Limited responses

- Limited responses identified a disadvantage of market segmentation and then gave very little application or explanation of the causes of the expense incurred.

Question 4

Comprehensive responses

- Candidates presented a comprehensive analysis of the likely impact on a business of operating over maximum capacity. Examples of the impact on a business operating at above maximum capacity included excessive pressure on employees and capital equipment, increased production costs, a decrease in product quality, and an inability to meet customer demand. A comprehensive approach to this question would have the following structure:
  - The impact would be that there would be excessive pressure on machines. (AO1 Knowledge and understanding)
  - There is no time for maintenance or repair as the machines are in continuous use with over maximum capacity activity. Machines become less efficient or they break down. (AO2 Application)
  - This will slow down or even halt production, leading to output reduction and loss of sales revenue. (AO3 Analysis)

Limited responses

- A significant number of candidates misinterpreted this question and presented an answer which analysed the impact of 'maximum capacity' on business operations rather than the requirement to analyse the impact of 'over-capacity'. Such answers incorrectly focused on positive impacts on a business.

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Section B

Question 5

(a) Comprehensive responses

- Comprehensive responses identified two clear reasons why a lack of accurate cost information might lead to business failure. Reasons identified included the impact on pricing decisions, the difficulty of getting loans/investment from banks and investors, and the difficulty of calculating profit. An example of a comprehensive approach to this question is outlined below:
  - The reason given is that a lack of accurate cost information prevents a business securing a loan or investment from banks and investors. (AO1 Knowledge)
  - Without accurate cost information in a business plan, banks and investors may be unwilling to take the risk of giving finance to a business as they think it may not be profitable. (AO2 Application)
  - Without investment, a start-up business will not be able to start operating, and an established company may have to delay expansion plans. (L2 AO3 Analysis)

Limited responses

- Limited responses demonstrated a clear understanding of how inaccurate cost information affects business operations. Limited answers did not provide developed explanations or apply the reasons to a clear business context. Generic statements were presented in place of specific examples of factors leading to business failure.

(b) Comprehensive responses

- A comprehensive approach to assess the importance of using budgets for the success of a large road construction project is presented in outline form as follows:
  - Budgets are financial plans that can help prevent overspending. Managers can be judged on performance using budget variance analysis. (L2 AO1 Knowledge)
  - Each area of the road building project will have its individual budget, for example, for ground clearance, for hiring diggers, the purchase of hardcore and tar, and the employment of engineers to ensure that the road is firm and safe. (L2 AO2 Application)
  - The manager of each project area will know how much they have available to spend and it is their responsibility to stay within the budget, thereby reducing the risk of costs increasing due to unplanned spending. (L2 AO3 Analysis)
  - Conclusion: Using budgets is the most important aspect of a successful road building project. A budget makes it clear what finance is available and how it should be allocated in the most appropriate way. A budget ensures that quality materials such as sand and asphalt are used to build a long- lasting road. (Application) Skilled labour is vital for the construction of a road, but it will not be available without appropriate finance management. Roads can take many years to build. Variance analysis should be carried out often to monitor spending and prevent the project running out of money. The use of budgets will ensure that a road building project is completed. Completion is a significant measure of success. (L3 AO4 Evaluation)

Limited responses

- More limited responses often provide knowledge and understanding of budgets equal in quality to that given by candidates who produce comprehensive answers.
- The same is often true of the quality of analysis presented in limited responses.
- What limited response answers often do not do is identify contextual application examples to put in the body of the essay and in conclusion sections. Context words and phrases such as engineers, sand, cement, rock, asphalt, tarmac, safe, long lasting repair-free roads, contribution to transport strategies, and journey times are examples of application features in this question.
- Limited response essays often attempt to evaluate. Such attempts could be significantly improved if candidates developed a specific supported judgement/decision and used some of the context words and phrases referred to earlier.

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Question 6

(a) **Comprehensive responses**

- Candidates identified a number of advantages that would be experienced by a business that satisfied human needs at work. Advantages such as motivated workers, loyal workers, and performance enhancing work environments were common answers given. An example of a comprehensive approach to this question includes the following:
  - One advantage of satisfying human needs at work is that workers may contribute new ideas for the business. (AO1 Knowledge)
  - Given that their actualisation needs are satisfied, employees may propose creative ideas for new products or new distinctive features for existing products. Some of these ideas may be innovative enough to create a USP for a product. (AO2 Application)
  - The business will become more competitive, will attract more customers, and will consequently increase revenue and profitability. (AO3 L2 Analysis)

Limited responses

- Limited answers revealed clear knowledge and understanding of the concept of human needs and generally identified two relevant business advantages when satisfying the human needs of workers (a few answers gave only one advantage). Limited responses generally did not include any developed analysis or explanation of identified business advantages.

(b) **Comprehensive responses**

- A comprehensive approach to assess whether the removal of trade unions is the only way to stop industrial action in a public sector railway business is set out in outline form:
  - A trade union gives support for worker rights in an organisation and defends those rights when a business moves to mistreat or underpay workers. Industrial action occurs when workers are dissatisfied with work conditions and may include protests, work to rule or strike action. (L2 AO1 Knowledge)
  - A public sector railway business is owned by the government and is a vital part of the transport network in many countries. Domestic and commercial transport is usually dependent on a regular and consistent railway business. Interrupted and delayed journeys produce frustration and anger for many railway users. Railway employees include train drivers, station managers, ticket collectors, and track maintenance workers. (L2 AO2 Application)
  - The government could negotiate with a trade union and reach agreement to improve unsatisfactory conditions of work. Industrial action is often a last resort for railway employees. Train drivers often refuse to work excessive overtime. This affects journey schedules and may put pressure on the government to negotiate new working conditions including new pay deals. If negotiations are successful, the higher costs of the railway business may lead to higher price of train tickets. (L2 AO3 Analysis)
  - Conclusion: Removing trade unions to stop industrial action is not the only or the best way. A rail trade union may be very well established and have thousands of members across the country, such as train drivers and ticket collectors (Application). It would be impossible to get rid of all of these workers and replace them. Negotiation and reaching some sort of agreement with the government would be far better. Perhaps the best way to avoid industrial action would be to treat workers fairly and give them acceptable working conditions and pay from the start so that they do not have to take action to force change. (L3 AO4 Evaluation)

Limited responses

- A predominant feature of many limited responses to this question was a reluctance to include sector-specific references to the public sector railway business. Reference to the characteristics of a railway business, such as train drivers, ticket collectors, railway journeys, would have given relevant focus to the essays.
- Limited response essays rarely presented effective evaluative conclusions. Significant improvement in essay quality could have been achieved if a final section had identified and discussed the advantages and disadvantages of removing trade unions. Alternative approaches could also have been reviewed, such as negotiating for better worker conditions.
- This concluding section is an opportunity to present a judgement related to the assertion made in the question.

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BUSINESS

Paper 9609/13
Business Concepts 1

Key messages

What candidates did well
- Many candidates responded to a range of business concepts from all sections of the syllabus.
- Many candidates understood the different requirements of the four AO skills – knowledge, application, analysis, and evaluation.
- Almost all candidates understood and followed rubric instructions, managed their time effectively, and were therefore able to complete the examination paper.

What candidates needed to improve
- **Question 2(a)** and to some extent **Question 2(b)** indicated that many candidates had limited understanding of finance concepts, particularly capital expenditure.
- Many candidates needed to improve their application and evaluation skills.
- Application was especially important in answers to **Questions 5(b)** and **6(b).** The contexts of fast-food businesses and a new hotel were an essential requirement of each question.
- A significant number of candidates presented a concluding section to their 5**(b)** and 6**(b)** answers although they did not respond to the evaluative instruction given in the question. It is important to give a supported evaluative judgement.

Comments on specific questions

Section A

Question 1

(a) **Comprehensive responses**
- Most candidates clearly understood that stakeholders are those organisations or persons that are affected by the activities of a business.

Limited responses
- A small number of responses confused ‘shareholders’ and ‘stakeholders’.

(b) **Comprehensive responses**
- Most responses clearly identified one employee responsibility to a business, with many referring to employee obligations set out in a contract of employment. Application examples provided included the responsibility to work efficiently and productively, and to act honestly and be trustworthy at all times.

Limited responses
- Limited responses presented very little application or explanation of a correctly identified employee responsibility.

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Question 2

(a) **Comprehensive responses**

- Clear definitions referred to capital expenditure as the purchase of long-term assets such as machinery and buildings.

Limited responses

- A few responses did not understand this business concept and some confused 'capital expenditure' with 'working capital'.

(b) **Comprehensive responses**

- Many candidates commented on the importance of working capital to a business by referring to the need for adequate working capital to fund operations such as paying wages and suppliers and maintaining liquidity.

Limited responses

- Many responses recognised the importance of working capital to support continued business trading although they were unable to provide explanatory examples of specific trading activities.

Question 3

(a) **Comprehensive responses**

- Most candidates gave clear and accurate definitions of unfair dismissal. The standard response referred to employees being removed from organisations for inappropriate and unreasonable reasons and for reasons contrary to the law in many countries.

Limited responses

- Some answers referred to employee dismissals and did not refer to 'unfair' dismissals.

(b) **Comprehensive responses**

- Comprehensive responses to this question clearly understood the value and purpose of a workforce plan. Such knowledge and understanding supported a developed reason explaining why a business might need a workforce plan. A workforce plan is concerned with the factors affecting the number and skills of business employees. A workforce plan allows a business to allocate labour resources effectively and to identify the likely number and skill gaps in the future.

