BUSINESS

Paper 9609/11
Business Concepts 1

Key messages

Candidates must read the questions carefully and ensure that they understand the focus before starting to write their answer. Marks were lost on **Question 5(a)** for general answers on the benefits of mergers rather than focusing on vertical mergers.

Also linked to reading the question properly is explaining the correct number of points, i.e. one point for **Question 1(b)**, **2(b)**, **3(b)** and **Question 4** or two points for **Question 5(a)** and **6(a)**. The marks can only be awarded for the best point given. Time is wasted by writing about additional points.

The use of context in ***Section B*** would benefit from practice. Application in **Question 5(b)** and **6(b)** was not done well by many candidates who simply repeated the words clothing design and fast-food business throughout their essay.

General comments

Most candidates completed the paper, although some did not include conclusions on **Question 5(b)** and **6(b)**.

There was evidence of candidates being unfamiliar with the terms 'liquidation' in **Question 2(a)** and 'vertical merger' in **Question 5(a)**.

In ***Section B*** **Question 5** was the clearly preferred essay chosen by 63 per cent of candidates. However, **Question 6** was better answered by those choosing it, particularly **part (a)**.

Evaluation is allocated half of the marks in **part (b)** of ***Section B,*** but many candidates confined themselves to making only brief evaluative statements and thereby limited themselves to scoring only 2 of these 6 marks. Many candidates wrote several long, analytical paragraphs on concepts relating to the question, but left only one or two short sentences for the evaluative part of the answer. Some analysis is clearly necessary but the 2 marks for analysis can be scored by limiting the discussion to a couple of points. Those candidates who effectively evaluated an issue scored higher marks. This is a skill which teachers should encourage their students to develop more fully.

For many candidates their final judgement was a summary of previous points made, not an evaluation. Evaluative comments should ideally take up half of the answer and should contain context to move it into Level 3. It may help to think of the essay as being in two parts. The main part shows knowledge of the key term(s) in the question and gives contextual analysis to explain a couple of relevant points. The remainder of the essay is the evaluation and should include context and developed reasoning relevant to the question. Some sort of judgement should be made and supported.

Many candidates, including some good ones, lost marks because they failed to include context in their answers. The context can be references to names, products, jobs, etc. which apply to the specific industry in which the business is operating. Having made these references, candidates should find it easier to include some application in their evaluation. Teachers should give candidates practice in finding points of application for a range of industries, alert them to the need to include these in their answers and advise them on how to make the best use of these points in their evaluation. The contexts chosen for **Questions 5** and **6** in this paper were for sectors which candidates are familiar with in their everyday lives.

Comments on specific questions

Section A

Question 1

(a) **Define the term *public sector*.** The question was well attempted by the majority of candidates. A brief, correct response stated, 'businesses owned/controlled by the state/government'. Such responses showed clear understanding of the term 'public sector', thus gained 2 marks. However, some candidates confused the term public sector with public limited company, thus gained zero marks.

(b) **Explain one benefit to a business of having a business plan**. The question was well attempted by most candidates. Many identified 'provides direction/goals/objectives; increases motivation; and helps to obtain finance' as knowledge and understanding points. Some candidates explained more than one benefit, which is not required. The marks are awarded for the best of the benefits, but the candidate uses valuable time writing more than they need to. Examples of answers earning 3 marks – *'It can improve chances of generating finance. This is because a business plan will contain financial forecasts such as breakeven charts and cash flow forecasts that will help convince lenders to have more confidence in the business.'* – *'The business can set and measure objectives within a business plan which allows managers to track progress and adjust strategies as needed. It ensures that all stakeholders and partners are aligned with the business' objectives and goals and hence are motivated and working towards their achievement.'*

Question 2

(a) **Define the term *liquidation.*** Many candidates gave a clear definition, e.g. 'selling off assets to repay debts' for 2 marks. Some showed partial understanding in relation to selling assets, but not why. Other candidates confused the term with liquidity, stating that the current assets were sold during the normal operation of the business and gained 0 marks because they were not answering the question.

(b) **Explain one external source of finance for a business**. The question was well attempted by most candidates. Popular responses included bank loan; bank overdraft; debt factoring; government grants; venture capital; and leasing. The explanation marks were awarded for information about the type of finance. Some candidates explained what the business might use the finance for, e.g. buying new machinery, and therefore did not gain the application marks. Weaker candidates explained internal sources of finance, revenue and sponsorship and gained 0 marks. Fully developed responses gained 3 marks, such as – *'A bank loan may be appropriate for the purchase of non-current assets as repayment can be long term and the exact amount of money required can be borrowed. However, the loan will need to be paid back with interest, making it more expensive.'* – *'Selling shares is a source of finance only for incorporated businesses like public limited companies which can issue shares to the public. This will raise a large amount of capital, but control of decision-making can be lost if many shares are sold.'* – *'A bank overdraft is when a business withdraws more money than it actually has from its bank account to cover short term liabilities. It will pay this money back when it is able to along with interest, which can be quite high.'*

Question 3

(a) **Define the term *labour productivity.*** This was well attempted by most candidates. Nearly all were familiar with the term and could show a partial understanding relating to the performance of workers in the workplace. Some candidates confused the term with labour intensive or talked about efficiency in general without mentioning labour. Many understood the term but did not relate it to per employee. The formula was used well except for those answers where it was written upside down. Responses such as 'output per worker; total output/number of employees' gained 2 marks.

(b) **Explain one way that a business can improve labour productivity.** Many candidates gave clear explanations worth 3 marks, mostly based on motivation or training of employees. E.g. – *'A business can improve labour productivity by increasing motivation. This can be done by using methods such as piece rate which pays workers for each unit produced. This encourages workers to produce more output so that they are paid more, which increases labour productivity.'* – *'The business could train its workers to improve their skills which would lead to increased efficiency and* *reduced mistakes. This would allow the workers to produce more products in the same amount of time because they know what they are doing.*' Some candidates suggested replacing workers with machines which moved away from improving labour productivity and was not rewardable.

Question 4

Analyse one benefit to a business of low labour turnover. Many candidates began by explaining what they understood labour turnover to mean. No marks are awarded for this as the knowledge mark is for stating a benefit of low labour turnover. Most candidates managed to identify a benefit, with popular responses including lower costs; uninterrupted production; increased reputation of the business; loyal/motivated employees; and retaining experienced, trained and skilled employees. A minority of candidates confused low labour turnover with employing few staff and being largely automated. Examples of clear answers worth 5 marks – *'The costs of the business are lower. This is because a lower labour turnover will mean job vacancies within the business are less likely as employees are not leaving. This means that there is no need to produce job adverts or hold interviews which are expensive. This will allow the business to utilise that finance in other more productive ways that will result in business growth over time, e.g. increased employee training.' – 'There is retention of effective and experienced employees. Less employees are leaving the business which means that less knowledge and creativity is being lost. These experienced employees will have high productivity and be able to produce goods of high quality. As a result, customer satisfaction is likely to be high resulting in free publicity by word-of-mouth recommendations and repeat purchases leading to high sales volume.'*

Section B

Question 5

(a) **Analyse two benefits to a business of using a vertical merger for growth**. This very effectively discriminated between candidates who understand vertical integration and those that don't. A sizable number of candidates simply wrote about horizontal integration and even diversification and could therefore gain no reward for the comments made. Many candidates started the answer with an introductory paragraph defining a merger and giving an example of a vertical merger, but this is not required. The idea of mergers was well understood, and most candidates could explain a forward or backward vertical merger, but relatively few candidates could explain benefits of vertical mergers. The marks are awarded for the benefits only and as a result many candidates gained 0 marks. The best answers focused on quality control of raw materials, guaranteed supply, increased competitiveness and reduced costs. Examples of answers which were awarded full marks are – *'Ensured supply of materials. For example, if a business takes part in backwards vertical integration, e.g. a butchery merging with a farm, the business can have full control over the supply of raw materials/stock, from production methods to delivery. This means that the business will be able to ensure that meat is processed in the right and desirable way, at the right speed. Consequently, the business will avoid any supply disruptions that could halt production therefore allowing for stable production of outputs to consumers.' – 'Merging of a producer and a retailer would result in increased advertising and added value of the producers' product. For example, a soft drink manufacturer merging with a supermarket chain means the producer can place their range of drinks in attractive window displays and on easy to access shelves in refrigerators. Drinks from other manufacturers would be given less favourable displays or possibly not stocked at all. This would result in more consumers buying the drinks from the merged producer, increasing their revenue and market share'.*

(b) **'Risk taking is the most important quality needed by an entrepreneur to be successful in the clothing design industry.' Evaluate this view.** Most candidates were able to say something about risk and to state that risk-taking is a necessary part of a business. Better candidates were able to link risk with reward and to show that risk-taking means facing possible success or possible failure. The best candidates were able to show that risk cannot be avoided but that it can be reduced if an entrepreneur is innovative, creative, etc. Most candidates described other qualities in addition to risk-taking and some of these were done well and in context, with the most frequently explained being innovation/creativity, leadership, self-motivation and the ability to multiskill. Application was less commonly accessed by candidates, though stronger responses focused on the importance of innovation in a rapidly changing fashion market. Relevant context included the use of words such as fashion trends, garments, T-shirts, dresses, fabric. This had to be included within an explanation to become L2. There was usually good analysis, and some candidates could have scored many times the two marks available if this were possible. The deciding factor on many answers was the quality of the evaluation. It appears that candidates have been well taught to finish with conclusions and some were very good, although others were vague or limited to stressing that other factors besides risk-taking are also important. Many good answers did not apply to the context of clothing design in the evaluation and hence were capped at L2 EVAL. Extracts such as the following could be awarded K, APP and AN marks. – *'Starting a business is risky. It will require financial investment from the entrepreneur and limit their ability to earn other income. They may have to invest in purchasing expensive equipment specialised for sewing expensive fabrics. Without taking the risk of spending this money the business could not even start. However, there is no guarantee that customers will like the fashion designs and the business may not become established, so losing the entrepreneur's investment.' – 'Risk-taking alone is useless. The business environment is ever changing, hence dynamic. Fashion in the 1920's was not the same as fashion now in the twenty-first century. Clothes such as tailored jeans can enter fashion and fade, replaced by boyfriend jeans. This would require an entrepreneur to be innovative to think up the next new style. This would give the business a competitive advantage leading to longer survival in the clothing industry, hence giving the business a chance to be market leader.'* An example of an evaluation containing context to gain L3 marks would be – *'Overall, as important as risk-taking and creativity both are, the most important quality for success in the clothing design industry is creativity. This is because even if risks such as abstract fashion shows and evocative marketing campaigns are taken to attract customers, without creativity it is easy for those risks to be very similar to the ones that have been taken in the past within the clothing design industry. Creativity is the quality that avoids it all by providing a sense of differentiation and individuality to the garments, which are both important for a brand to be established and successful in the industry. Having a balance of both would be the most beneficial approach as it will allow the new entrepreneur to receive the best of both worlds.'*

Question 6

(a) **Analyse <u>two</u> benefits to a business of using a Boston Matrix**. The concept of the Boston Matrix was well understood and often product classifications were described in detail showing knowledge only, not benefits. Common benefits were – knowing which product to invest in/focus more on; allows the business to analyse a range of different products; and can assist in the allocation of resources between different products. Most candidates gained the AO2 mark for linking the benefit to one or more sectors of the Boston Matrix and this could then be analysed. Candidates who explained the product classifications in detail as an introduction sometimes put themselves at a disadvantage by not then using this information appropriately to analyse the benefits. Examples of more succinct answers which were awarded full marks are – *'The Boston Matrix helps with resource allocation. If the business has a product with a low market share in a low growth market it is classified as a dog. The business can therefore decide whether to keep producing that product or to discontinue it given that it is not contributing much to the profits of the business. The resources that have been used to produce this product can now be reallocated to new product development to ensure the product portfolio does not shrink.' – 'The Boston Matrix helps identify successful products within the portfolio. When the business enters a market with a question mark (low market share in a high growth market) it will have to pay for expensive advertising to raise consumer awareness. From the Boston Matrix it can identify a cash cow (high market share in a low growth market) which it can 'milk' the profits of. This will avoid taking out an expensive loan, funding the question mark to become more popular in the market hopefully becoming a star and possibly in turn a cash cow.'*

(b) **'Packaging is the most effective promotion method for a fast-food business.' Evaluate this view.** The context was very familiar to everyone and there was good application in most cases with reference to McDonalds; KFC; Chicken Inn; burger; meals; taste; ingredients; menu; chips and chicken. Some candidates digressed by discussing the physical need for the packaging of fast food, e.g. protection. Some answers wrongly focused on the other 3Ps in the marketing mix which was not answering the question. Most candidates however discussed packaging as a method of attracting customer attention. There was some good analysis of how promotion leads to more sales, and better candidates also discussed other types of promotion, particularly advertising and promotional campaigns. Evaluation was where some candidates lost marks as they made quite general comments about the various types of promotion. The best candidates were able to evaluate within context and to show that packaging is important but not on its own and that it often has to be combined with other forms of promotion. Extracts such as the following could be awarded K, APP and AN marks. *'A business may use bright colours or cartoons on boxes of kids meals or make use of biodegradable burger boxes and drinking straws in order to attract eco-conscious customers. By doing this the business will be creating a unique selling point which will give them a competitive advantage in the saturated fast-food business. This will encourage sales as children* *pester parents to buy them the meals in order to read the cartoons.'* – *'A fast-food business could also use sales promotions such as on Mondays buying one piece of chicken and French fries would reward the customer with an extra piece of chicken, while on Tuesdays ordering an extra-large pizza would be rewarded with free garlic bread. This would encourage customers to purchase food on several days in the week to take advantage of the offers, hence increasing sales, especially on days which might normally not be very busy.'* An example of an evaluation containing context to gain L3 marks would be – '*In conclusion packaging is not the most effective promotion method. Since fast food is a cheap good and the packaging is quickly thrown away after purchase, the business may be focusing more on cutting costs of packaging and instead using the money for other types of promotion. Instead, they should use below the line promotion such as offering discounts on coffee on Thursdays with a takeaway burger meal. This would encourage loyalty of customers to keep returning if there are weekly discounts and this can become publicly known and attract a wide range of customers, leading to more sales from repeat and new customers.'*

BUSINESS

Paper 9609/12
Business Concepts 1

Key messages

- It is clear that candidates are developing a more confident approach to the structure of the paper and to the specific demand of each section.
- However, there are still some areas of concern with the essay questions in ***section B*** with **Questions 5(b)** and **6(b)**. Many candidates answer these questions generically and fail to apply their responses to the context of the question. For example, the context of 6**(b)** was a health drink. In order to access the two application marks for this question and the Level 3 evaluation marks, candidates need to apply and evaluate context examples. Reference to such factors as zero calorie content, limited sugar content or green tea provide strong evidence of context application and understanding.
- Many candidates are still unable or reluctant to give judgements. Strong knowledge (worth 2 marks), strong application/context (worth 2 marks) and strong analysis (worth 2 marks) provides the platform for a strong evaluative/judgemental section (worth 6 marks) Many answers spend too much time on analysis (worth 2 marks) and insufficient time on a strong evaluative/judgemental concluding section (worth 6 marks).

General comments

- This paper proved to be accessible to most candidates. All sections of the syllabus were covered in the questions set. The only syllabus area not confidently approached by a significant number of candidates was that referencing '*the triple bottom line.'* Candidates often presented no definition for this business term or tried without success to make up a relevant term.
- It is important for candidates to spend time to ensure an accurate interpretation of each question (for example many candidates in **Question 1(b)** simply described the features and characteristics of a social enterprise and thus were not awarded any marks, and **Questions 5(a)** and **6(a)** require analysis of **two** benefits. Some candidates analysed only **one** benefit.
- It is important to note that **Questions 5(a)** and **6(a)** require knowledge, application and analysis but **not** evaluation.
- There were many examples of high-quality analysis where candidates had a precise focus in their answer and knew how to meet the demands of the question.

Comments on specific questions

Section A

Question 1

(a) This question proved to be challenging to a significant minority of candidates with many submitting no response at all. Strong answers clearly defined the term *triple bottom line* as a sustainability framework that measures a business' success in three key areas: profit, people, and planet.

(b) This question was generally well answered. Candidates were asked to explain one advantage to a business of being a social enterprise. Strong responses focused on a social enterprise business gaining a good reputation/image, The developed explanation of this advantage often cited the ability to attract loyal customers, government support and grants, leading to sustained economic performance. Weaker answers described the features of a social enterprise in some detail but did not identify an advantage to a business of being a social enterprise and gained no marks.

Question 2

(a) This question was very well answered with most answers correctly defining *on-the-job-training* as skill training given to employees at the workplace.

(b) The majority of candidates were able to *explain one advantage to a business of induction training.* Strong answers explained how induction training could familiarise employees with their roles and the objectives and culture of the business. Such training could lead to employees becoming more confident and productive. Weaker answers tended to focus on the benefits of training generally and failed to focus on *induction training.*

Question 3

(a) Candidates were asked to define the term *break-even analysis.* The majority of answers were awarded the maximum 2 marks. They made reference to either the point at which neither profit or loss is made, or to where total revenue is equal to total costs. Weaker answers often drifted into a non-relevant discussion of the uses of the measure rather than give a clear definition of the term.

(b) Candidates were asked to *explain one limitation for a business of break-even analysis.* Strong answers made reference to such factors as: it could be inaccurate due to assumptions made, external influences could undermine calculations made, and fixed costs can become variable, Weaker answers often identified a limitation such as it is time demanding but gave no supporting linked explanation.

Question 4

Candidates were asked to *analyse one reason why a business might hold low levels of inventory.* This question was well answered with many answers scoring 4 or 5 marks. Strong answers identified a clear reason such as the need to reduce costs, or to protect perishable goods, or to become more competitive. Such reasons were then contextualised and analysed with reference to reduced need for storage or warehousing leading to increased profitability. Weaker responses failed to give a clear business application of a relevant reason for low levels of inventory or to give some developed analysis of that reason.

Section B

Question 5

(a) Candidates were required to *analyse two benefits to a business of using an internal source of finance for business growth.* Strong answers identified benefits such as no bank loan interest to pay, or no dilution of ownership. Application marks were gained by explaining that retained profits do not need to be repaid or incur interest. Analysis marks were gained by reference to the impact of cost reduction on profits. Weaker answers often confused internal finance with external finance such as a business issuing shares.

(b) Many candidates struggled with this question. Candidates were required to evaluate the assertion that *the main reason why small businesses fail is that they do not understand the difference between cash and profit.* Strong answers recognised that the important context of this question was *small businesses*. Knowledge marks were gained by reference to clear definitions of cash, profit and business failure. Application and analysis marks were awarded for the identification and discussion of the limitations of small businesses such as inexperience of managing cash flows, lack of competent and skilled employees to distinguish between cash and profit, lack of sufficient start-up capital, and the inability to match the strengths of larger competitors. These strong answers were able to use this application and analysis platform to make clear judgements relating to the reasons for small business failure. A number of strong answers used examples of small businesses such as small grocers or restaurants and suggested that while a primary reason for small business failure is a lack of cash or working capital, there may be other more important reasons such as poor business management and planning, ineffective marketing, or lack of a business strategy. Weaker responses showed some understanding and developed some limited analysis but were unable to present any coherent evaluative comments or judgemental conclusions.

Question 6

(a) Candidates were asked to *analyse two benefits to a business of product portfolio analysis.* Many candidates struggled with this question. Product portfolio analysis was either poorly understood, or candidates were unsure how to apply their knowledge to answer this question. Many responses were very generic marketing-based answers with very little relevant application or analysis. Strong answers asserted that regular product portfolio analysis would allow for new and more innovative products to be launched in the market to replace non-performing products, leading to more efficient resource allocation and likely sales, revenue, and profit increase.

(b) Candidates were asked to evaluate *whether branding is the most important factor in the successful promotion of a new health drink.* This was confidently answered by the majority of those who answered this question. Strong answers demonstrated a sound understanding of branding and promotion and quickly secured the 2 knowledge marks. The application to a health drink was often less strong. However, strong candidates referred to the key ingredients of a health drink such as vitamins or sugar substitutes. The analysis of the attributes and strengths of branding was generally good with common references to how successful branding results in customer loyalty and increased sales. As with **Question 5(b)** the evaluative and judgemental comments were often not strong. However, sound answers were able to evaluate the strengths and weaknesses of branding and compare the value of branding with other factors such as price-led marketing or medical approval support. Weaker answers either did not provide meaningful evaluation at all or included a simple Level 1 conclusion.

BUSINESS

Paper 9609/13
Business Concepts 1

Key messages

- It is clear that candidates are developing a more confident approach to the structure of this paper and of the demands of the questions set.
- There are however some opportunities for improvement in ***section B*** of the paper, especially in relation to the responses to **Questions 5(b)** and **6(b)**. Many candidates answer these questions generically and give insufficient attention to the specific contexts of the questions. The contexts for these two questions were a toy manufacturer and a furniture retailer. Candidates should consider carefully the features and characteristics of these business contexts and include them explicitly in discussion and arguments to gain the 2 application marks available. They should also be included in any evaluative sections in order to gain a Level 3 mark for evaluation (possible 5/6 marks).

General comments

- This paper proved to be accessible to most candidates and there were many examples of good syllabus knowledge and understanding.
- Many answers demonstrated an ability to correctly interpret the demands of a question and to consequently produce a relevant and focused response.
- There were many examples of high-quality analysis to support developed knowledge and understanding of business concepts.
- However, there is room for improvement in the AO2 skill of applying business concepts to relevant business situations and contexts, and in the AO4 skill of evaluating and forming a judgement relating to business problems/solutions and business theories and assertions.

Comments on specific questions

Section A

Question 1

(a) Candidates were required to define the term *market growth*. This proved to be an accessible first question with most candidates being awarded at least one of the two marks available. A clear definition worth 2 marks refers to an increase in the size of a market over a period of time, often expressed in metrics such as number of customers, units sold, and revenue earned. Many partial answers were given where candidates referred to a *change* in the market rather than an *increase.* Weak responses often confused the term with the expansion of a business.

(b) Candidates were required to explain one pricing method. The majority of candidates were able to identify a pricing method such as *penetration* or skimming and then give a developed explanation of the chosen method with two pieces of linked explanation. Weaker answers identified a pricing method but gave very limited explanation of the method.

Question 2

(a) Candidates were required to define the term *employee morale.* Strong definitions referred to factors such as employee levels of satisfaction with a job, feelings of well-being in the workplace, and high levels of motivation at work. Most candidates were able to give a relevant definition of the term. A minority of responses lacked understanding of this business concept and drifted into discussions relating to organisation rules and procedures or employee contract issues.

(b) Candidates were required to explain one method of employee payment. Most candidates were able to confidently identify and give a developed explanation of a method of employee payment, such as a salary, a wage, or a commission. One sound response said '*commission payment is a type of payment that is based on job performance and hitting certain goals or targets such as a car sales person getting someone to purchase a car.'* Weak answers failed to give supporting explanation for a chosen payment method.

Question 3

(a) Candidates were required to define the term *hostile takeover.* This proved to be a challenging question for many candidates and there were very few who gained the maximum 2 marks. A clear definition refers to a situation where one business purchases another business against the wishes or consent of that business. The majority of responses to this question were awarded only 1 mark for a partial definition of the business term. There was a recognition that a takeover is a type of acquisition where a business takes control of another business but the word 'hostile' was often not explained at all.

(b) Candidates were required to explain the importance for a business of having objectives. This question was confidently answered by a majority of candidates. Typical responses focused on objectives giving a business and its employees a clear sense of direction and purpose, a focus for all decisions and a meaningful measure of performance. Strong answers gave developed explanation of the importance of objectives such as facilitating the definition, measurement, and monitoring of employee performance. Weaker answers gave only limited application and explanation of a chosen importance.