Limited responses

- Many candidates had no clear understanding of the purpose of a workforce plan. Responses often focused on general human resource issues rather than on a concern for appropriate numbers of employees having the necessary skills for effective business performance.

Question 4

Comprehensive responses

- Many responses were able to clearly identify a relevant reason why a business measures labour productivity and then explain and analyse the chosen reason.
- Reasons given included the value of measuring individual and organisational levels of productivity. As labour is likely to be a significant business cost, measuring labour productivity can help businesses make decisions to improve efficiency.
- A developed analysis of an identified level of productivity explains that it allows a business to take appropriate steps to improve performance, for example by strengthening employee incentives through better reward systems.

Limited responses

- More limited responses to this question focused more on definitions of labour productivity and the factors affecting levels of productivity rather than on why the measurement of labour productivity is important to a business.

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Section B

Question 5

(a) **Comprehensive responses**

- Many candidates clearly identified two reasons why a business may have direct channels of distribution. Reasons given included removing the need for intermediaries, having direct contact with consumers, and reducing the cost of distribution.
- An example of a comprehensive response to this question is outlined as:
  - Direct channels of distribution remove the need for intermediaries such as retailers. (AO1 Knowledge and Understanding)
  - No intermediaries suggest no mark up for others in the chain-such as retailers. (AO2 Application)
  - Greater profit margins are possible due to reduced costs and price. (AO3 Analysis)

Limited responses

- Limited responses often presented only one reason rather than the two required and/or provided very limited analysis.

(b) **Comprehensive responses**

- Many candidates had a clear and detailed understanding of mass marketing and were able to explain why a fast-food business would use mass marketing referencing brand recognition and the need to drive global sales.
- Such answers applied the concept of mass marketing to the context of specific fast-food businesses such as McDonalds and KFC. Contextual examples of their products such as burgers and fries were given.
- These answers also presented a comprehensive evaluative section (citing specific fast-food businesses and their products) in which the potential importance of mass marketing to the success of a fast-food business was considered and a judgement made.

Limited responses

- More limited responses presented adequate knowledge and analysis although were unable to give explicit context examples of fast-food businesses and their products in either the body of the essay or in concluding sections. These concluding sections were often just summary statements rather than evaluative, judgemental decisions.

Question 6

(a) **Comprehensive responses**

- Most candidates were able to identify two factors that might influence the choice of sources of finance. The most influential factors identified included the purpose, urgency, amount and cost of finance.
- An example of a comprehensive response to this question is outlined as:
  - A business needs a large amount of finance. (AO1 Knowledge and Understanding)
  - Finance is needed for expansion. (AO2 Application)
  - A business without significant internal sources may seek a long-term bank loan with interest charges. (AO3 Analysis)

Limited responses

- Limited responses often identified relevant factors. These factors were often applied or analysed in a very limited way. Some candidates identified sources of finance that were not relevant to the identified factor, for example, suggesting an overdraft to finance a long term substantial financial need.

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(b) **Comprehensive responses**

- Many responses evidenced a sound knowledge and understanding of break-even analysis and the different measures of success.
- These responses presented clear and relevant application examples of the characteristics and services of a new hotel such as the operating costs of reception staff, room cleaners, and chefs, and the cost centre requirements associated with room occupancy, food provision and spa/pool services. These application examples were given throughout the body of the essay and also in the concluding evaluative sections.
- There was detailed analysis of relevant contextual business concepts and strong evaluative concluding sections. An explicit judgement was made as to the importance of break-even analysis for the success of a new hotel.

Limited responses

- Many candidates presented essays with sound understanding and analysis although with limited context analysis or evaluative comment. In such responses, the analysis of relevant business concepts such as break-even analysis and business success was generic rather than context focused.

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BUSINESS

Paper 9609/21
Business Concepts 2

Key messages

What candidates did well

- Many candidates demonstrated secure knowledge of core business concepts and terminology. This was particularly evident in shorter questions on topics such as mass market, market segmentation and primary market research, where many responses identified accurate definitions or features.
- Calculation questions were generally answered well. Many candidates showed clear working, which made their methods easy to follow and often made it possible to recognise their understanding even when minor calculation errors were made.
- Many candidates applied their answers by making reference to appropriate context for application marks. This included reference to quantitative cost information in Table 1.1.
- Many candidates developed clear chains of analysis by explaining how an issue would affect the specific business. This was particularly evident in responses to the question on whether external recruitment would be the best method to recruit a new website manager.
- Many candidates understood the command word used in the question so that the response answered the question set.

What candidates needed to improve

- Candidates should carefully read the question set before answering it. For example, some candidates explained a limitation for CC of using quantitative data rather than qualitative data to make marketing decisions.
- There were some misconceptions of key terminology such as capital intensive operations where a few candidates focused on the benefits of using capital or retained profit in a business.
- Some questions moved away from the specific focus of the question. For example, responses occasionally analysed the advantages of operating a business as a franchisee, rather than the advantages to DW of operating as a franchisor. This highlights the importance of carefully reading what the question is actually asking before planning an answer.
- A few candidates did not include any knowledge of the term to be evaluated. For example, these answers gave a generic analysis of potential advantages and/or disadvantages and were vague in nature as there was no clear understanding of a time-based or piece rate payment system; or alternatively internal or external recruitment. Occasionally, responses focused on incorrect knowledge of the terms, such as identifying that piece rate involved paying the employee for every unit that they sell rather than produce.
- Candidates should consider the relative importance of different factors in their answers to evaluation questions that is, the comparative importance of each factor.

Comments on specific questions

Question 1

(a) (i) Comprehensive responses

- Comprehensive responses identified a clear feature of a mass market, such as having a standardised (undifferentiated) product.

Limited responses

- Limited responses gave redundant answers that did not relate to a feature, such as a market for the masses.
- Some responses identified that it is the opposite of a niche market without identifying a specific feature of a mass market.

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(ii) Comprehensive responses

- Comprehensive responses identified that market segmentation involved dividing a market or that it referred to a unique part of a market or a subset of customers.
- Many responses gave relevant examples to exemplify market segmentation, such as methods to divide the market including demographic differences or geographic factors. Other examples focused on how a specific business separates its customers into distinct groups such as a popular fast food restaurant dividing its menu into children's meals with toys for families, and value menus for students on a limited budget.

Limited responses

- Limited responses described ways that a manager might divide the tasks amongt employees to support efficiency, which showed no knowledge or understanding of market segmentation.

(b) (i) Comprehensive responses

- Comprehensive responses clearly showed the workings to find the correct answer.
- Most responses used the correct data from Table 1.1 to answer the question.

Limited responses

- Limited responses were unable to accurately calculate 80% of the total cost ($0.52). Some answers added $0.80 to the total cost of $0.65. In this situation, some recognition could be offered if the response correctly calculated the total cost of $0.65 providing the workings were included.

(ii) Comprehensive responses

- Comprehensive responses clearly identified a limitation of using qualitative data to make marketing decisions such as the data being time consuming to analyse or being subjective in nature.
- Some responses used context applied to CC to support their answer, such as the impact of the limitation of qualitative data affecting its position as market leader in country N.

Limited responses

- Limited responses stated that qualitative data focused on the quality of the product, rather than a limitation of qualitative data.
- Some responses gave a limitation of quantitative data rather than qualitative data which highlights the importance of carefully reading the question.

(c) Comprehensive responses

- Comprehensive responses gave two clear benefits of capital intensive operations, including consistent quality or the ability to operate 24/7. Those responses often applied the benefit to the context of CC's manufacturing environment, such as operating in a mass market.
- Many candidates included two different benefits which enabled them to fully address the question.

Limited responses

- Limited responses analysed both benefits and drawbacks of capital intensive operations, though the question only asked for two benefits. Responses about the drawbacks therefore did not answer the question.
- Some responses were repetitive. These responses showed knowledge of a benefit of capital intensive operations such as less risk of human error. The second benefit then focused on fewer mistakes in production. These points are variations of the same answer and could only be rewarded once. Candidates must ensure that the benefits are different.
- A few responses did not include any benefits of capital intensive operations. These responses focused on the business having sufficient cash to pay expenses.

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(d) Comprehensive responses

- Comprehensive responses showed clear knowledge and understanding of time-based and piece rate payment methods. Some responses started with clear definitions of the terms.
- Many responses considered the advantages and disadvantages of a time-based payment method and then the advantages and disadvantages of piece rate. These responses often applied the advantages and disadvantages appropriately to CC's situation.
- Comprehensive responses used clear chains of analysis, for instance, how increased productivity may support higher sales or market share.
- Effective evaluative responses directly answered the question by judging if CC should change the employee payment method from time-based to piece rate. The judgement answered the question set clearly. Effective responses gave clear reasons to support the judgement, often in context.

Limited responses

- Limited responses sometimes incorrectly stated that piece rate involves paying employees according to the number of units sold. CC is a manufacturing business.
- Some responses gave vague answers which showed no clear knowledge or understanding of either payment method.
- A few responses gave an extended analysis of other payment methods such as salary or commission. Other payment methods could be used to support evaluation, although the main focus of the response should be about whether the business should change from time-based to piece rate.
- Limited responses focused on the business paying employees more if piece rate is introduced. This is not automatically true as the payment value depends on the number of units produced and also the amount paid per unit.

Question 2

(a) (i) Comprehensive responses

- Comprehensive responses identified a clear feature of a JIC (Just in Case) inventory management. These responses understood that inventory refers to the stock held by a business.