Question 4

Candidates were asked to analyse one impact on a business of *outsourcing.* Strong responses gave an initial definition of outsourcing such as 'the practice of hiring another company to perform operations that were formally done by the company's in-house employees.' This initial definition then supported a relevant impact such as solving capacity problems, reducing business costs or allowing a business to focus on core business skills and competencies. Perceptive candidates recognised that the impact of outsourcing can also be negative where costs can increase, employees can be demotivated and product quality control can be lost. There was a range of relevant impacts given, with most focussing on the need to reduce costs or gain specialist expertise. This knowledge and understanding was soundly applied, often with an actual business example followed by relevant analysis and comment. Weaker answers provided only limited application and analysis of a chosen impact.

Section B

Question 5

(a) Candidates were required to analyse the limitations for a business of using sampling as a method of market research. Common correct responses included reference to the small size and appropriateness of a sample, the possibility of bias in a sample, and the time-consuming nature and expense of sampling. Most answers presented relevant information and application but a minority of responses presented very limited analysis content.

(b) This question required candidates to evaluate the view that *'new product development is the most important activity for the success of a toy manufacturer*.' Most of the answers to this question presented good knowledge and understanding of new product development and business success. Strong answers provided good context/application examples of toy manufacturers and of specific toys such as Lego, Barbie dolls and Hot Wheels. These explicit examples of toy products and toy manufacturers resulted in the award of the 2 marks available for the skill of application and in a minority of cases secured a Level 3 mark for evaluation. However, many essays failed to support effective knowledge, application, and analysis with a strong set of evaluative/judgemental comments. Strong answers often acknowledged the importance of new product development in a very competitive industry but also suggested that business success in a toy manufacturing business might also be influenced by the effectiveness of marketing, promotion, and packaging. Evaluative views were also presented by reference to the value of product extension strategies and new market-targeting approaches rather than new product development.

Question 6

(a) Candidates were required to analyse two uses of cost information for a business. This question was generally well answered with a common focus on such uses as the value of cost information when setting prices, when considering cash flow management, and when calculating break-even points and profits. Strong answers produced developed analytical points and comments often using business examples to illustrate the analysis. Weaker answers presented very limited analysis of the chosen uses of cost information.

(b) Candidates were required to evaluate the assertion that '*a large bank loan is the most appropriate source of finance for the expansion of a furniture retailer'.* Most responses revealed a sound understanding of bank loans and alternative sources of finance but the discussion of the context of a furniture retailer was not strong. Some answers conflated furniture retailers with furniture manufacturers, and few characteristics of furniture retailers were given. Strong responses noted that furniture ranges from high-end hand-made furniture to self-assembly furniture items, furniture items include sofas, tables and chairs and home décor items that require large exhibition spaces. The analysis of using bank loans and alternative sources to finance expansion was generally well done. However, few candidates were able to present a strong evaluative section where a judgement was made relating to the assertion given in the question.

BUSINESS

Paper 9609/21
Business Concepts 2

Key messages

- Strengthen foundational definitions.
- Promote applied reasoning.
- Many candidates managed to score 'application and analysis' marks on **parts (c)** and **(d)**. Candidates can reach application and analysis with a few well-developed points. A contextualised good chain of reasoning is the basis for 'developed analysis'.
- In **Questions 1(d)** and **2(d)** candidates should present a balanced argument and make justified judgements/recommendations. Candidates should avoid the repetition of previous points when concluding an answer.
- Advise candidates to use clear handwriting.
- In calculation questions, **1(b)(i)** and **2(b)(i)** advise candidates to always show their workings. Use of a calculator should be encouraged.
- Remind candidates to be aware of the marks available for each question so that they spend the appropriate time on each question and devote adequate time to contextualised, analytical and evaluative questions especially in **Questions 1(c)**, **1(d)**, **2(c)** and **2(d)**.
- Advise candidates that answers requiring the use of context, such as to **Question 2(c)**, should integrate the information from the case study, not just repeat it.
- Ensure full understanding of the command words.
- Practice 'identify/explain' questions and get students to produce their own list of words/definitions/explanations with examples.

General comments

The paper effectively assessed a wide range of business concepts. Most candidates engaged well with both case studies, though improvements can be made in definitions, contextualisation, and evaluation.

Teaching tip: Integrate context in the answer!

As in previous sessions, candidates should make full use of opportunities to:
- Identify questions such as **1(a)(i)** and **2(a)(ii)** do not need explanation or examples.
- Define the main terms in a question – **Question 2(d)** the two knowledge marks could be gained by correctly defining outsourcing. Some candidates misunderstood the term and suggested employing specialist workers.
- Use the context.
- Identify opportunities to analyse – good analysis based on a contextualised chain of reasoning. **Questions 1(c)** and **2(c)** asked for **two** elements in the answer, best answers wrote two distinct paragraphs with each demonstrating a contextualised chain of reasoning.
- Identify opportunities to evaluate – **Question 2(d)** required a justified judgement as to whether outsourcing 'is the most suitable' way to increase production capacity. The best candidates linked these.

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

Comments on specific questions

Question 1

(a) (i) Generally well answered – Most candidates correctly identified a feature of a public limited company, although a few incorrectly wrote 'unlimited liability'.

(ii) Generally, well answered. Most recognised that a dynamic environment involves rapid or continuous change. Many answers gained 2 marks but did not provide sufficient explanation or an example for the third mark. Use of the case study is not required in this question. But doing so, correctly, was rewarded.

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

(b) (i) Many calculated the numerical difference but failed to indicate the negative change, omitting the decrease. Own figure rule (OFR) applies in this situation.

(ii) Nearly all candidates could correctly identify a use of cost information. However, a few answers defined costs/cost information rather than focusing on a use. Application marks could be gained by using the answer given to **1(b)(i)** to show how cost information can be used to calculate profit. Stronger responses, for example, explained how CB could use direct and indirect cost data to identify the profitability of menu items or assess efficiencies across store locations. Good responses put this in the context of the information in Table 1.1.

(c) This was one of the best-performed questions on the paper. Candidates generally demonstrated good understanding of training benefits such as improved service quality, efficiency, or motivation. Strong responses offered clear chains of reasoning, showing how training could enhance the CB customer experience, reduce errors, or increase sales through better product knowledge.

Less successful answers tended to describe benefits generically without contextualising them to a labour-intensive coffee shop setting. Nonetheless, a high proportion achieved strong marks.

(d) This higher-level question differentiated well. Several candidates struggled from the outset because they lacked an accurate definition of market segmentation. Many confused market segmentation with product differentiation, which significantly undermined their response.

Those with sound knowledge were able to analyse possible benefits such as targeted marketing, alignment with emerging health-conscious segments, and improved customer retention. Evaluation tended to focus on increased marketing complexity or potential costs of tailoring offerings. Stronger candidates considered whether segmentation aligned with CB's mass-market strategy and suggested balanced strategic approaches (e.g., partially segmenting for health-oriented customers).

A minority provided strong full-context judgements, though many stopped at a single concluding point, missing the final AO4 mark.

Question 2

(a) (i) The question was well answered with employee/owner being the most seen correct answers. A small minority confused internal and external stakeholders.

(ii) Many candidates defined distribution channels accurately as the routes a product takes to reach consumers. Better responses went further, applying the definition to NN's use of its website, social media, or natural-product retailers. Some definitions were vague ('the way products are sold'), limiting marks.

(b) (i) This question was well answered with many candidates showing their working, which allowed their thought process to be seen and correct steps awarded marks. This was answered better than the calculation in **1(b)(i)**. Errors occurred mainly when candidates miscalculated the contribution per unit or showed confusion about fixed costs. Some added unnecessary currency symbols. These answers were able to gain some marks if they showed their workings.

(ii) Candidates were less successful answering this question. Many answers were too generic ('it could be wrong' or 'time-consuming'). Better answers recognised specific limitations such as the assumption of constant prices and costs, which is problematic in a competitive skincare market, or the difficulty of allocating fixed costs accurately when NN produces multiple products. Weak answers failed to link the limitation to NN's situation, which restricted them to partial marks. Again, context related to the case study is required and their answer to **2(b)(i)** could be used to illustrate a limitation.

(c) Most candidates attempted this question confidently, though some confused *small business* with *sole trader*, leading to irrelevant points about personal finances or work-life balance. Stronger responses discussed the flexibility of small businesses and the ability to offer personalised, handmade products, contrasting this with disadvantages such as limited economies of scale and difficulty competing with large established firms. Contextual answers - referring to NN's niche market, labour-intensive production, and resource constraints - achieved higher marks.

(d) This was the most challenging question on the paper. A significant number of candidates misunderstood outsourcing altogether, mistakenly viewing it as hiring new staff rather than contracting out production. This severely limited their marks.

Stronger candidates showed accurate knowledge and analysed both sides: outsourcing could free up Natalia's time (as she was stressed and overworked) and increase capacity, but it also risked undermining the brand's commitment to handmade, natural products and environmentally friendly production. High-quality responses provided contextual evaluation and suggested hybrid approaches, such as outsourcing non-core tasks while retaining control of product quality.

However, many responses offered only one evaluative point, limiting the AO4 score. Evaluations were not always particularly detailed or developed, with justification and application lacking in many instances. An evaluative comment, supported by a contextualised chain of reasoning, was awarded 5 out of 6 marks. The sixth mark required a judgement on whether outsourcing is the **most** suitable or were there other methods that could be more suitable. Any judgement should be fully justified and supported by using the context.

BUSINESS

Paper 9609/22
Business Concepts 2

Key messages

Context is central to success on this examination. Any question that refers to a specific business (TRA in **Question 1** and LAF in **Question 2**) or to stakeholders connected to those businesses must be applied directly to the given scenario. The skill of application continues to be misunderstood by many candidates:

- Application is not rewarded simply for mentioning the name of the business or a stakeholder group. For example, in **Question 2**, referring to 'Drake' or 'LAF' alone does not constitute application. Responses should clearly be rooted in the specific circumstances of a growing, labour-intensive legal website business, rather than generic to any small business.
- Application must go beyond the wording used in the question. For example, in **Question 1(d)**, stating that employees 'work from home' or that 'motivation is poor' is not sufficient, as this information is already given. Stronger candidates used the additional context, such as isolation, rising personal electricity costs, and perceptions of unfair pay, to support their analysis and evaluation.
- Application does not mean copying sections of the case material. It requires candidates to apply knowledge and understanding to the data. For example, in **Question 2(b)(ii)**, copying figures from the budget table may not demonstrate application. However, explaining that 'actual costs exceeded budget, which may indicate poor control over outsourcing expenses' clearly contextualises the answer to LAF.
- Candidates often avoid using numerical data, yet this frequently provides some of the strongest context. Calculated figures, such as the adverse profit variance in **Question 2(b)(i)**, or the size of the social media sample in **Question 1(c)**, help apply responses firmly in the scenario. Even where calculations were incorrect, they could still be credited through the own figure rule (OFR) if they were used consistently.

Evaluation remains a key differentiator. Evaluation accounts for 20 per cent of the marks on this paper (12 out of 60), concentrated in **Questions 1(d)** and **2(d)**. At its most basic level, evaluation requires candidates to answer the question set. Some responses failed to reach a clear judgement. For example, in **Question 1(d)**, candidates were required to evaluate the most effective way to improve motivation. Stronger responses explicitly judged effectiveness in the context of home working at TRA and supported this with reasoning drawn from the case. Similarly, in **Question 2(d)**, high-level answers prioritised one responsibility and justified why it was most important at LAF's current stage of development. Candidates who replaced the command word with vague conclusions or who listed advantages and disadvantages without a supported judgement limited their access to the highest levels and assessment objectives.

General comments

Timing did not seem to be an issue for most candidates, with the majority able to formulate an answer to all of the questions.

In the evaluative questions (**Questions 1(d)** and **2(d)**) there was a tendency for candidates to analyse multiple points, well beyond the two AO3 marks available for this question. One developed chain of analysis is all that is needed to gain both of these AO3 marks. Although there is no penalty for a candidate providing more analysis than is needed, it may have an opportunity cost of limiting the time available to evaluate the response, which is half of the available marks in these questions. Evaluation and analysis are very different skills and more/less of one, will not change the mark of the other.

<u>Comments on specific questions</u>

Question 1

(a) (i) Understanding of specific business terminology is an essential skill and some candidates struggled to identify the term 'transformational process'. For those who did, the most common answer was 'added value' or an example of a way of adding value, such as production. Input and output were also acceptable answers as stages of the process, although examples of inputs, such as 'raw materials' was not awarded as a stage of the process.

(ii) Most candidates were able to demonstrate a basic understanding of the term *multinational business*. Stronger responses accurately defined this as a business that operates in more than one country, typically with production or operations in at least one foreign country in addition to its home country. High-level answers often developed this by referring to features such as overseas outlets, factories or offices, rather than simply stating that the business 'sells internationally,' which on its own was not sufficient and could be confused with an international business.

Weaker responses frequently confused a multinational business with an exporter or an international brand, stating only that the business 'sells products abroad' without making clear that operations are based in more than one country. Some candidates wrote vague descriptions such as 'a big global business' with no reference to overseas operations, while others incorrectly suggested that a multinational must operate in 'all countries', or 'globally'.

(b) (i) This was a well-answered question with most candidates able to take the pie chart percentages and use these to calculate the total number of respondents. Where mistakes were made, it was often where candidates used the wrong segment of the pie chart or made a simple numerical mistake. As long as a candidate shows the stages of their calculation, simple errors need not lead to 0 marks as the examiner is able to award marks for stages of the calculation that have been completed correctly. This is why it is essential that candidate show all of their working as part of their answer.

(ii) Candidates struggled with this question, although the concept of sampling seemed to be reasonably well understood. The issue with the majority of incorrect answers was that candidates answered about why a business might use market research, not sampling. For example, the most common wrong answer was that TRA could use sampling to identify the characteristics of the target market. This is not the reason to use sampling.

Sampling is done to reduce the number of responses that a business needs to analyse to find out the market research. In other words, the reason for sampling in most cases is to reduce the time and cost of the market research process. For candidates who spotted this, it was straightforward to apply their answer to the data (for example the 8000 sampled customers) and to explain why the business would find it quicker and cheaper.

(c) This question asked for reasons why data collected might not be reliable. The best answers used the context to identify the reasons why this specific data might be unreliable.

Stronger responses clearly focused on the concept of reliability and applied it to the specific context of TRA's social-media sampling. Many candidates correctly identified that the data may not be reliable because the sample was drawn from social media users only, meaning the results may not be representative of the whole market.

Weaker responses often assumed that data collected on social media was automatically unreliable, or that respondents might not tell the truth. Neither of these are evidenced in the data and these assumptions are not the basis for a good answer.

The most successful candidates analysed two distinct reasons, each clearly explained, analysed and contextualised, for example bias in online surveys or the risk of inaccurate responses due to lack of control over who completed the survey.

(d) Motivation is a well understood topic and the majority of candidates were able to identify and explain various methods of motivation.

Many candidates started their answer with a long definition and explanation of motivation. This is not what was asked for in the question, and this did not show any knowledge of ways of motivating the workers. Candidates need to focus their answers on the question asked – in this case identifying and explaining the ways a worker could be motivated, not the overarching topic of motivation.

Analysis needed to be focussed on the benefits and costs to the business of the chosen ways of motivating the workers. Far too many candidates analysed the likely effect on the worker, but that is not what the question asked about. The question asked about the most effective way for TRA, not for the worker. This distinction is very important as analysis of the effects on the worker was not credited as an answer to the question.

This question clearly called for 'the most effective way' and as such, candidates were expected to come to a judgement. Those who gave a clear judgement and then justified this in the context of TRA, were able to very quickly achieve the top of the AO4 marks. However, some candidates felt unable to come to a judgement, or simply repeated their earlier analytical points. Centres should encourage candidates to make a decision and answer the question. In the real world of business decision making, decisions do need to be made – the skill of evaluation is understanding the extent to which this decision may be in the best interests of the business and/or stakeholders of the business.

Question 2

(a) (i) Most candidates were able to correctly identify a valid external stakeholder of a business partnership, with common acceptable answers including customers, suppliers, the government, banks and the local community.

Where candidates gave an incorrect answer it was usually because they had confused internal and external stakeholders, as opposed to not knowing what a stakeholder actually is.

(ii) Stronger responses clearly explained outsourcing as the use of another business to carry out a function previously done internally, often supporting this with a relevant example such as IT support, accounting or website management. These answers went beyond a simple definition and showed understanding of the transfer of responsibility to an external specialist. Weaker responses tended to describe outsourcing vaguely as 'getting help' or 'working with other firms,' or confused it with offshoring, franchising or delegation within the business.

(b) (i) Most candidates were able to calculate the profit variance correctly by comparing the budgeted profit of \$3900 with the actual profit of \$3250, identifying a \$650 adverse variance. Some candidates used the cost and revenue figures in the table and wasted time calculating the profit, that had already been calculated.

Most candidates were able to recognise that \$650 lower profit was an adverse variance for LAF. Very few candidates ignored the command to state the variance.

(ii) Stronger responses clearly explained how Drake could use the budget data, for example to identify areas of overspending, investigate the causes of lower revenue, or to improve future budgeting and cost control. The best answers developed the explanation by linking the data to decision-making, such as reviewing outsourcing costs or marketing effectiveness within the context of LAF. Weaker responses often repeated that the data could be used to 'see profit' or 'check performance' without explaining how this information would influence management action.

(c) The majority of candidates seemed to understand what was meant by a labour-intensive operation. Stronger responses showed clear understanding of the limitations of a labour-intensive operation and were able to show some impact on the business of the limitations. The most common answer was that labour costs would be higher for LAF, and the best responses focused on which labour costs (such as training) this would affect. The best answers developed these points by linking them to Drake's plans to hire eight staff and rent an office, explaining how this would increase fixed costs, raise the break-even level of output, and expose the business to greater financial risk.

Weaker responses often identified valid limitations, such as 'expensive wages' or 'hard to manage staff,' but did not analyse them in sufficient depth. Some answers became descriptive, outlining what labour-intensive means rather than explaining why it could limit LAF's performance or growth.

Others drifted into unrelated issues, such as legal regulations or competition, without linking them clearly to labour intensity. Limited responses typically lacked any link to the context of LAF and gave analysis which could be based on any generic business. Candidates should look to the context to find the best answers to the specific scenario presented in the examination, not just the first answers they can remember.

(d) This question refers to the syllabus section 1.5.1, the roles, rights and responsibilities of stakeholders. Drake is a stakeholder of LAF as the owner and also as the manager, so candidates had a variety of different responsibilities that they could draw upon.

Some candidates did not have a clear understanding of what a responsibility is and instead focused on the characteristics of an entrepreneur, such as risk-taking. Drake does not have a responsibility to take risks, but he does have a responsibility to manage and control the risks of the business. The easiest way to demonstrate this, was for candidates to use the context and analyse how Drake would be responsible for risks, such as lack of profitability in LAF, or for the growth of the business.

Analysis of the responsibilities should have focused on the likely effects on either Drake or LAF if that responsibility was properly fulfilled or if it was not.

There was not a ‘right’ answer to this question and any responsibility could have been judged to be the most important as long as the candidate could justify their choice.

The question clearly calls for a judgement about the most important responsibility, though many candidates simply repeated their analysis and did not bring their answer to a conclusion. Likewise, some candidates attempted to weigh up the different responsibilities without giving a clear judgement. Whilst this can form the basis for justification, if the question asks for a judgement of ‘the most important’ then this must be the focus of the answer.

BUSINESS

Paper 9609/23
Business Concepts 2

Key messages

The mark scheme clearly shows how the marks are awarded based on the assessment objectives. Candidates need to direct their responses to demonstrating these skills in answer to the question. For example, **Question 1(a)(ii)** has one AO1 (knowledge and understanding) mark and two AO2 (application) marks. Therefore, candidates who spent too long defining the term, risked running out of time to gain the application marks.

Candidates should understand the requirements for a 12-mark 'Recommend' or 'Evaluate' answer. Many candidates started their answer with their 'recommendation' or 'evaluation ', which was often a simple one-line statement. As the candidate used no evidence or analysis by this point, the absolute maximum that could be awarded was 1 evaluation mark as there was no justification or development to support the answer. It is also important to answer the question, for instance **Question 2(d)** asked candidates to evaluate the importance of branding to the future success of FD. Answers must therefore state if branding is (or is not) important to the future success of FD. A clear overall judgement is required. Structure should be taught and used to ensure that evaluations and recommendations are completed well at the end of the answer to enable candidates to develop and justify their final judgement. In **Questions 1(d)** and **2(d)** candidates should present a balanced argument and make justified judgements/recommendations using the context from the supporting text. Candidates should avoid the repetition of previous points when concluding an answer.

General comments

Teachers and candidates appeared to be familiar with the format of the paper and the allocation of marks according to the assessment objectives.

Both pieces of context were accessible and candidates demonstrated a good understanding of the specific nature of the two businesses. There did not appear to be any timing issues as most candidates finished the paper and provided reasonable responses to all questions.

Candidates must consider the command word to judge the amount of detail required by a question, for example the 'identify' questions can be answered in one or two words. However, many candidates spent significant time preparing lengthy answers which sometimes spanned several paragraphs. This was not required as the one mark could be gained for a one or two-word answer.

Tautological answers were not rewarded – for example, answers that attempted to explain 'cash flow' using the word 'cash' and/or 'flow' could not be credited. Candidates must use their business knowledge to select appropriate terminology to show understanding and explain the term, for instance alternative words to 'cash' such as 'money' or 'funds'.

Comments on specific questions

Question 1

Care should be taken in **parts (b)**, **(c)** and **(d)** to ensure specific examples from the business context are used in candidates' answers. This will help the candidate to be awarded the application marks. Reference to the specific business is also included in the question stem. It must be remembered that context is more than just naming the type of product, for example solar panels.

(a) (i) Many candidates wrote lengthy answers which explained how an entrepreneur might use the specific quality, which was not required. These candidates could have gained the mark with just a few words. Candidates do not need to write in full sentences to answer an 'identify' question. This question assessed non-contextual knowledge and did not require answers applied to SF.

Various answers were accepted and the majority of candidates identified a relevant quality such as risk taker, creative or innovative. Where multiple answers were given, the first answer written was marked.

(ii) 'Explain' questions are worth three marks. One mark was awarded for knowledge and two further marks for application. For this question, the application could be to any example or business context and not solely SF.

For the first mark candidates had to show knowledge of working capital. Tautological answers were not rewarded – for example, the capital working in the business could not be awarded any marks. Candidates must use appropriate business terminology to show understanding and explain the term.

A number of candidates were awarded the first knowledge mark for stating the formula current assets minus current liabilities. Another way of showing knowledge was through reference to funds for day-to-day operations.

Many candidates were then awarded the second application mark by explaining working capital, such as reference to paying specific bills/expenses such as wages. The third mark was awarded for the use of context applied to working capital.

(b) (i) This question required candidates to perform a numerical calculation to calculate SF's profit variance in 2024.

This question proved to be accessible for most candidates. The first mark was awarded for the correct formula. The second mark was for using the correct figures to work out the profit variance of $1 750 000. For full marks candidates were required to state that the variance was adverse. Some candidates did not state adverse or gave a vague term such as unfavourable and were only awarded two marks.

(ii) The first knowledge mark for this question was awarded for demonstrating knowledge of an appropriate drawback of using budgets. The drawback should be specific and vague answers such as 'the budget may be inaccurate' were not awarded the knowledge mark. Candidates needed to explain the reason for example, changing external factors.

The first application mark was awarded for explaining a drawback of using budgets. For this 'explain' question candidates had to apply their answer to SF. The second application mark was awarded for use of relevant context for SF's situation in the answer.