Limited responses

- Limited responses gave features associated with JIT (Just in Time) rather than JIC.
- A few responses gave vague answers about insurance to protect the business against the risk of fire or flood damage. These responses were unrelated to inventory management.
- Some responses were very detailed. The question only required one feature to be identified. Candidates should therefore not spend a lot of time describing and/or explaining the term in detail.

(ii) Comprehensive responses

- Comprehensive responses showed accurate knowledge and understanding of primary market research. These responses often applied the term appropriately by referring to a primary market research method or giving an example of a business using primary market research. The example did not have to be about DW.

Limited responses

- Limited responses focused on the type of data collected such as quantitative or qualitative data rather than the use of primary market research as required by the question.

(b) (i) Comprehensive responses

- Comprehensive responses clearly showed the workings to find the correct answer. These answers directly answered the question by stating that their answer was adverse.
- Most responses selected the correct data from the context.

Limited responses

- Limited responses did not include any calculations and simply stated that the budget variance was adverse (or favourable).
- A few responses stated that the budget variance was negative. This is not the correct terminology requested by the question.

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(ii) Comprehensive responses

- Comprehensive responses gave an appropriate limitation of using break-even analysis such as ignoring external factors.
- Many responses used appropriate content applied to DW in their answer, such as a reference to its 25% market share or the book being sold via its website.

Limited responses

- Limited responses gave vague answers that did not show clear knowledge and understanding of the use of break-even analysis for pricing decisions. For example, that it prevents the business from making a profit as the price set will only enable it to break even.

(c) Comprehensive responses

- Comprehensive responses understood that the question was from the viewpoint of the franchisor. These responses gave appropriate advantages to the franchisor, for instance, the ability to expand without a high capital cost or the ability to benefit from the franchisee's local knowledge.
- Comprehensive responses identified two different advantages with clear chains of analysis.

Limited responses

- Limited responses analysed the advantages to the franchisee. These responses did not answer the question.
- Some responses did not include context to support their answers. There was a lot of relevant context, such as having a 25% market share or the driving instructors preparing a business plan as part of their application.
- Limited responses stated that the franchisee would own a share of DW. These responses did not understand that the franchisee would still operate as an independent business.
- A few responses used key terminology inaccurately, such as royalty fees, franchisee or franchisor.

(d) Comprehensive responses

- Comprehensive responses showed clear knowledge and understanding of internal and external recruitment. These responses often applied their knowledge effectively to DW.
- Effective responses focused on the recruitment of the new website manager rather than recruitment generally. These responses often understood the nature of the website manager role and typical tasks.

Limited responses

- Limited responses stated that internal recruitment involved the business recruiting employees from within its country whereas external recruitment was about finding a new employee from a different country.
- Some responses did not show clear knowledge and understanding of internal and external recruitment. These generic responses gave tautological answers about recruiting internally or externally without exemplifying what this meant. Often these answers were so generic that the point could apply to both internal and external recruitment.
- A few responses did not answer the question in their judgement or gave a brief statement that both internal and external recruitment have advantages and disadvantages. A clear judgement that focuses on the question asked is required.

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BUSINESS

Paper 9609/22
Business Concepts 2

Key messages

What candidates did well

- Candidates generally showed good business knowledge across the paper. Where candidates knew the precise syllabus term being tested, the shorter questions were often answered directly and accurately.
- Many candidates were able to develop good chains of analysis. Comprehensive responses started with relevant business knowledge, applied it to the case and then developed the impact on the business.
- Context was generally used well, although this varied between questions. Numerical data was particularly effective and often provided an easy route to good application.
- Most candidates understood the structure required for the 8-mark questions and gave both the advantage/benefit and disadvantage/limitation requested.
- Working was generally shown in calculation questions. This is good practice and allowed the stages of a calculation to be clearly seen.

What candidates needed to improve

- Candidates must read the question carefully and answer the question that has been set. This was a recurring issue throughout the paper. For example, some candidates explained benefits to PT rather than the development of country A in **Question 1(b)(ii)**, analysed the impact on employees rather than PT in **Question 1(d)**, or evaluated ways of improving SCM rather than the importance of improved SCM in **Question 2(d)**.
- This was particularly important for evaluation. Too many candidates made a judgement that did not answer the question. Candidates should use the wording of the question to frame their conclusion. If the question asks for the 'most likely impact', the judgement needs to state what the most likely impact is. If it asks about 'importance', the judgement needs to say how important it is and why. Comprehensive responses then considered what this judgement might depend upon.
- Candidates should use the case to help decide which business knowledge to use. Too often, candidates appeared to remember a benefit, limitation, advantage or disadvantage first and then tried to find some context to fit it. Looking at the case first can often signpost the points that will be easiest to apply and analyse.
- Application needs to be relevant to the point being made. Simply adding a name or piece of case information does not necessarily provide effective context. Candidates should also make greater use of numerical data, which was often some of the easiest context available.
- Analysis should follow a clear chain. Some candidates stopped too early, while others started with an outcome and then tried to work around it. Once a clear chain has been developed, there is also little benefit in producing many more chains at the expense of evaluation.
- Precise business knowledge is important. There was confusion between recruitment and selection, the public sector and (public limited companies) PLCs, types of inventory and inventory management, redundancy and dismissal, and trade payables and trade receivables. These distinctions are part of the syllabus and need to be understood.
- Calculation questions do not just test mathematics. Candidates may first need to use their business knowledge to identify the correct information. This was particularly clear in **Question 2(b)(i)**, where candidates needed to distinguish capital expenditure from revenue expenditure before doing a very simple calculation.
- Candidates should manage their time across the whole paper. Spending too long developing additional analysis on earlier questions can leave insufficient time for later questions and, particularly on 12-mark questions, for the evaluation that carries a significant proportion of the marks.

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Comments on specific questions

Section A

Question 1

(a) (i) Comprehensive responses

- Comprehensive responses showed clear understanding of employee selection and identified an appropriate method, with interviews and CVs being the most common answers.
- A range of other valid selection methods were also identified, showing that candidates understood that selection involves choosing between applicants for a job.

Limited responses

- Limited responses often confused employee selection with recruitment. Internal and external recruitment were common incorrect answers, alongside other methods of recruitment.
- These responses did not always distinguish between the process of attracting applicants to a vacancy and the methods used to select the most suitable applicant.

(ii) Comprehensive responses

- Comprehensive responses showed clear understanding that the public sector consists of organisations owned or controlled by the government or state.
- Effective explanations often developed this knowledge through appropriate examples of public sector organisations or industries, such as the BBC or utilities, or by explaining characteristics such as the provision of public services.

Limited responses

- Limited responses sometimes confused the public sector with public limited companies (PLCs), showing a lack of distinction between public ownership and a form of private sector business ownership.
- Some responses demonstrated basic knowledge of the public sector without developing the explanation sufficiently through an appropriate characteristic or example.

(b) (i) Comprehensive responses

- Comprehensive responses clearly identified the stages required in the calculation, first calculating the number of female employees and then applying the female labour turnover figure.
- Most candidates showed their working, allowing the different stages of the calculation to be clearly identified.

Limited responses

- Limited responses sometimes missed a critical stage in the calculation. Some stopped after calculating that PT had 8000 female employees and did not then calculate the number who had left.
- Other responses calculated 20% of all 20 000 employees rather than first identifying the number of female employees.

(ii) Comprehensive responses

- Comprehensive responses identified a relevant reason why PT was important to the development of country A, with employment and economic growth being common answers.
- Effective responses developed the reason by explaining how it contributed to the development of country A and used relevant context, including PT's role as a public sector business.

Limited responses

- Limited responses sometimes identified an appropriate reason without fully explaining how this contributed to the development of country A or effectively using context.
- Some responses focused on the benefits to PT rather than the development of country A. Candidates needed to read the question carefully and maintain their focus on the specific issue being asked.

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(c) Comprehensive responses

- Comprehensive responses demonstrated good knowledge of the characteristics of a mass market and identified an appropriate advantage and disadvantage. Access to a larger number of customers was the most common advantage, while increased competition and lack of customisation were the most common disadvantages.
- Application to PT was generally effective, with candidates making use of its television broadcasting and streaming services and its aim of targeting the mass market throughout country A.
- Effective analysis developed a clear chain from the characteristic of the mass market through to its likely impact on PT. For example, access to a larger number of potential customers could increase the number of viewers using PT's services, leading to increased sales and the ability for PT to expand. In terms of a disadvantage, greater competition could make attracting and retaining these viewers more difficult, leading to fewer sales and an inability for PT to break even.
- Lack of customisation was particularly well analysed by some candidates, who recognised that targeting a mass market could make it more difficult for PT to differentiate its service or establish a USP.

Limited responses

- Limited responses sometimes started their analysis with an outcome, such as high sales, rather than explaining how access to a larger number of potential customers could lead to this. Starting further along the analytical chain often resulted in less structured analysis or made it more difficult to develop the impact fully.
- Some responses identified an appropriate advantage or disadvantage and remained descriptive rather than developing the consequences for PT.
- Lack of customisation was frequently identified without always being clearly explained. Some responses lacked the appropriate business terminology to explain how this could create difficulties with differentiation or establishing a USP.
- The advantage was often developed more effectively than the disadvantage, with some responses identifying a disadvantage without developing its impact on PT to the same extent.

(d) Comprehensive responses

- Comprehensive responses showed a good understanding of equality and diversity, although equality was generally better understood than diversity. This mainly affected the demonstration of knowledge, as candidates could still apply and analyse relevant impacts even where their understanding of diversity was less clear.
- The most comprehensive responses kept their analysis focused on the impact on PT. Numerical data, particularly the differences in job satisfaction, labour turnover and salaries, provided some very effective context, although other information from the case was also used well.
- Good analysis took an initial impact on employees and then developed this through to the impact on PT. For example, identifying an increase in employee motivation was not enough on its own; candidates needed to explain what this might then mean for PT.
- The most comprehensive responses developed one or more clear chains of analysis and then moved on to evaluation. Once candidates had shown sufficient analysis, developing more and more analytical chains was unnecessary and often left less time for effective evaluation.

Limited responses

- Limited responses often showed a wider understanding of equality than diversity. Some candidates used examples of diversity without clearly showing that they understood what diversity actually meant.
- A common issue was analysing the impact on employees and stopping there. The question asked about the impact on PT, so the analysis needed to be developed through to an impact on the business.
- Some candidates spent too much time developing additional analytical chains when they had already shown enough analysis. This often left too little time for the part of the response that needed most development – evaluation.
- The biggest issue was that many candidates did not answer the precise question in their evaluation. The question asked for the most likely impact on PT. Many conclusions instead

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gave a generic judgement about the importance or benefits of equality and diversity. This did not answer the question set.

- The wording of the question provides a useful starting point for evaluation. The most comprehensive responses clearly stated what they thought the 'most likely impact' would be and then justified, using the context, why this was likely to be the most important impact.
- The most comprehensive judgements went further by considering what their conclusion might depend upon, or what additional information would be needed to make a better judgement.

Question 2

(a) (i) Comprehensive responses

- Comprehensive responses correctly identified a type of inventory, with raw materials and finished products being the most common correct answers.
- Candidates who knew the syllabus terminology were able to answer this question very directly.

Limited responses

- This question was not answered as well as expected. Many candidates gave Just in Time (JIT) or Just in Case (JIC), confusing methods of inventory management with types of inventory.
- Buffer stock was another common incorrect answer, alongside a wide range of other incorrect guesses.
- Some candidates gave an example of inventory rather than identifying a type. The question specifically required a type of inventory, such as raw materials, work in progress or finished products.

(ii) Comprehensive responses

- Comprehensive responses clearly recognised that redundancy occurs when a job or position is no longer required by the business, rather than being related to the performance or behaviour of the employee.
- Good responses developed this basic knowledge with relevant characteristics of redundancy, such as the reasons why a role might no longer be required or the possibility of redundancy payments.

Limited responses

- There were a number of borderline responses where candidates appeared to have some understanding of redundancy without making it clear that it is the role or position that is no longer required, rather than the employee. This often resulted in vague explanations which did not demonstrate sufficient knowledge of the term.
- Many candidates confused redundancy with dismissal for poor performance or misconduct.
- Some responses included valid characteristics or development points about redundancy without first demonstrating the basic knowledge of what redundancy actually means. Without this knowledge, the additional points could not be rewarded.

(b) (i) Comprehensive responses

- Comprehensive responses showed clear understanding of the difference between capital and revenue expenditure and correctly identified the fixtures and fittings and delivery van as capital expenditure.
- Candidates who correctly selected the relevant information from Table 2.1 were generally able to complete the calculation accurately.

Limited responses

- Although the calculation itself appeared straightforward, this question was not answered particularly well. Candidates needed to use their business knowledge to distinguish between capital and revenue expenditure before carrying out the calculation.
- The most common incorrect answer was $45 000, where candidates simply added together all the figures in Table 2.1. This showed no distinction between capital and revenue expenditure.
- Calculation questions do not necessarily test mathematical skills alone. Candidates need to identify the relevant business knowledge and select the appropriate information before carrying out the calculation.

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(ii) Comprehensive responses

- Comprehensive responses showed a clear understanding of trade payables and suggested an appropriate way for Zorba to manage them more effectively. Common answers included negotiating longer payment terms or delaying payments to suppliers, as well as using an appropriate source of short-term finance.
- Effective responses explained how the suggested method would help Zorba manage the money owed to suppliers.

Limited responses

- Some candidates confused trade payables with trade receivables and therefore developed answers about money owed to ZF rather than money ZF owed to its suppliers.
- A more common issue was that candidates suggested general methods of improving working capital rather than specifically managing trade payables. This may have reflected a need to have precise knowledge of what trade payables are.
- Some responses identified an appropriate method without developing the explanation sufficiently to show how it would help Zorba manage his trade payables more effectively.

(c) Comprehensive responses

- Comprehensive responses showed very good knowledge of the benefits and limitations of using a business plan. Securing finance and providing direction were the most common benefits. Common limitations included a lack of flexibility, the time and effort required to produce a business plan and the problems caused by changing external factors.
- The most comprehensive responses used the context to help select which benefit and limitation to analyse. For example, securing finance provided a clear route into the context of setting up ZF and the possible need for finance for a new shop or van. Changing external factors could also be clearly linked to issues such as the weather and suppliers, while Zorba's lack of experience provided useful context for the benefits of planning.
- Good responses did not simply identify a benefit or limitation and then add a piece of context. The context was relevant to the point being made and was used as part of the analysis.
- Comprehensive analysis developed the consequences of the chosen benefit or limitation through a clear chain. Candidates needed to continue beyond the immediate effect and explain what this could ultimately mean for Zorba or ZF.

Limited responses

- Knowledge was generally more evident than application. Many candidates clearly knew a range of benefits and limitations of business plans without using the information about Zorba and ZF effectively.
- Some candidates appeared to use the first benefit or limitation they could remember and then tried to apply it to the case. A better approach is to look at the context first and use this to help select the points that are most relevant and easiest to develop. The case can effectively signpost which syllabus knowledge is likely to provide the most comprehensive answer.
- Some benefits and limitations were much easier to contextualise than others. Candidates who selected a point with little obvious connection to ZF often found it more difficult to demonstrate effective application and subsequently develop their analysis.
- Chains of analysis were often too brief. Some responses identified a valid benefit or limitation, applied it to ZF and explained an immediate consequence, then stopped before the analysis became fully developed.
- Time may also have been a factor for some candidates. Where too much time had been spent on **Question 1**, responses to this question sometimes became noticeably shorter. Candidates need to manage their time across the whole paper so that there is sufficient opportunity to develop both parts of an 8-mark question.

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(d) Comprehensive responses

- Comprehensive responses showed sufficient understanding of supply chain management (SCM) to provide a basis for their analysis. A relatively broad interpretation of SCM was evident for knowledge, with candidates able to demonstrate understanding through different parts of the supply chain process. However, relatively few responses showed a complete understanding of SCM and the management of the flow of goods and information into, through and out of a business.
- Context was generally used reasonably well. The poor weather affecting suppliers and the perishable nature of the flowers were the most commonly used pieces of information, although there were other opportunities within the case that were sometimes missed.
- The most comprehensive responses used this context specifically to analyse why improved SCM could be important to ZF. They maintained a clear link between improvements to the supply chain, the resulting impact on ZF and what this could mean for the future success of the business.
- Comprehensive evaluations remained focused on the importance of improved SCM. These responses made a clear judgement about how important improved SCM would be to ZF's future success and justified this judgement using the circumstances of the business.

Limited responses

- Limited responses often showed some understanding of individual aspects of SCM without demonstrating a clear understanding of the overall concept. This sometimes made it more challenging for candidates to maintain their focus on improved supply chain management throughout the response.
- The use of context sometimes took responses away from the question. For example, discussion of poor weather and the perishable nature of flowers could develop into general analysis about improving product quality rather than analysis of the impact or importance of improved SCM.
- Some candidates became increasingly removed from the question as their response developed. Although individual analytical chains could be relevant, the link back to the importance of improved SCM to ZF's future success was sometimes lost.
- As with **Question 1(d)**, evaluation was a significant issue. The question asked candidates to evaluate the importance of improved SCM to ZF's future success. Many candidates instead evaluated different ways in which ZF could improve its supply chain. This was answering a different question.
- Conclusions sometimes continued this change of focus, with candidates making judgements about which SCM improvement ZF should use rather than how important improved SCM would be to its future success.
- Candidates should use the wording of the question to frame their evaluation. In this case, a judgement should explicitly address how important improved SCM is to ZF's future success, justify that judgement using the context and then consider what that judgement might depend upon or what other factors could affect the importance of SCM.

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BUSINESS

Paper 9609/23
Business Concepts 2

Key messages

What candidates did well

- Many candidates demonstrated secure knowledge and understanding of core business concepts, particularly business ownership, the public sector, distribution channels and customer relationship marketing. This was evident in the shorter questions where key features and definitions were accurately identified.
- Calculation questions were generally completed successfully. Many candidates showed clear working and used the correct formulas when calculating profit per bus and capacity utilisation.
- Effective responses made good use of context from the case studies. Relevant references included the three-month payment delay faced by Jo's Transport (JT), the competitive nature of the school transport market, and Lucky Candles' (LC's) spare production capacity.
- Many analytical responses developed clear chains of reasoning by explaining how a business decision would affect performance, stakeholders or future business outcomes. This was particularly evident in responses discussing overdrafts, customer relationship marketing (CRM) and stakeholder conflict.
- The most effective evaluative responses remained focused on the specific question and reached clear judgements supported by contextual evidence from the case studies.