(c) For this question candidates were required to analyse two limitations to SF of operating as a capital-intensive business.

The first knowledge mark was gained by candidates showing knowledge of a relevant limitation. The second mark was for application to SF using content from the business context.

Candidates should then create a chain of analysis to show how SF is impacted by this limitation. Analysis can be limited or developed. Limited analysis is for an answer with one link in the chain of analysis, whereas developed analysis is where the candidate shows two or more links in the chain of analysis or gives a two-sided analysis. An example of limited analysis given by some candidates was that being capital intensive may lead to high maintenance costs which increase cash outflows.

This answer could then be taken further to developed analysis by considering how the higher cash outflows could then threaten the future survival of SF.

Developed analysis is the key to candidates maximising their mark for all questions involving AO3. It is always better to have one developed piece of analysis, than many pieces of limited analysis. Writing a list of simple analytical points is likely to only score limited marks. This list approach limited the marks that some answers could be awarded.

(d) This question required candidates to evaluate whether a joint venture is the most appropriate way for SF to grow. A range of knowledge points were awarded AO1 marks such as working towards a shared goal or pooling resources. Many candidates gained the two AO2 application marks as they used context effectively to support their answer.

Half of the 12 marks for this question come from AO4 skills. Most candidates attempted to evaluate and so were able to gain limited evaluation marks at least.

A couple of candidates gave a brief conclusion (which often repeated the earlier points) at the end of the answer. This is never enough to move beyond limited evaluation. However, this issue was less common this series than in the past.

The skill of evaluation is to judge the quality, importance, amount, or value of something. In this case, it is to evaluate if a joint venture is the most appropriate way for SF to grow. If candidates did not make a clear judgement they were unable to be awarded any AO4 marks. Future candidates should be encouraged to provide a judgement, even if unsupported to attempt to gain some AO4 marks.

Question 2

(a) (i) Some candidates identified a selection method rather than a recruitment method. The syllabus differentiates between recruitment and selection so answers relating to selection methods were not rewarded. For instance, some candidates identified ‘interviews’ which did not answer the set question as it a way of selecting a potential employee.

Candidates do not need to write in full sentences to answer an ‘identify’ question, a one or two-word response is sufficient. This question assessed non-contextual knowledge.

(ii) Most candidates gained a knowledge mark for this question as they wrote that cash flow includes money coming into and out of the business (inflows and outflows).

Two application marks were available for this question. The application marks were awarded for applying knowledge of cash flow to a business context. For this question the application could be to any business scenario or to PD. Several candidates were awarded the second application mark by linking their answer back to PD. However, some candidates also gained this mark by applying it to a general business example, such as a chocolate manufacturer.

(b) (i) This question asked candidates to use the market analysis data to calculate the percentage of PD’s customers with positive feedback. Candidates are always encouraged to show their working in their answers to ‘calculate’ questions to enable the examiner to award process marks if the final answer is incorrect. This question was well answered with many answers being awarded the full three marks.

(ii) This question required answers to be applied to PD. Candidates must carefully read the question to ensure that they know when they are required to apply to a specific business context. This is clear from the wording of the question as it will identify the specific business, such as PD in this case.

The first knowledge mark was gained by candidates showing knowledge of a reason why the data may not be reliable, for instance a small sample size. This question focused on the reliability of data. However, on this occasion answers about the reliability of market research methods were allowed.

The first application mark was given for an explanation of the reason for the data not being reliable. The second application mark was given for application to PD, for example, reference to 800 respondents.

(c) This question was worth 8 marks. The question asked candidates to analyse two possible costs to PD of holding inventory. Some candidates found this question challenging. The analysis must show the impact of the cost identified. Therefore, candidates who stated storage costs for knowledge could not be awarded an analysis (AO3) mark for then saying that the increased storage costs would lead to the higher costs. They needed to explain how increased costs would impact PD, for instance, reduced profits.

Knowledge marks were awarded for identifying the cost, for example, higher insurance costs. Application marks were awarded for answers that applied the cost to PD, e.g. reference to the business operating in the mass market or the use of social media influencers.

Half of the eight marks were for analysis. Analysis can be limited or developed. Limited analysis is for an answer with one link in the chain of analysis, whereas developed analysis is where the candidate shows two or more links in the chain of analysis or gives a two-sided analysis.

(d) The final question on the paper asked candidates to evaluate the importance of branding to the future success of PD. Most candidates showed good understanding of branding, for instance reference to the use of logos or jingles or helping to differentiate from competitors. A few candidates gave answers about the marketing mix which did not always directly answer the question. Many candidates gained the application marks as they were able to apply the context to their answers, for instance by discussing how the sales volume decreased by 20 per cent in a week.

Analysis could be limited or developed depending on the number of links in the chain of analysis. Most candidates were able to give at least a limited analysis.

In this question, candidates had to make a judgement about the importance of branding to the future success of PD. Some answers evaluated throughout the answer, but most answers gave an evaluative judgement/conclusion at the end. The evaluation could be limited with a simple judgement, developed where the judgement is supported by further evidence, or could be developed with supporting evidence with context. Many candidates used the context effectively within the evaluation and this is a skill that centres should continue to support future candidates to develop.

BUSINESS

Paper 9609/31
Business Decision-Making

Key messages

- Candidates should be familiarised with the method of assessment and the mark scheme grids for the 8- and 12-mark questions. This should include how the higher levels of analysis and evaluation may be demonstrated.

- There is also a list of agreed financial formulae to be used in the syllabus. Teachers should familiarise themselves with these as some, such as ARR = average profit / average investment × 100, are different to those used previously. As of November 2025, some candidates were still using the 'old' ARR formula.

- Candidates should be supported to demonstrate their understanding of written and numerate business concepts across a wide range of case study contexts. This can be best achieved through the use of recent past papers and mark schemes. Teachers should advise candidates to spend the first 10 minutes of time allowed reading the case study and trying to understand the nature of the business activity the company is engaged in and who their customers are. They must also consider potential threats and opportunities presented by the internal and external business environment.

- It is important for candidates to return to the relevant sections before answering each question, as the case study includes 'signposts', to assist candidates in keeping their responses focused and relevant.

- Knowledge marks are for relevant business concepts or points that answer the question. However, candidates should show a precise understanding of the key concept in the question, as well as advantages, disadvantages or impacts.

- Application or credit for context marks can only be achieved if the information from the case is used to support answers. It is not enough just to mention the name of the case study company or products, or to copy out sections of the text.

- Answering questions in order is the best approach, as it allows a detailed picture of the business to be developed. The booklet style paper makes it easy to keep to time and return to an answer if candidates need to add further development.

- Financial analysis, such as ratios and other calculations, will need to be used in the later parts of the questions, including an explanation of the implications of results for the business or project in question. An approach that relates calculation data and results from different parts of the case should also be used. Candidates should consider to what extent the business is a financial success, or otherwise, from the point of view of different stakeholder groups.

- A good evaluative answer includes in context judgments throughout and a well-supported conclusion clearly in context at the end.

- Candidates should always read the wording of the case and questions carefully and ensure that the precise question is answered.

General comments

This was an accessible case study, based on a pie manufacturing company that has social as well as financial objectives. There was evidence that some centres had studied the assessment model in detail and prepared effectively. These candidates knew what to expect in terms of skills and how to structure responses in the 8- and 12-mark questions. In particular, the need for two developed points in 8-mark questions and clear 'in context' evaluation in 12-mark questions. However, there is still significant room for improvement, in candidates examination technique and use of theory concepts. Common errors are described in the section on individual questions, to help teachers support candidates.

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

It is also important for candidates to read the questions carefully. Good analytical and evaluative answers make links between different parts of the case as well as taking an overview of the business' current position, objectives and future direction. When a decision is required, such as whether to invest in computer-controlled pie making machinery in this case, candidates should do more than just quoting from the text. They should analyse the advantages and disadvantages of choices to this company. Candidates should also be encouraged to consider alternative views, such as, in this case, PPP risk compromising their social objectives in human resource management.

Teachers can help to improve candidates' performance in the important skills of application, analysis and evaluation, by supporting them in working through past Paper 3 papers and assessing answers using published mark schemes. Candidates who are familiar with the structure of the mark scheme, for instance in knowing that there are no evaluation marks in **Questions 1** and **2**, will not waste time writing a conclusion to those questions.

This style of answer booklet allows enough space for most answers. Candidates should be encouraged to plan and write considered, concise responses.

<u>Comments on specific questions</u>

Pedro's Perfect Pies (PPP)

Question 1

Analyse <u>two</u> likely impacts on PPP of the changing external influences. (8)

This question was well answered by some candidates, who showed a good understanding of external influences and the likely changes in PPP's costs and revenue. This included changes for the different types of pies and different markets. The requirement here was for two well developed points and the best candidates split their answer clearly into two sections, one developing each point. Application marks were generally gained by linking the external changes, such as 'people eating less meat' to 'less sales of PPP classic and premium meat pies'. Analysis points were then built, such as falling revenue and profit, but also opportunities for new product development, such as extending the vegan pie range. Some candidates also observed that falling real incomes may have a negative impact on sales of premium pies, but possibly a positive impact on sales of 'inferior' goods, such as classic pies.

Question 2

Analyse <u>two</u> benefits to PPP of using quality assurance. (8)

This question was quite well answered by some candidates, who showed a reasonable understanding of quality assurance (QA) and benefits to PPP of its use such as motivation of employees due to extra responsibility. However, many candidates also developed the benefits of quality, rather than the use of QA. This demonstrates the need to read the questions carefully as this was not asking for responses about marketing. The requirement here was for two well developed points and the best candidates split their answer clearly into two sections, one for each point. Application marks were generally gained by suggesting that QA helped to make batch production jobs more interesting and linking this with low employee turnover. Analysis points were then built, such as how less waste of ingredients and finished pies may be achieved by the checking at every stage of production. This may then lead to lower costs and increased profits. The low employee turnover would also save recruitment and (QA) training costs.

Question 3

(a) Using the data in Table 1.3, calculate the payback period for PPP's proposed new machine. (2)

Many candidates correctly calculated the payback period as 3 years or received 1 mark for a correct cumulative cash flow.

(b) Using the data in Table 1.3, calculate the accounting rate of return (ARR) for PPP's proposed new machine. (2)

Many candidates correctly calculated this at 21.05% or received 1 mark for use of the 'old' formula and the answer 10.53%.

1 mark could be gained by correctly stating the formula.

(c) Evaluate whether PPP should invest in the new machine. (12)

There were plenty of 'signposts' in the case to help identify reasons for and against the potential investment. Most candidates produced a two-sided argument and a conclusion.

Application marks were often gained by explaining the impact on PPP of the ratios calculated in **3(a)** and **3(b)**, although this was not an essential requirement. The three-year payback period is less than the four-year estimated life and the ARR of 21.05% relatively high. Other factors in favour include the increase in capacity and likely accuracy of the machinery. Factors against would revolve around the cost and impact on employees. Analysis points developed the advantages and disadvantages in terms of increased cost and gearing versus increased productivity and potentially profit. Evaluative marks were gained by weighing up the analysis and coming to a supported conclusion.

Higher-level evaluation marks were gained by candidates who balanced advantages and disadvantages of the new investment and potential impact in the short and long run. For example, the extent to which the social objectives of PPP, including developing young unemployed workers may be compromised if their jobs were downgraded to just adding the logos to the pies. Many candidates also felt that job redundancy would be inevitable and that this could impact PPP's reputation.

Question 4

(a) Using the data in Table 1.2, calculate the monthly revenue from the sales of classic pie after the price increase. (4)

A few candidates carried out this calculation correctly, $12 600, with correct units not needed for full marks. A few gained 1, 2 or 3 marks for a formula or partial calculation, often reaching the new quantity of 3500 units but not then multiplying by the new price.