What candidates needed to improve

- Application was often more effective when candidates explained why a piece of contextual information was relevant rather than simply repeating information from the case study.
- Some responses would have benefited from using more precise business terminology. Examples included using 'unlimited liability' rather than 'unlimited responsibility' and distinguishing clearly between private limited companies, public limited companies and the public sector.
- When completing calculation questions, candidates benefited from reading the full requirement carefully and ensuring they completed all stages of the calculation.
- Extended responses were more effective when they focused directly on the question set. Some responses discussed general advantages and disadvantages rather than considering the specific issue being evaluated, such as the importance of CRM or stakeholder conflict arising from conversion to a public limited company.
- Evaluation was more effective when conclusions provided a clear judgement supported by evidence from the case study and the preceding analysis.

Comments on specific questions

Question 1

(a) (i) Comprehensive responses

- Comprehensive responses identified a clear feature of a sole trader, such as having a single owner or unlimited liability.
- Responses often used precise business terminology and selected features that were specific to sole traders.

Limited responses

- Limited responses sometimes used imprecise terminology, such as 'unlimited responsibility' rather than 'unlimited liability'.
- Some responses identified features that were not unique to sole traders, such as simply keeping profits.

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(ii) Comprehensive responses

- Comprehensive responses explained that the public sector consists of organisations owned or controlled by the government and often referred to the role these organisations play in providing services.
- Relevant examples of public sector organisations were used to support explanations.

Limited responses

- Limited responses often provided a definition without developing an explanation.
- Some responses confused the public sector with public limited companies.

(b) (i) Comprehensive responses

- Comprehensive responses correctly calculated profit before dividing by the number of buses to determine profit per bus.
- Working was usually shown clearly and logically.

Limited responses

- Limited responses often calculated total profit only and did not complete the final stage of calculating profit per bus.
- Some responses omitted key stages of the calculation.

(ii) Comprehensive responses

- Comprehensive responses explained how employee participation can improve decision-making, motivation or commitment and linked these benefits directly to JT.
- Responses focused on the benefit to the business rather than solely on employees.

Limited responses

- Limited responses often explained general benefits of motivation without referring specifically to participation.
- Some responses focused on benefits to employees rather than benefits to JT.

(c) Comprehensive responses

- Comprehensive responses analysed both an advantage and a disadvantage of using an overdraft and linked these points to JT's three-month delay in receiving payment from the local government.
- Analysis often explained how an overdraft could address short-term cash flow needs while also considering costs or uncertainty.

Limited responses

- Limited responses often described finance in general rather than features specific to an overdraft.
- Application was less effective when responses did not refer to JT's circumstances.

(d) Comprehensive responses

- Comprehensive responses focused on the importance of CRM for JT and considered how it could strengthen relationships with the local government, support competitive advantage and contribute to future business objectives.
- Effective evaluations used contextual evidence such as the competitive market and the proposed investment in CRM.
- Judgements were clear and directly answered the question.

Limited responses

- Limited responses often focused only on benefits and drawbacks of CRM rather than its importance to JT.
- Some responses included limited contextual development or conclusions that were not fully supported by the analysis.

Question 2

(a) (i) Comprehensive responses

- Comprehensive responses identified a valid feature of a private limited company, such as limited liability or shares not being sold to the general public through a stock exchange.

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- Responses used accurate business terminology.

Limited responses
- Limited responses sometimes confused private limited companies with public limited companies.
- Some responses used imprecise terms such as 'limited responsibility'.

(ii) Comprehensive responses
- Comprehensive responses explained place as part of the marketing mix and referred to how products move from producer to customer through distribution channels.
- Some responses effectively used context from LC's distribution arrangements.

Limited responses
- Limited responses often referred only to the physical location of products.
- Some responses repeated terminology from the question rather than providing an explanation.

(b) (i) Comprehensive responses
- Comprehensive responses used the correct capacity utilisation formula and accurately calculated the result using output and productive capacity.
- Clear working was commonly shown.

Limited responses
- Limited responses sometimes confused capacity utilisation with labour productivity.
- Some responses used pricing or cost information that was not required for the calculation.

(ii) Comprehensive responses
- Comprehensive responses recognised that operating under maximum capacity means spare capacity exists and explained benefits such as flexibility to respond to increased demand.
- Some responses effectively linked spare capacity to LC's production levels and future growth opportunities.

Limited responses
- Limited responses often interpreted the question as operating at maximum capacity.
- Application was less developed when responses did not refer to the capacity utilisation figure calculated previously.

(c) Comprehensive responses
- Comprehensive responses identified limitations of the full costing approach and analysed how these limitations could affect pricing decisions and business performance.
- Responses often used information from the case study, including cost allocation data, to support analysis.

Limited responses
- Limited responses often focused on describing features of full costing rather than analysing its limitations.
- Some responses discussed alternative costing approaches without addressing the focus of the question.

(d) Comprehensive responses
- Comprehensive responses focused on stakeholder conflict and explained how the conversion to a public limited company could create different objectives among shareholders, employees, directors and other stakeholders.
- Effective evaluations considered the extent to which conflict was likely and supported judgements with contextual evidence.

Limited responses
- Limited responses often discussed the advantages and disadvantages of becoming a public limited company without considering stakeholder conflict.
- Some responses described impacts on stakeholders without explaining how conflicting interests could arise between stakeholder groups.

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BUSINESS

Paper 9609/31
Business Decision-Making

Key messages

What candidates did well

- Many candidates demonstrated accurate knowledge and understanding of the business concepts assessed.
- Candidates generally engaged with the case study, making effective use of specific details, particularly when discussing competition, quality, marketing decisions and the proposed expansion into country Z.
- Candidates generally showed working in the calculation questions. The price elasticity of demand and income elasticity of demand calculations provided opportunities to apply a familiar formula to the data in the case study.
- There was evidence that many candidates recognised the importance of developing analytical chains in questions requiring analysis and balancing arguments when reaching a judgement. Some candidates also prioritised the most important factor and linked their judgement to SLS.

What candidates needed to improve

- Candidates need to ensure that the focus of their answer matches the wording of the question. For example, responses to **Question 3(c)** needed to focus on the impact of an increase in average incomes on the marketing decisions of SLS rather than just analysing how increased income impacts demand for SLS products.
- Candidates need to interpret case information rather than repeat it. References such as the 5% market share, the five large competitors, the premium positioning and the differences between countries A and Z should be used to support a business argument.
- Candidates need to develop analysis by explaining the consequences of a business decision rather than stopping after identifying an immediate effect.
- For evaluation questions, candidates need to make a supported judgement which is clearly linked to SLS. Conclusions should weigh the relative importance of the arguments and consider factors such as time period, the response of competitors, the success of expansion and the ability of SLS to implement the proposed changes.
- Candidates should take particular care with quantitative questions by identifying the correct formula, showing the stages of the calculation and checking that the figures used answer the question asked.

Comments on specific questions

Section A

Question 1

Comprehensive responses

- Most candidates were able to identify relevant impacts of operating in a market with many competitors. Common points included downward pressure on prices, increased marketing expenditure, the need for differentiation, greater emphasis on innovation and pressure to reduce costs.
- Candidates who used the structure of the market effectively were able to apply their responses to SLS, for example by referring to the five large businesses controlling 60% of the market, the many smaller businesses and SLS's 5% market share.
- Some responses developed clear chains of reasoning. For example, increased competition gives consumers more choice, which may make it difficult for SLS to increase its price and could reduce its profit margin.
- Other effective responses explained how greater competition may encourage SLS to use its distinctive flavours, additional flavours or pack sizes to differentiate its products.

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Limited responses

- Some candidates identified competition as a problem although unable to explain the impact on SLS more fully.
- Some responses repeated case information, such as the number of competitors or SLS's market share, without explaining how these features would affect the business.
- Candidates needed to distinguish an application point from the business impact being analysed. For example, the fact that SLS has 10 flavours is not itself an impact of competition; it can be used to explain how SLS may respond to competitive pressure.

Question 2

Comprehensive responses

- Candidates who focused on the importance of quality were able to develop relevant reasons such as building customer loyalty and brand reputation, supporting premium pricing, reducing complaints and helping to prolong the product life cycle.
- Application was effective when candidates linked quality to SLS's mission statement, its premium positioning, its use of natural ingredients and distinctive flavours, or its sale through premium supermarkets.
- Some responses developed the consequences of quality for SLS. For example, consistent quality may encourage repeat purchases, increasing revenue and allowing further product development. High perceived quality may also help SLS maintain its premium price in a competitive market.

Limited responses

- Some candidates needed to focus more directly on why quality is important. Describing SLS's flavours, recyclable packaging or natural ingredients without explaining the business benefit did not fully address the question.
- Candidates could improve their answers by linking each reason for the importance of quality to a consequence for SLS, such as customer loyalty, revenue, costs or the ability to maintain a premium price.

Question 3

(a) **Comprehensive responses**

- Most candidates were able to use the price change from $3.50 to $4.00 and the predicted 20% reduction in quantity demanded to calculate price elasticity of demand. The expected magnitude was 1.4, with the negative sign indicating the inverse relationship between price and quantity demanded.

Limited responses

- Some candidates needed to distinguish a percentage change from an absolute change in price.
- Candidates should ensure that the correct change in quantity demanded and the correct percentage change in price are used before applying the formula.
- Many candidates inverted the formula.

(b) **Comprehensive responses**

- Many candidates were able to calculate income elasticity of demand using the 8% increase in SLS's sales to retailers and the 2% increase in average income. The resulting income elasticity of demand was 4.
- Responses that showed the formula and the calculation of the percentage change in income provided a clear method for arriving at the answer.
- Many candidates inverted the formula.