(b) Evaluate the usefulness to PPP of elasticity measures when deciding on the marketing mix for the new cheese pies in export markets. (12)

This part was also challenging for many candidates. Some used answers to **4(a)** or relevant figures from the elasticity data in the case in their response to **4(b)**. However, candidates who demonstrated an understanding of elasticities in theory, often found it difficult to apply the measures correctly to PPP products. In particular, income elasticity of demand, in terms of positive or negative, was not well understood. Application marks were gained by some candidates who linked the elasticity measures with the different types of pies and marketing mix elements for the new cheese pies. Analysis marks were gained by developing these points, for example suggesting that if the new classic cheese pie product for export was also elastic in demand, then a low price would be needed to maximise revenue. Evaluative points such as simple judgements as to the limited usefulness of elasticity measures, due to the use of past data usually achieved Level 1 evaluation.

Higher-level evaluation marks were gained by candidates who balanced usefulness against limitations, but also considered other factors. Typically, the fact that the export market would probably be totally different both in terms of incomes and price sensitivity. However the use of market research data from potential export countries could be used in conjunction with the home country elasticity data to provide some guidance as to a successful marketing mix.

Question 5

Evaluate the importance of emotional intelligence to Pedro's leadership of PPP. (12)

Many candidates showed a reasonable understanding of emotional intelligence and its relevance and importance to leadership. Better answers also used Goleman's competencies in detail. Once again, 'signposts' in the case such as good employee relationships, low staff turnover and employee development were frequently used for application. Application marks were typically gained by linking Pedro's understanding of his employees with his commitment to training and regarding them as 'his greatest asset'. Analysis marks were gained by developing these points, for example in suggesting that Pedro's emotional intelligence and communication skills improved motivation in the workforce and therefore productivity, therefore demonstrating successful leadership. Some candidates also suggested that Pedro would set a good example to employees and also develop the emotional intelligence of the young people he employed, enhancing teamwork. Alternative views, such as possible higher costs associated with Pedro's style of leadership, such as rewards and training, were ways of gaining evaluation marks, often at Level 1.

Higher-level evaluation marks were gained by candidates who balanced both sides and reached an overall conclusion as to whether (or not) Pedro's emotional intelligence may be the main reason for the success of PPP, both now and in the future. Better candidates also looked at other qualities, such as innovation and business planning skills that had helped Pedro drive the business forward. Some candidates also offered evaluative points in relation to PPP's low-skilled employees and whether they may take advantage of Pedro's approach and social objectives. Would a more 'hard' HRM approach be more effective?

BUSINESS

Paper 9609/32
Business Decision-Making

Key messages

- Read the questions first and then read the case study several times to identify relevant context, such as KTJ's focus on premium products and ethical relationships.
- Define key business concepts like delegation, corporate social responsibility (CSR), and time series analysis (TSA) to provide a foundation for subsequent analysis and evaluation.
- Structure answers according to the command word; 'evaluate' questions require chains of analysis and supported judgement, while 'analyse' questions only require the former.
- The paper is weighted towards evaluation, so candidates should provide balanced responses and supported judgements.
- A good evaluative answer includes judgments throughout, provides balance, and a well-supported judgement clearly in context in its conclusion.
- Candidates should be familiar with the published list of financial formulae used in the syllabus. Teachers should review these formulae as some, such as ARR (average profit/average investment × 100), are different to those used in the 'old' syllabus.
- It is essential to include the correct unit of measurement in calculation questions, such as 'years and months' for **Question 3(a)** or 'percentage' for **Question 3(b)**.
- Context is important in this examination. Answers must be applied specifically to the business in the case material. How to demonstrate application is often misunderstood by candidates.
  - Application is not rewarded for merely mentioning the name of the business, stakeholders, or products. For example, simply referring to Ada Hadebe's name or mentioning 'fruit juice' is not enough to apply an answer. The response should be clearly focused on the given scenario, such as KTJ's specific mission regarding ethical relationships with local farmers and sustainability.
  - Application must go beyond the words used in the question. For example, if a question refers to 'fluctuations in the exchange rate,' using those exact words does not demonstrate context because they are provided in the question. Candidates must use further data, such as the 20% depreciation of country B's currency, to explain how it specifically impacts the cost of importing fruit from other African countries.
  - Application does not mean copying sections of the data. It requires a candidate to apply a piece of business knowledge to the case study information. For instance, a candidate who simply copies that 'country C has an unreliable electricity supply' is not applying a piece of knowledge. However, a candidate who states that a disadvantage for KTJ is that 'operational risks and costs will rise because the unreliable electricity supply in Country C could disrupt the processing of seasonal fruits' has effectively applied their knowledge to the data.
  - Candidates should use numerical data as this can provide strong context. Using figures is an identifiable and effective way to make an answer clearly contextual. This includes results from calculations. For example, using the calculated payback period of 4 years 3 months for country C or the 23.3% ARR for country D provides excellent support for evaluative comments regarding factory location. Any calculated answer, even if incorrect, can be used as context and will be rewarded under the own figure rule (OFR).

General comments

Candidate responses to this paper showed a broad range of performance. The paper was challenging but discriminated effectively between candidates of different ability levels. Most candidates managed their time effectively and attempted all questions.

Stronger candidates demonstrated a comprehensive understanding of business concepts and developed extended chains of reasoning that showed cause and effect. These candidates effectively integrated case material into their analysis rather than just copying data. Higher-level marks depended on the ability to focus answers on the specific circumstances of Komate Tropical Juice (KTJ), such as its nearing full capacity and its sustainability mission. The best 12-mark answers demonstrated an evaluative approach throughout, providing well-focused judgements in the final paragraph that were firmly linked to the business context.

In contrast, weaker responses were often superficial, sometimes ignoring the specific context of KTJ or failing to define key terms accurately. These candidates struggled with specific concepts, such as confusing delegation with task assignment.

A notable weakness across the cohort was the management of numerical questions. For instance, **Question 4(a)** proved to be the most difficult item on the paper with a significant proportion of candidates omitting an answer. Teachers are encouraged to ensure students practice time series analysis (TSA) and investment appraisal formulae as stated in the syllabus.

Comments on specific questions

Section A

Question 1

Analyse one advantage and one disadvantage to KTJ of delegation.

Answers often began with an accurate definition of delegation as the transfer of authority down the hierarchy. This was further developed with reference to the motivation of employees and followed by a chain of analysis linking improved motivation to positive impacts on KTJ such as an increase in productivity. Stronger answers linked delegation to KTJ's flat organisational structure, suggesting that delegation empowers employees and allows Ada to focus on strategic expansion plans. The cost of investment in employee training was often highlighted as a disadvantage of delegation with contextualisation developed by noting that KTJ already had higher costs than competitors due to its commitment to sustainability. Other answers provided context by commenting that delegation could lead to inconsistent decision-making affecting KTJ's premium brand image.

A common error was defining delegation merely as 'giving a task to a subordinate' without mentioning authority or responsibility. Some candidates focused on the benefits to the *employee* (work-life balance) rather than the benefit to KTJ. Some candidates also included evaluative conclusions, which were not rewardable. Many candidates did not develop two links in their chains of analysis and therefore achieved only Level 1 for AO3.

Question 2

Analyse two impacts on KTJ of its commitment to corporate social responsibility (CSR).

Of all the questions requiring an extended answer, this was the most accessible. Most candidates defined CSR as considering the interests of stakeholders. Good answers linked CSR to KTJ's premium product branding and its mission to maintain ethical relationships with local farmers. Analysis often focused on how sustainability can reduce price elasticity of demand, allowing for higher prices and therefore a higher profit margin. This was often balanced against the increased costs of auditing sustainable farming methods or switching to recycled plastic bottles thus providing a contrasting impact on KTJ.

Weaker answers tended to copy sections of the case, for example 'KTJ uses recycled plastic bottles' without explaining the *impact* on the business. Application should go beyond repeating words from the question. Encourage students to explain *how* CSR affects specific variables, such as operating costs due to regular auditing of farms or sales value due to premium branding.

Some candidates confused CSR with mere legal compliance and were therefore unable to access any marks.

Question 3

(a) Using the data in Table 1.2, calculate the payback period of the country C location.

Most candidates correctly identified that payback occurred in the fifth year, with many achieving the full two marks for 4 years 3 months (or 4.25 years). A common error was providing the wrong number of years despite correct cumulative cashflow calculations. Many candidates gave '5 years 3 months,' failing to recognise that the outflow was recovered *during* year 5, not after it. Others omitted the units 'years and months'.

(b) Using the data in Table 1.3, calculate the accounting rate of return (ARR) of the country D location.

There was a good understanding of the ARR formula. Many candidates correctly calculated 23.3%. Candidates are reminded that the % sign is required for full marks; omitting it resulted in the loss of one mark. Other candidates lost marks for using the incorrect formula for ARR with the 'capital cost' of $20m used as the denominator instead of 'average investment' of $12m, resulting in an answer of 14%.

(c) Evaluate which location KTJ should choose for its new factory.

This question required balancing quantitative data (payback and ARR) against qualitative factors. There was plenty of context for candidates to use, but this resulted in some candidates going through every point in Table 1.1 and therefore only giving superficial analysis of each point. Stronger answers noted that country C offered a higher ARR and shorter payback whilst also aligning with KTJ's ethical mission due to its many small farms. However, country D was often preferred in evaluations because of its reliable infrastructure and modern seaport, which are critical for securing long-term export growth to the US. Some candidates correctly questioned the reliability of the report prepared by a junior analyst. Weaker answers were often one-sided, simply listing the benefits of one country. They lacked a supported conclusion or failed to mention the mission statement fit of the chosen country. A common error was to argue that the farms were competitors rather than suppliers to KTJ.

For Level 3 Evaluation, candidates must make a judgement in the business context. Students could be encouraged to use an 'it depends on' approach, for example, the decision depends on KTJ's tolerance for operational risk versus its commitment to CSR positioning.

Question 4

(a) Using the data in Table 1.4, calculate the four period centred moving average for Quarter 1 2025.

This required calculating two four-period totals 23.1m and 23.7m, then an eight-period total 46.8m, and finally dividing by 8. Many candidates did not know the 'centred' formula. Most candidates simply averaged four consecutive numbers for example 6 + 7 + 5.5 + 4.2)/4 = 5.675m), which only earned one mark for understanding the concept of a moving average. This is a vital numeracy skill for Paper 3. Students must practice the specific steps of centring moving averages for four periods.

(b) Evaluate the usefulness of time series analysis to KTJ in making business decisions.

Candidates found this question challenging. Answers were often structured by first defining sales forecasting as being a prediction of future sales and then noting that forecasting is highly useful for short-term operational planning which can significantly impact business performance. Analysis often centred on linking forecasting to KTJ being able to plan for production, inventory management and workforce needs among other things. Therefore, forecasting helps satisfy demand and reduces costs leading to an improvement in profitability. Good answers developed analysis in context noting from the data that demand was seasonal and therefore that using a four period centred moving average was appropriate for smoothing the trend. Others commented that TSA is excellent for short-term operational planning, such as scheduling fruit imports to meet seasonal peaks in Quarter 3.

The focus of this question is the skill of evaluation, which is assessed independently of other skills, except for Level 3 which requires context. Since half of the marks available in this question are for evaluation, it is reasonable for half of the response to be targeted towards this skill. Candidates often made no judgement about the usefulness of sales forecasting. Evaluation when present tended to be simplistic with most candidates only noting that the use of moving averages depended on past trends being a stable indicator of future changes. Better answers argued that TSA relies on historical data and it may not account for the dynamic, competitive nature of the US market or sudden external shocks like exchange rate fluctuations. Candidates could have focused on the distinction between quantitative extrapolation and qualitative external factors in sales forecasting. A Level 1 evaluation point might note that 'past data is no guarantee of the future,' but a Level 3 point could link this to the entry of new competitors in the US food and drink market.

Question 5

Evaluate the likely impact on KTJ of fluctuations in the exchange rate of country B's currency.

There were many candidates that showed no knowledge of exchange rates and wrote instead about a range of other economic factors. Candidates typically defined the exchange rate as a measure of the value of one currency in terms of another. Unfortunately, some confused the meaning of appreciation and depreciation which resulted in inaccurate analysis about the impact. Better candidates correctly identified that the 20% depreciation of country B's currency would make KTJ's juices more price competitive in the US and other African countries. Strong answers provided a balanced view, noting that while export revenue might rise, the cost of importing fruit from other African countries would also increase, potentially squeezing margins. The most effective evaluations argued that the net impact would likely be positive because KTJ sources most fruit locally, but warned that long-term volatility complicates strategic planning for the factory expansion making the calculation of ARR and payback difficult.

Students should learn the 'SPICED' (Strong Pound, Imports Cheap, Exports Dear) acronym, or its inverse, and practice applying it to specific business scenarios. In evaluation, students should consider the extent of the impact for example by considering the price elasticity of demand for the good.

BUSINESS

Paper 9609/33
Business Decision-Making

Key messages

- Planning: Candidates should spend at least 10-15 minutes of the examination reading the case study carefully to identify the internal and external influences shaping business decisions. Returning to specific 'signposts' in the text before each question helps maintain focus.
- Time management: Candidates should allocate approximately 1.5 minutes per mark. A 12-mark question requires roughly 18 minutes of planning and writing.
- Assessment objective weighting: This paper is heavily weighted towards evaluation (AO4). In 12-mark questions, analysis is worth only two marks, whereas evaluation is worth six. Candidates must move beyond generic analysis to provide supported judgements.
- Using the case material: Context is essential for accessing higher-level marks. The skill of application is often misunderstood by candidates.
  - Application is not rewarded for merely mentioning names of the business, stakeholders, or products. For example, simply using Astor's name or mentioning 'lithium' is not enough to apply an answer. The response should be clearly focused on the given scenario, such as LBM's transition from a survey-based firm to a mining operator while currently losing $2–3 million per year.
  - Application must go beyond the words used in the question. For example, if a question refers to 'nationalisation,' using those exact words does not demonstrate context because they are provided in the paper. Candidates must use further data, such as LBM being the only business in Country G planning to mine lithium, to explain why the government might want to ensure a stable domestic supply.
  - Application does not mean copying sections of the data. It requires a candidate to apply a piece of business knowledge to the case study information. For instance, a candidate who simply copies that 'holding inventory of lithium involves high costs' is not applying a piece of knowledge. However, a candidate who states that a limitation of sales forecasting is that 'inaccurate predictions could lead to LBM miscalculating production, resulting in high inventory holding costs which would worsen the firm's current annual losses' has effectively applied their knowledge to the data.
  - Numerical data provides valuable context. Using figures is an identifiable and effective way to make an answer clearly contextual. This includes results from calculations. Any calculated answer can be used as context. For example, using the calculated payback period of 5 years 1 month or the negative NPV of ($3.48m) provides excellent support for evaluative comments regarding the hot water mine. Similarly, noting that the 115-week project duration exceeds the two-year (104-week) target provides vital context for discussing the importance of Critical Path Analysis.
- Units: It is vital to include the correct unit of measurement for all numerical answers, such as 'weeks' for project duration or 'millions' for NPV.
- Directive words: Structure responses in direct relation to the command word. 'Evaluate' questions require developed chains of analysis followed by supported judgements throughout the answer, whereas 'Analyse' questions only require chains of reasoning.
- Knowledge: Definitions provide the foundation for analysis. Candidates should define key business concepts at the start of their response to demonstrate theoretical knowledge.

General comments

Most candidates managed their time well and attempted all questions. Stronger answers demonstrated a comprehensive understanding of business concepts and developed extended chains of reasoning in context. Weaker answers often provided superficial or generic 'textbook' answers that lacked context. High-level marks in this paper depend on the ability to focus answers on the specific circumstances of LBM – such as its limited finance for the hot water mine and the volatility of the global lithium market. Many answers remained generic, providing 'textbook' analysis of HRM or investment appraisal without considering the unique risks LBM faces, such as local opposition or potential hostile takeovers.

Candidates often struggled with the higher-order skill of evaluation, limiting it to a brief concluding statement rather than integrating judgements throughout the response. In 12-mark questions, analysis was often over-developed at the expense of evaluation. Stronger responses demonstrated evaluation in each paragraph, leading to a conclusion firmly grounded in LBM's specific circumstances, such as its unprofitable status ($2–3 million annual loss) and the 15-year life span of the hot water mine.

Weaker responses often copied large sections of the text (e.g., the description of hard rock mining) without interpreting what the data showed. Teachers should encourage candidates to use information as a springboard for original analysis rather than a substitute for it.

Comments on specific questions

Section A

Question 1

Analyse two advantages to the government of country G that could result from the nationalisation of LBM.

This question was well answered by the majority of candidates. Well-structured answers often began with a precise definition of nationalisation as the transfer of ownership from the private to the public sector. A common advantage analysed was the prevention of a hostile takeover by a multinational business. Candidates argued that this ensures future revenue remains within Country G's public finances to fund infrastructure rather than flowing abroad to foreign shareholders. Context was further provided by identifying that the government is concerned about meeting long-term lithium demand for local industry. By nationalising LBM, the government can ensure a stable supply for critical domestic sectors like electric vehicle manufacturing, thereby supporting economic growth.

A weakness observed in many scripts was the inclusion of disadvantages or evaluative comments, which were not rewarded and wasted valuable exam time. Others failed to provide more than one link in their chain of analysis, limiting them to Level 1 for AO3. Ideally, candidates should have developed extended chains of reasoning, such as: Nationalisation ensures lithium supply is prioritised for domestic battery producers, which reduces reliance on foreign imports and therefore safeguards the stability of Country G's industrial sector.

Question 2

Analyse one benefit and one limitation of sales forecasting to LBM as it begins its mining operations.

This was the highest-performing question on the paper. Knowledge of sales forecasting was generally sound, with many defining it as a prediction of future sales volumes based on historical trends. Most answers linked the benefit of forecasting to resource planning allowing LBM to schedule machinery and labour effectively. Better answers developed context by noting that output from lithium mines is difficult to vary at short notice, making accurate predictions of future demand essential as the company was currently losing $2–3 million annually. Weaker answers often lacked context providing only generic benefits that could apply to any firm, such as 'improving profit,' without explaining the relevant links to the context.

The most effective limitation analysed was the volatility of external influences in the lithium market. Candidates noted that the development of alternatives to lithium and variations in demand for smartphones could make historical data-based forecasts unreliable. A common error was a failure to show the *impact* of this limitation on LBM. Better answers explained that inaccurate forecasts could lead to high inventory holding costs, which are noted as 'high costs' in the case study, potentially worsening LBM's financial position.

Question 3

(a) *Using the data in Table 1.1, calculate the payback period.*

Payback was generally well-calculated. Most candidates identified that the initial $320 m investment would be recovered in the sixth year. The correct answer was 5 years 1 month (or 5.08 years). Candidates are encouraged to include working, for example, showing the cumulative cash flow. This can ensure that where an incorrect answer is given, marks may be awarded for process. A few candidates failed to provide the months or provided incorrect decimal conversions.

(b) *Using the data in Table 1.1, calculate the net present value (NPV) over six years discounted at 8%.*

There was mixed success here. Candidates were required to sum the discounted cash flows and subtract the capital cost. The correct answer was ($3.48 m). One mark was awarded for knowledge of the NPV formula, or calculating the total discounted net cash flows as $307.63 m. Many candidates failed to include the negative sign (brackets) or forgot to subtract the initial outflows, highlighting a need for more practice with multi-year NPV calculations.

(c) *Evaluate LBM's decision to go ahead with the hot water mine.*

This question required candidates to weigh the quantitative investment appraisal results against qualitative factors. Stronger responses noted that while the NPV over six years is negative, the project has a 15-year life span, and the rapid rise in global demand suggests that cash flows in years 7–15 could be highly positive. Weaker responses were often one-sided and lacked a concluding judgement.

Good evaluation highlighted that LBM has strict finance limitations; if there are adverse variances to the budget, the business could face insolvency. The best answers provided balanced argument, considering that the social benefit of heating local housing might reduce local opposition, thereby lowering the risk of operational delays. A frequent weakness was the failure to conclude with a supported recommendation. A Level 3 response could have argued that while the risk is high, establishing mining operations is strategically necessary for LBM's survival given that the business is currently losing significant sums of money.

Question 4

(a) (i) *Using Figure 1.1: calculate the total float for activity C.*

Most candidates stated the correct formula (LFT – Duration – EST). The correct answer was 10 weeks. Common errors included misreading the network diagram or failing to identify the correct LFT from Node 4.

(ii) *Identify the minimum project duration.*

This was the easiest item on the paper. The correct answer was 115 weeks, representing the sum of durations along the critical path. Candidates are reminded that missing the unit 'weeks' can lead to a loss of marks in some series.

(b) *Evaluate the importance of Critical Path Analysis (CPA) to the success of the hard rock mine.*

Stronger answers identified that CPA is vital because the hard rock mine project is complex and already forecasted to take 115 weeks, which exceeds the two-year (104-week) target. By identifying the critical path (activities A, F, G, H), candidates argued that Astor can focus management supervision on the tasks most likely to cause delays. They used the 15-week float for Activity C as context for reallocating resources to critical tasks.

Evaluation often centred on the reliability of the data. Candidates noted that the time estimates were obtained from R&D and industry sources, but as LBM is a new operator drilling 500m underground, these figures may be overly optimistic. Weaker answers merely described what a network diagram is without linking it to LBM's specific circumstances. There were a significant number of candidates who demonstrated no knowledge of CPA. Candidates are reminded of the need to understand all concepts identified in the syllabus.

Question 5

Evaluate LBM's decision to use two different approaches to HRM.

This question required an analysis of the 'soft' HRM approach for 35 graduates and the 'hard' HRM approach for 150 machine operators. Weaker answers simply defined the HRM terms without applying them to the specific groups mentioned in the case study.

Many candidates understood that a soft HRM approach treats employees as valuable assets, focusing on development and motivation. Good answers developed contextual analysis, for example, commenting that the 35 graduate employees, are responsible for mapping technology, and developing mining techniques. As such giving these graduates delegated powers and allowing them to decide their own work patterns (autonomy) fosters higher motivation and creativity. This is essential for LBM to generate innovative and efficient techniques necessary for long-term competitiveness in lithium extraction. In contrast, it was argued that the machine operators perform standardised, repetitive tasks that benefit from close supervision and control. Analysis was developed by noting that this control would help LBM minimise errors, maintain efficiency, and manage labour costs effectively. Evaluative context was shown by better candidates who observed that cost control is particularly crucial, given that LBM is currently operating at a loss of $2–3 million per year.

However, a major weakness in many answers was the failure to consider the potential for conflict. Stronger answers argued that the primary risk was the potential for internal resentment and conflict due to the creation of a two-tier culture. The stark contrast between the delegated, autonomous graduates and the closely supervised machine operators risks creating a sense of unfairness or demotivation among the 150 operators. If the operators feel undervalued compared to the smaller graduate team, it could lead to industrial relations problems, high staff turnover, or even resistance to supervision at the hot water mine site, threatening operational stability just as LBM begins generating revenue.

The best responses gave a balanced response leading to a supported judgement arguing, for example, that LBM's dual HRM strategy is necessary for functional efficiency but dangerous for internal culture, and noting that its success might be conditional upon management (led by Astor) successfully mitigating the risk of conflict, to prevent internal dissatisfaction from undermining the profitability of the new mine.

BUSINESS

Paper 9609/41
Business Strategy

Key messages

For the A level Business qualification candidates are assessed across four assessment objectives.

AO1 Knowledge and understanding

For this objective a candidate needs to demonstrate knowledge and understanding of business concepts, terms and theories. One of the best ways to do this is to show knowledge from the syllabus area that is being examined, for example when asked about blue ocean strategy, a concise definition should be given. It is vital that candidates demonstrate knowledge and understanding relating to the key focus of each question. If a response does not score any marks for AO1, then it cannot receive any marks for AO2, AO3 and AO4.

AO2 Application

For this objective, candidates are expected to apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts. It is important to use the information in the case material as a guide and to quote from the case material where necessary, this is especially important in Question 1 where you are reflecting on what has happened and have the case material and appendices that are rich in content.