Limited responses

- Some candidates needed to calculate the percentage change in income rather than using the $10 increase directly.
- Candidates should also ensure that the change in demand used is the change in SLS's sales to retailers specified in the case.

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(c) **Comprehensive responses**

- Many candidates recognised that an increase in average income could influence the marketing mix. Relevant responses considered product development, promotion, price and place.
- The calculation in **Question 3(b)** provided useful context. Candidates who recognised that SLS's income elasticity of demand is 4 were able to explain why rising incomes could provide a significant opportunity for SLS to increase sales and market share.
- Some responses made effective use of the 65% of consumers who wanted a greater selection of flavours and pack sizes, SLS's existing use of social media and free trials, and the competitive market. These details helped explain why SLS might increase promotion, expand its product range or make its products available through more retailers.
- The more developed evaluations considered factors such as the response of the five large competitors, whether income growth continued, the cost of changing the marketing strategy and the possibility that some growth in demand could be due to health trends rather than income alone.

Limited responses

- Some candidates discussed an increase in income as a general benefit to SLS without linking it to changes in marketing behaviour.
- Some responses identified elements of the marketing mix although were unable to explain why a particular change would be appropriate for SLS.
- Candidates could improve evaluation by identifying the most important marketing response and explaining why it is likely to have the greatest impact in SLS's circumstances.

Question 4

(a) **Comprehensive responses**

- Candidates who followed the gearing formula were able to calculate the new gearing ratio. The calculation required non-current liabilities of $6.5 million and capital employed of $8.4 million, giving a gearing ratio of approximately 77.4%.
- Showing the intermediate calculations made it clear how the additional $3 million borrowing affected the ratio.

Limited responses

- Some candidates needed to distinguish gearing from other financial ratios and to include the additional borrowing in non-current liabilities.
- Candidates should ensure that capital employed is calculated correctly before applying the gearing formula and should state the final answer as a percentage.

(b) **Comprehensive responses**

- Many candidates recognised that the additional borrowing would increase SLS's gearing from 64.81% to approximately 77.4%, increasing the financial risk to shareholders.
- Responses developed analysis by considering the possible effect of higher interest commitments on retained profit and dividends. Other responses considered the potential benefit if the expansion into country Z is successful and generates higher profits and shareholder returns.
- Application was effective when candidates referred to the existing $3.5 million of borrowing, the proposed increase to $6.5 million, the 52% ownership of Cali and Faiza and the 48% ownership of the two venture capitalists.
- The more developed evaluations considered the success of the expansion, the possibility of further borrowing being restricted, and the different short- and long-term consequences for shareholders.

Limited responses

- Some candidates focused on the benefits or drawbacks of borrowing to SLS rather than the likely impact on shareholders.
- Candidates needed to link increased gearing to shareholder objectives such as dividends, share value and the risk associated with their investment.
- Conclusions could be improved by identifying the most important impact on shareholders and supporting this judgement with evidence from the case.

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Question 5

Comprehensive responses

- Candidates who understood decentralisation were able to explain how transferring decision-making authority to the regional office could benefit SLS in country Z.
- Effective application included the geographical distance between countries A and Z, the limited recognition of the SLS brand in country Z, and the social and demographic differences between the two countries.
- Some responses explained that local managers could respond more quickly to changes in demand and could adapt production, distribution and marketing decisions to local consumers. This could help SLS develop its brand and increase sales in a growing zero-sugar ice cream market.
- Other valid benefits included developing junior managers, increasing motivation and allowing decisions to be made closer to the market. The more developed responses recognised that these benefits depend on the quality of local management.
- Evaluation could consider the balance between local responsiveness and the risk of inconsistent decisions or a weakening of SLS's brand identity. The long-term benefits of local knowledge were particularly relevant given the differences between countries A and Z.

Limited responses

- Some candidates described decentralisation without explaining how it would benefit SLS.
- Some responses needed to make greater use of the differences between countries A and Z. These differences provide a clear reason why local decision making may be valuable to SLS.
- Candidates could improve their evaluation by weighing the benefits of local responsiveness against the possible loss of central control and by considering whether the managers in country Z have the skills and knowledge required to make effective decisions.

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BUSINESS

Paper 9609/32
Business Decision-Making

Key messages

What candidates did well

- Many candidates demonstrated accurate knowledge and understanding of the business concepts assessed.
- Most candidates used relevant information from the case study to support application, particularly in **Questions 1**, **3(c)** and **4(b)**.
- Candidates generally showed sound calculation skills in the shorter quantitative questions, with most candidates accessing marks in **Question 3(a)** and many making progress in **Questions 3(b)** and **4(a)**.
- Many candidates developed chains of reasoning in their answers to the analysis questions. The more effective responses linked a business factor to its impact on CC and then considered the consequence for the business.

What candidates needed to improve

- Candidates need to read the focus of each question carefully. In particular, **Question 2** required consideration of difficulties in valuing inventory rather than difficulties caused by holding inventory.
- Candidates need to use case information to support a business point rather than repeat details from the case study.
- In evaluation questions, candidates need to develop their judgements by weighing the arguments and explaining why a particular factor is likely to be more important to CC.
- Candidates need to ensure that calculations use the appropriate formula and that multi-step calculations are completed before giving a final answer.

Comments on specific questions

Section A

Question 1

Comprehensive responses

- Most candidates identified relevant location factors and applied them effectively to CC. Common examples included access to customers, passing trade, available space for inventory and the proximity of competitors.
- Some candidates developed clear chains of reasoning from the location of the new showroom to increased customer access and then to higher sales revenue and profit.
- Some candidates made effective use of the information about the busy road, the populations of cities A and B and the capacity to store 70 cars. These details were used to explain why the site could support CC's sales objectives rather than simply being repeated.

Limited responses

- Some candidates described features of the new showroom without explaining why these features may have influenced the choice of location.
- Some candidates confused a factor influencing the choice of site with a reason for relocating or used case information as an application point without identifying the relevant location factor.
- Candidates needed to focus on two factors and develop each one rather than identifying a wider range of factors with limited analysis.

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Question 2

Comprehensive responses
- Few candidates showed a clear understanding of inventory valuation and then developed relevant difficulties in the context of CC.
- Responses that considered depreciation, inflation, changes in market prices, obsolescence or the choice of valuation method were able to explain why the value recorded for CC's cars may be uncertain.
- Some candidates linked changes in the value of cars to the accuracy of financial information and to decisions about profitability or future planning.

Limited responses
- Many candidates discussed the costs or opportunity costs of holding inventory rather than difficulties in valuing inventory.
- Some candidates focused on inventory management or pricing. Candidates needed to keep the focus on determining the value of the cars held by CC.
- Candidates could improve their answers by explaining the consequences of a difficulty in valuation. For example, a change in the value of a car caused by depreciation or a new model being introduced may affect the value shown in CC's accounts and therefore business decisions.

Question 3

(a) **Comprehensive responses**
- Most candidates correctly identified the showroom sales manager's span of control.

Limited responses
- Some candidates needed to distinguish employees directly accountable to the showroom sales manager from employees reporting elsewhere in the organisational structure.

(b) **Comprehensive responses**
- Many candidates used a methodical approach to the accounting rate of return calculation and showed the stages of the calculation clearly.
- Many candidates correctly used the average annual profit and average investment before calculating the final percentage.

Limited responses
- Some candidates needed to distinguish accounting rate of return from other investment appraisal methods, particularly payback.
- Some candidates calculated the total profit or average profit correctly and then needed to complete the remaining stages of the calculation. A common issue was using the initial investment rather than the average investment.

(c) **Comprehensive responses**
- Many candidates showed knowledge of delayering and applied it to the proposed removal of the two sales managers.
- Some candidates developed balanced arguments about reduced management costs, faster communication and decision making, employee motivation and the possible loss of managerial experience.
- Some responses used the proposed Enterprise Resource Planning programme appropriately as part of the delayering decision, while still considering the wider organisational consequences for CC.

Limited responses
- Some candidates focused mainly on whether CC should invest in the Enterprise Resource Planning programme rather than whether CC should delayer its organisational structure.
- Evaluation was often less developed than knowledge, application and analysis. Candidates needed to explain why one side of the argument was more important in CC's circumstances.
- Candidates could improve their conclusions by considering factors such as the importance of customer service in a car showroom, the skills of remaining employees, the increased responsibilities of directors and CC's wider objectives.

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Question 4

(a) **Comprehensive responses**

- Many candidates identified the correct equation for inventory turnover.
- Many candidates correctly calculated the inventory turnover for both years and some then calculated the change between the two figures.

Limited responses

- Some candidates used the reciprocal of the inventory turnover formula or multiplied the inventory turnover figure by 100.
- Some candidates calculated the two turnover figures and needed to complete the final step of calculating the change. Candidates also needed to distinguish a rate of inventory turnover from inventory turnover in days.

(b) **Comprehensive responses**

- Most candidates demonstrated sound knowledge of sales forecasting and applied it to areas such as inventory management, cash flow, workforce planning and responding to changes in demand.
- Many candidates recognised that forecasting could help CC manage its relatively high inventory while still meeting customer demand.
- Some candidates made effective use of the information about seasonal demand, new car models and the increase in demand for electric vehicles. These responses showed how forecasts could support decisions about stock and resources.
- Some candidates recognised that the usefulness of a forecast depends on the quality and relevance of the information used and that forecasts need to be updated as market conditions change.

Limited responses

- Some candidates confused sales forecasting with market research.
- Some responses identified benefits of forecasting without developing how these benefits would influence decisions at CC.
- Candidates needed to make evaluative comments more specific to CC. For example, the new showroom has a relatively short history of sales data, while demand may be affected by new models, inflation and changes in demand for electric vehicles.

Question 5

Comprehensive responses

- Many candidates identified relevant economic factors, including economic growth, inflation, interest rates and exchange rates, and applied these to CC.
- Some responses developed analysis by linking economic factors to decisions about demand, pricing, inventory, wages and investment.
- Some candidates recognised that the importance of an economic factor depends on the type of decision being made by CC and on other external influences.

Limited responses

- Some candidates needed to distinguish economic factors from other external influences such as consumer preferences, regulations and technology.
- Some responses explained how an economic factor might affect CC without linking this to a decision that CC could make. Candidates needed to show how changes in economic conditions could influence decisions about issues such as inventory, pricing, staffing or investment.
- Candidates could improve their evaluation by considering the relative importance of different economic factors and by explaining when their impact on CC's decision making is likely to be significant.

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Paper 9609/33
Business Decision-Making

Key messages

What candidates did well

- Most candidates showed a good understanding of the case study company (RR) and its luxury beauty products.
- In **Question 1**, many candidates were able to analyse the benefits to RR of introducing lean production, such as employee involvement in Kaizen groups and waste reduction.
- In **Question 2**, many candidates were able to analyse advantages and disadvantages of Reeta's leadership, such as quick decision making versus limited promotion opportunities.
- In **Question 3(a)**, most candidates were able to calculate the percentage increase in exports of country X.
- In **Question 3(b)**, some candidates were able to calculate the income elasticity of demand for luxury beauty products.
- In **Question 3(c)**, some candidates were able to analyse impacts on RR of rapid economic growth, such as increase in sales due to rising incomes and upward pressure on costs due to wage increases.
- In **Question 4(a)**, some candidates were able to calculate the net present value (NPV) of the proposed IT investment.
- In **Question 4(b)**, many candidates were able to analyse the advantages and disadvantages of the proposed investment in IT and selling online rather than opening more retail shops, such as wider market access versus possible negative effect on brand image.
- In **Question 5**, A few candidates were able to analyse why accounting data would/would not be useful to FSA in the share purchase decision, such as profit figures as an indication of dividends.

What candidates need to improve

- A few candidates did not consider command words such as 'analyse' and 'evaluate', leading to descriptive answers instead of analytical or evaluative ones.
- A few candidates offered full supported evaluation, especially in **Questions 3(c)**, and **5**.
- Misreading questions sometimes led to errors, such as writing about uses of IT not directly relevant to selling online/international expansion. An example of this was uses of AI in human resources management.
- Candidates wrote summaries instead of evaluative judgements.
- Candidates sometimes omitted workings or gave incorrect units in calculation questions.

Comments on specific questions

Question 1

Comprehensive responses

- Some candidates made and developed analysis of two points, showing good knowledge of benefits of lean production, clearly in the context of the RR company.
- For example, the involvement of employees in Kaizen groups might generate ideas about how to cut down on wasted ingredients and finished beauty products. This may then lead to decrease in production costs and higher profit margins.

Limited responses

- Candidates made one or two points, showing some knowledge of benefits of lean production, sometimes in the context of the RR company.

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Question 2

Comprehensive responses

- Some candidates made and developed analysis of two points, one advantage and one disadvantage, showing good knowledge of leadership theories, clearly in the context of the leadership of RR by Reeta.
- For example, Reeta's belief in the 'Great Man' theory and her personal charisma and determination were identified as leadership strengths. An advantage of this may be quick decision-making, such as working with local farmers and using fresh ingredients, leading to the ability to capitalise on market needs. A disadvantage is clearly the lack of promotion opportunities, leading to high labour turnover among graduate employees and, therefore, high recruitment costs.

Limited responses

- Candidates made one or two points, showing some knowledge of leadership theories, sometimes in the context of the leadership of RR by Reeta.

Question 3

(a) **Comprehensive responses**

- Candidates correctly calculated the per cent increase in exports of country X at 70.90%.

Limited responses

- Many candidates gave a correct formula or correctly performed part of the calculation.

(b) **Comprehensive responses**

- Candidates correctly calculated per cent change in demand/per cent change in income to be 2.18 or 2.2 if rounded.

Limited responses

- Many candidates gave a correct formula or correctly performed part of the calculation. A few candidates gave incorrect units, such as $ or per cent.

(c) **Comprehensive responses**

- Some candidates showed a good knowledge of the rapid economic growth and possible impacts or RR, such as rising incomes, increasing inflation and decreasing unemployment. Increase in exports was also sometimes suggested as one cause of the growth. Calculations based on the figures in the case were effectively used. These were then developed analytically, suggesting that there could be opportunities for RR such as increasing sales of luxury beauty products and threats such as more costly wages, especially due to the high turnover of graduate level managers. Candidates evaluated the overall impacts by giving balanced and supported judgements throughout their answers, as well as commenting on the limited information and long time period (9 years) between the data figures.

Limited responses

- Candidates showed some knowledge of the rapid economic growth and possible impacts on RR. There was some analysis of opportunities and threats to RR and some attempts to evaluate the overall impact, usually at the end of responses.

Question 4

(a) **Comprehensive responses**

- Candidates correctly calculated the NPV of the investment at $1.5 million.

Limited responses

- Many candidates correctly performed part of the calculation. A few candidates gave incomplete answers, sometimes missing the 'million'.

(b) **Comprehensive responses**

- Some candidates showed a good knowledge of investment appraisal (OFR allowed) and other factors for and against the international expansion of RR through online selling. The ease of expanding geographically through online sales and the interest shown by 45% of customers were identified as clear opportunities. This was backed up by the much higher forecast increase in online sales compared to retail store sales. For the alternative view, candidates

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thought that there could be damage to the RR brand image, especially as 60% of RR's consumers said that visiting a store was a key factor in their purchase decisions. These points were developed analytically by suggesting whether RR's sales revenue, costs, and profits would benefit from online selling. Candidates evaluated the overall impacts by giving balanced and supported judgements throughout their answers, as well as commenting on other important factors, such as whether RR's current ingredient supply problems might mean that international expansion would not be possible in the short term.

Limited responses

- Candidates showed some knowledge of investment appraisal and international expansion through online selling. There was some analysis of opportunities and threats to RR and some attempts to evaluate the overall impact, usually at the end of responses.

Question 5

Comprehensive responses

- This was a high-demand question. A few candidates showed a good knowledge of accounting data and of which specific data would be useful to FSA as potential share purchasers in RR. Candidates also observed that 20% would be a large shareholding, but not anywhere close to a controlling interest. Accounting data that candidates thought would be useful included income statements, dividend yield ratios, and future projections, such as the net cash flow (NCF) figures in the investment appraisal and the given increase in RR sales of 6.25%. These points were developed in terms of their usefulness in helping FSA make predictions about the financial return on their investment. For an alternative view, candidates also commented that financial return did not seem to be the main reason that FSA wanted to invest in RR, with FSA appearing to be more influenced by Reeta's vision and leadership. FSA may also be willing to pay the high financial value Reeta has placed on the shares. Candidates evaluated the overall usefulness of accounting data to FSA by giving balanced and supported judgements throughout their answers. There were also evaluative comments about the lack of detailed financial data and the view that future predictions, rather than past data, would be of more use to FSA.

Limited responses

- Some candidates showed a good knowledge of accounting data and suggested some examples, such as profit figures, that would be useful to FSA as potential share purchasers in RR. There was some analysis of the usefulness of this data to FSA and some attempts to evaluate it, usually at the end of responses.

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Paper 9609/41
Business Strategy

Key messages

What candidates did well

- Candidates generally showed good knowledge of the syllabus that was assessed.
- Some candidates demonstrated application in their response.
- Some candidates demonstrated a balanced argument.
- Most candidates answered from the point of view of the business which contributed to a more comprehensive analysis.

What candidates needed to improve

- Candidates are expected to apply their business knowledge and understanding to an unseen case study. Applying answers to the case will ensure responses are appropriate for the given situation. The conclusion/recommendation should ensure case material is applied.
- Some candidates had limited understanding of the topics such as crisis management and marketing strategy.
- Candidates should consider the extent of explanation development that is required for each answer. Questions should be read carefully to ensure responses are appropriate and directly address what is being asked. For example, answers should refer to the launch of the new product rather than the previous one.
- Both questions on this paper ask candidates to make a justified recommendation or conclusion. It is important to offer a decision based on a balanced argument earlier in the answer. A recommendation or conclusion should justify the option chosen, be applied to the specific case, and explain why any alternative option(s), where applicable, were not chosen. It should do so without fully repeating the preceding analysis.
- Candidates should consider the consequences / implications / long term / short term / balance issues of their decisions to secure a Level 2 or Level 3 in the conclusion/recommendation.
- Candidates should ensure they can produce two legible and well-structured essays within the expected time frame.

Comments on specific questions

Question 1

Comprehensive responses

- Most candidates recognised crisis management and were able to explain the potential issues faced by App Hazard, as well as identify what the company did well.
- Most candidates used the case material effectively and were able to identify aspects of App Hazard's response that constituted crisis management.

Limited responses

- Some candidates confused crisis management with contingency planning and described the measures App Hazard had put in place to prevent the issues.
- Most candidates were unable to present a balanced argument and instead provided a one-sided answer.
- Most candidates did not use the case material to support their evaluation.
- Question 1 is based on the timeline provided and is a reflective question. Some candidates provided recommendations about what App Hazard should do rather than focusing on evaluating what the company actually did.

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- Some candidates focused on syllabus topics that were not being examined in this question, such as management styles and SWOT analysis. Others focused on human resources, which could have a bearing on crisis management but were not the primary focus of the question.
- Some candidates responded to a different question rather than the one that was asked.

Question 2

Comprehensive responses

- Most candidates understood the requirements of a marketing strategy and were able to apply it to App Hazard.

Limited responses

- Most candidates focused on the current or previous App rather than the new Candlestick app, which resulted in the question not being answered**.**
- Some candidates focused on syllabus topics that were not being examined in this question such as Blue Ocean Strategy, SWOT analysis, and PEST analysis.
- Some candidates did not provide a marketing strategy and instead presented strategic tools such as PEST and SWOT.
- Most candidates did not answer the question by recommending a marketing strategy that App Hazard could implement for Candlestick. This limited candidates to achieve comprehensive evaluations.

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Paper 9609/42
Business Strategy

Key messages

What candidates did well

- Most candidates were able to define the key strategic areas examined in the case study: contingency planning and employee performance.
- Comprehensive responses were able to balance out the positive and negative impacts of the elements of contingency planning outlined in the case material.
- Most candidates made links to the case material by discussing different elements of the plan covering:
  - fire evacuation plan
  - installation of self-check-in machines
  - cybersecurity software
  - insurance policies.
- Many candidates were able to discuss multiple strategies to address the employee performance, presenting balanced arguments that helped evaluation later in their response.
- Most candidates demonstrated comprehensive knowledge of human resource strategies covering:
  - financial motivation methods (pay and bonuses)
  - non-financial motivation methods
  - management by objectives
  - communication issues
  - use of soft or hard Human Resource Management (HRM).

What candidates needed to improve

- Some candidates simply repeated the case material without offering analysis in context.
- Limited responses did not display clear knowledge and understanding of contingency planning, consequently meaning that the impact of the plans was not always fully explored.
- Candidates need to remain focused on the topic in the question. Some candidates wrote about strategic approaches rather than what was being asked in the question.

Comments on specific questions

Question 1

Comprehensive responses

- Most responses started with a clear, developed definition of contingency planning.
- Most candidates then worked their way through the timeline, highlighting the contingency planning that had taken place and considering the impact the planning had on the business.
- Most candidates considered both the positive and negative impacts of the planning, allowing them to form a balanced argument.
- Most candidates used phrases like ‘However…’ to signal a change of direction in their answers and then were able to build the balance into their analysis.
- Candidates who did this for two or three different contingency planning elements would have achieved the top of Level 3 for AO3.
- Some candidates evaluated their plans as they went through the response by using phrases like ‘It depends upon’.
- Most candidates were then able to draw upon the earlier evaluation to offer a more comprehensive judgement to the effectiveness of the contingency planning towards the end of the answer, building the evaluation to the top of Level 3 for AO4.

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Limited responses

- Some candidates did not understand what contingency planning was and then were unable to identify the elements from the timeline for discussion.
- Some candidates did not consider the impact of the planning on the business, so analysis was not formed. Candidates could consider the financial impact on the business as a starting point, both in terms of profits and/or costs, with other functional areas considered if appropriate.
- Some candidates suggested incorrect alternative courses of action as this question is reflective on what has happened in the past. Candidates should focus on what has happened and the impact it had, not try and offer alternatives.
- Some candidates did not bring together the limited evaluation they may have carried out in their answer to a fully formed, reasoned judgement at the end of the response.

Question 2

Comprehensive responses

- Most candidates were able to name several different motivational methods that the business could use to improve employee performance. Candidates accompanied this with a developed explanation enabling them to reach the top of AO1.
- Some candidates pulled key information from the case material that may have caused the poor employee performance, which demonstrated effective application of the case material. Examples of the key information are:
  - redundancy from the installation of check-in machines
  - poor training for the fire/cyber-attack response
  - poor communication about key business issues.
- Most candidates considered the impact of each method, both on the motivation of the employee and the cost to the business of implementing each strategy, enabling them to bring balance to their arguments.
- Some candidates evaluated each method in turn, considering the cost and reliability of each method, allowing Level 1 evaluation to build throughout the response. Some went further by fully evaluating each method in context reaching the top of Level 3 AO4.

Limited responses

- Some candidates provided only a developed definition of each method and, although this scored highly on AO1, they did not go on to analyse the proposed methods.
- Many candidates did not use Gas Motels' current circumstances to inform their choice of motivational methods or to justify the suitability of those methods for the business.
- Many candidates needed to consider the impact on the employees and then the impact of that on the business to give the analysis more depth and more strategic focus.
- Some candidates needed to make a clearer choice as to which strategy would achieve the objectives stated, as the question required them to select a method for improving employee performance. As a result, the evaluative element of their responses was often limited.
- Some candidates did not answer the question asked and focused on a strategic approach (SWOT/PEST/Porter/Ansoff) rather than explicit Human Resource Strategies to help solve the poor employee performance. A clearer understanding of the strategic elements of the functional areas would help candidates consider the wider impacts of changing an element of strategy, like Human Resources, on the rest of the business.

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Paper 9609/43
Business Strategy

Key messages

What candidates did well
- Many candidates showed good knowledge and understanding, specifically of business approaches.
- Many candidates applied their answers to the context of EH, supporting their responses.

What candidates needed to improve
- Candidates need to ensure evaluation reaches an overall justified judgement that directly answers the question.
- Evaluation should be applied to the case.
- It is important to develop definitions in detail.
- It is advisable to focus answers on a small number of aspects – two or three is typically sufficient. This allows time to develop better chains of reasoned analysis.
- It is required to demonstrate a developed chain of reasoning of benefits and counter-balanced argument.
- Candidates need to include a clear decision with definitive language (for example, 'should use') and provide a supporting reason for their decision based on the points discussed in context.
- Some candidates evaluated their answers for the 'advise' question or provided suggestions for the 'Evaluate' question. It is important to distinguish between the 'evaluate' and 'advise' questions. The 'evaluate' question requires candidates to discuss what has already happened in the case, whereas the 'advise' question requires candidates to suggest what can be done.

Comments on specific questions

Question 1

AO1 Comprehensive responses
- Most candidates clearly defined financial strategy and explained its purpose using appropriate financial terminology.
- Few candidates provided detailed definitions of accounting and finance strategy elements such as current ratio.

Limited responses
- Some responses omitted key definitions, confused financial concepts or relied on description rather than knowledge.
- Some responses were based on story telling the case study therefore missing out on linking the response to the key assessment objectives.

AO2 Comprehensive responses
- Most candidates used operating profit, revenue, liquidity, gearing and finance data from the case to support their answers.

Limited responses
- Some responses merely copied the case material without applying it to the theory, analysis or evaluation.
- Some candidates copied figures from the case without linking them to analysis or made errors interpreting financial data.

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AO3 Comprehensive responses

- Many responses demonstrated developed chains of reasoning linking causes, impacts and consequences.
- Many candidates showed cause-and-effect analysis showing how financial strategy influenced business performance.
- Some candidates demonstrated Level 3 analysis by counter arguing their points. They showed developed analysis of both the positive impacts of the finance strategy, such as increased revenue and profit, and the negative impacts, such as increased interest payments, higher costs, and reduced profits.

Limited responses

- Some responses showed limited impact such as increase in costs. These points did not develop further into a chain.
- Some responses remained descriptive or stated impacts without explaining their consequences.

AO4 Comprehensive responses

- Few candidates showed a balanced overall judgement on the finance and accounting strategy that was justified and supported by contextual financial evidence.

Limited responses

- Many responses repeated earlier analysis as a conclusion instead of a judgement.
- Some responses offered recommendations instead of evaluating the overall financial strategy.
- Many responses demonstrated a judgement about the effectiveness of the finance and accounting strategy with a simple justification as to why it was or was not effective.

Comments on specific questions

Question 2

AO1 Comprehensive responses

- Most candidates demonstrated sound knowledge of SWOT and other appropriate strategic planning approaches and explained each clearly in detail.

Limited responses

- Few responses selected inappropriate models such as Boston matrix or did not define the chosen approach.

AO2 Comprehensive responses

- Most candidates applied strategic approaches using relevant contextual evidence such as the pandemic, the objective of survival and finance and business objectives.

Limited responses

- Few candidates described strategies without applying them to the business.

AO3 Comprehensive responses

- Some candidates were able to analyse how the external factors in PEST could help receive subsidies which may help control costs and survive despite low revenue. They were able to explain how blue ocean's strategy can help charge high prices, leading to higher revenue and profit margins.
- Some candidates related scenario planning with the pandemic and how it can help to be prepared for such situations by planning scenarios reducing risk of failure.
- Few responses demonstrated balanced arguments about the benefits and disadvantages of the use of the suggested approach.

Limited responses

- Many responses explained strategies rather than analysing their impact on EH.
- Few candidates analysed SWOT analysis which did not answer the question.

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AO4 Comprehensive responses

- Few candidates made balanced recommendations for an additional strategic approach beyond SWOT and justified the final decision using contextual evidence.

Limited responses

- Some candidates recommended SWOT rather than a judgement on an additional approach.
- Some candidates summarised previous points raised within the response.
- Many candidates recommended how other approaches will be helpful in addition to SWOT with limited justification such as Ansoff's for helping to enter into new markets. This needed to be explained and answered in context.

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