AO3 Analysis

For this objective, candidates are expected to analyse business problems, issues and situations by:

- Using appropriate methods and techniques to make sense of qualitative and quantitative business information.
- Searching for causes, impacts and consequences.
- Distinguishing between factual evidence and opinion or value judgement.
- Drawing valid inferences and making valid generalisations.

This is an opportunity to identify an issue, consider its impact on the business, both positive and negative, and potentially offer an alternative route of action. This is especially important in Question 2 where candidates are expected to offer ideas on approaches to business strategy.

AO4 Evaluation

For the final objective candidates need to evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation. This is an important, but usually the hardest, skill for candidates to develop. Good candidates will evaluate at least two different approaches to the strategy presented to gain level three marks.

General comments

Any content from the strategy sections of the functional areas in the syllabus can be examined in this paper.

This year, Question 1 focused on Marketing Strategy from the marketing section. As has been in previous years, this question was reflective on how they used various aspects of marketing to achieve their objectives and required the use of the timeline and data in the appendices. This means that Question 2 remained the forward-looking question where candidates needs to analyse an approach to business strategy and advise the best strategic approach for the business in the case study to use. This is inherently harder with application as the appendices are what has happened in the past, however, they can be applied to moving the company forward.

This year Question 1 focused on analysing a marketing strategy for Fashion Market. This was a retailer of low-price clothing started in 1978. As part of its marketing objectives, it implemented a strategy to try to grow revenue faster than its competition in all the markets it operates in. As such, the appendices then covered the key areas: international distribution, pricing policy, product development and promotional campaigns. A candidate did not have to discuss all the appendices to maximise marks. However, an in-depth analysis and evaluation of at least two points would be required.

In Question 2, candidates were expected to discuss a set strategy, blue ocean strategy, from the developing business strategy section as a particular approach. While the case had been written to fit with blue ocean strategy, candidates could have discussed any of the eight approaches listed in the syllabus to approach the future business strategy. It should be noted that even with this free choice a good approach would still be to focus in on two or three of these to ensure comprehensive analysis and evaluation can be explored for each one.

<u>Comments on specific questions</u>

Question 1

In Question 1 candidates had to evaluate the marketing strategy used by FM between 2021 and 2024. There were plenty of elements of marketing strategy that the candidates could have used to support their analysis including:

- Type of promotion including word of mouth, website, sponsorship and social media.
- Pricing strategies including low-price clothing.
- Product development, including fast changeover of clothing designs and new product range.
- International distribution and new locations.
- Pan global marketing.
- Market research.
- Marketing budget.

There was no expectation for candidates to use all these points, but what they should have been doing is selecting the elements of the marketing strategy that have worked and analysing how it has had a positive impact on achieving FM objectives, then contrasting this with the areas where a negative impact has been seen. In doing this they would then have been able to make a more informed judgement as to whether the marketing strategy had been beneficial. Too many candidates focused on the financial data provided and lost track of the actual question.

For AO1, candidates needed a clear and comprehensive definition of the various marketing strategy aspects FM used. A lot of candidates only provided a simple explanation and, in some cases just repeated the wording from the case e.g.: international distribution plan. Paper 4 can draw on any of the specific strategic elements listed in the functional areas of the syllabus as well as ask more generally about a functional strategy, which has been the format in the past.

For AO2, candidates had a wealth of information in the timeline and appendices to draw upon but it should be noted that the application must be used in the analysis that follows to be awarded. Candidates who just restated the case study material throughout their answer did not gain AO2 marks. Candidates should be advised that they do not need to re-tell the story from the case study and to make good use of what is relevant to the points they are making.

AO3 marks are for analysis and in this question the candidates should have been analysing the advantages and disadvantages of the marketing strategy or elements of it and the impact on FM and its operations. The most logical way to do this is to build up an argument that looks first at where marketing strategy has worked and the benefits it gained. For example, if discussing how low pricing is part of their unique selling point and the product has pretty much remained the same with pricing being the driving force. To balance this, candidates needed to then choose an area where the marketing strategy has not been so successful and the impact this has had on FM – the launch of a new range of sustainable clothing and the problems it caused with their pricing policy. To gain full marks for analysis there needs to be a full balanced argument for both the positive and negative aspects that covers two areas of the marketing strategy, many candidates just picked one aspect that was successful and another that was not successful.

For AO4, it is important that candidates answer the question, with some supporting evidence. Candidates should give an assessment of the marketing strategy. The best candidates linked this assessment to the business' objectives as a support to their arguments. Candidates should then go on to support their judgement and put that judgement in context to get to Level 3 AO4.

Weaker answers simply restated the case material as mentioned above but also some offered up alternative marketing strategies the business could use – local globalisation or alternative promotion etc. These are not the focus of the question, as it is looking at what has already happened, not how they could change to make things better.

Question 2

Question 2 was the forward-looking question that focuses on what approach FM should use to develop a business strategy to achieve global growth and profitability. As in previous years the aim is not to develop and write a strategy for one of these options but to analyse and evaluate the approaches to business strategy listed in the syllabus. That list is as follows:

- Blue ocean strategy (in the question, so this should be used).
- Scenario planning.
- Core competence framework.
- SWOT analysis.
- PEST analysis.
- Porter's five forces.
- Ansoff matrix.
- Force field analysis.
- decision trees.

This year candidates were given an approach to start with so they were required to discuss this approach and then they had a free choice to discuss which additional approaches would work for these strategies. As in previous years there is no expectation for candidates to cover all nine of these, in fact advice is still for them to choose two or three approaches and then analyse them before making a recommendation. That said, the case material was written to lead candidates to using blue ocean so this would have been a good place to start.

A fundamental misconception still seems to be that candidates must complete the SWOT/PEST/matrix themselves, when in fact what they must do is consider the approach and its usefulness in developing strategy. The question does not ask them to create or discuss aspects that could be included in these approaches; however, many candidates answered this question by creating a SWOT or PEST which resulted in these answers achieving low marks.

AO1 was generally well done by most candidates. This was achieved by identifying one of the approaches and giving a definition of how that approach worked. Candidates were required to provide a developed understanding of blue ocean strategy to gain 2 or 3 marks as this was in the question.

AO2 is much harder to achieve in this question as the only direct application was the board of directors thinking that using external environment approach would be better in the case material. However, the candidates needed to explain how the approach chosen (blue ocean/Porter/SWOT etc.) would help support the development of meeting their objectives. Because candidates misinterpreted what they should be doing, this was often not present, and the application marks were often not awarded.

Analysis in Question 2 is still not being developed enough as candidates are prioritising naming as many approaches instead of being selective and in depth about just two or three. It is important to remember that they are not being asked to design the strategy to help the business develop more products or sell more to existing markets. Therefore, there is no need to carry out a SWOT or PEST analysis, or identify the five forces, rather the focus should be on how the approach can help or hinder the proposals, considering the advantages and disadvantages of the model rather than how it is implemented. A good candidate will discuss how a SWOT, for example, will help support achieving the objective but may struggle to help do it faster than their competitors and the marks come from the development of this argument. If a candidate did this for two of the approaches, this would be enough to reach eight marks for AO3. To achieve eight marks, candidates do not have to analyse blue ocean strategy. However, candidates should ensure they include blue ocean strategy in their evaluation and ensure they answer the question by advising whether blue ocean strategy is the best approach. Too many candidates are not linking back to the question and addressing it when evaluating, therefore not achieving AO4 marks.

The question required candidates to recommend an approach to use; therefore, candidates had to pick the most appropriate approach. Those candidates who suggested they use a mix of two or more approaches were not actually answering the question and received low marks. When making the final choice, candidates should support their judgement with evidence as to why this is the most appropriate approach and develop this in context to get to Level three. Some candidates are doing this but to gain the full marks they would need a second strand of evaluation.

Weaker answers referenced what had happened in the past from the timeline which was not relevant to the future as a lot of these had happened three to four years ago. Alternatively, they simply gave names and definitions of the approaches with no link to the future.

There were issues with answers to this question not being finished. This could still be down to poor time management, with too much time being given to Question 1. This may have also been exacerbated this year by candidates who covered all the marketing strategies provided in Question 1, so struggled to answer that question within the time allocated, leaving less time to complete Question 2.

The paper is 1 hour 15 minutes long, so spending 15 minutes reading and planning then 30 minutes per essay will give candidates the best possible chance of finishing their response. By sticking to the analysis of two or three areas/strategies in each question this should keep answers succinct and enable candidates to meet the time demands of the assessment.

BUSINESS

Paper 9609/42
Business Strategy

Key messages

For the A level Business qualification candidates are assessed across four assessment objectives.

AO1 Knowledge and understanding

For this objective a candidate needs to demonstrate knowledge and understanding of business concepts, terms and theories. One of the best ways to do this is to show knowledge from the syllabus area that is being examined. For example, when asked about Just In Time inventory management, a concise definition should be given and developed. This would lead to being awarded the Level two marks. It is vital that candidates demonstrate knowledge and understanding relating to the key focus of each question. If a response does not score any marks for AO1, then it cannot receive any marks for AO2, AO3 and AO4.

AO2 Application

For this objective, candidates are expected to apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts. It is important to use the information in the case material as a guide and to quote from the case material where necessary, this is especially important in Question 1 where candidates are reflecting on what has happened and have the case material and appendices that are rich in content.

AO3 Analysis

For this objective, candidates are expected to analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impacts and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

This is an opportunity to identify an issue, consider its impact on the business, both positive and negative in Question 1, and potentially offer an alternative route of action – this is especially important in Question 2 where candidates are expected to offer ideas on approaches to business strategy.

AO4 Evaluation

For the final objective candidates need to evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation. This is an important, but usually the hardest, skill for candidate to develop. The best candidates will evaluate at least two different approaches to the strategy presented to gain Level three marks.

General comments

Any content from the strategy sections of the functional areas in the syllabus can be examined in this paper.

This session focused on Kelp Kings (KK) a primary sector business that harvested seaweed. The focus was their operational strategy and a number of things had happened over the four years that fitted into this functional area. Just In Time (JIT) had been implemented, a new refinery proposed and built – supported by a network diagram, delayed training, an interview that suggested Kaizen techniques were being used, capacity issues as well as sourcing kelp from low-income countries. All of these elements gave candidates plenty to analyse and discuss, each with varying levels of success.

This year, Question 1 was more broadly about the operational strategies Kelp Kings had used to get them to where they are now. As has been in previous years, this question was reflective on how the different strategies had had been used and whether they had been successful or not. Candidates were required to use the timeline and data in the appendices to do this. This means that Question 2 remained the forward-looking question, however this year this was specifically asking about the impact of government policy on the future possible strategies of Kelp Kings. Unlike previous years the strategic approaches were not being examined which some candidates failed to understand, and they forced the different approaches into their answers, or they continued to use the past data from the appendices instead of looking to the future. Question 2 is inherently harder with application as the appendices are what has happened in the past and not really relevant when answering this question.

In Question 2 candidates were asked to consider the impact of new government policy on their future strategies. Most candidates worked through each proposed policy change listed in Appendix 4 but did not always extend this to the impact on KK. It should be noted that even with a list of policy changes a good approach would still be to focus in on two or three of these to ensure comprehensive analysis and evaluation can be explored for each one.

Some candidates are still spending their time simply rewriting the case material in their own words and not answering the questions given. This is strongly discouraged. Candidates should be taking an element then analysing its relative advantages and disadvantage in context to gain marks.

<u>Comments on specific questions</u>

Question 1

In Question 1 candidates had to evaluate the operations strategy of KK between 2021 – 2024. There were plenty of elements of operations strategy in the case study and candidates could have used any of them to support their analysis including:

- The construction and management of the new refinery.
- JIT inventory management.
- Network diagram gains from the exterior walls construction.
- Delays in training and its impact on the network diagram.
- Interview hinting at the use of Kaizen as a method to help get continuous improvement.
- Lead time changing – for the worse.
- Only operating at 40 per cent capacity in the new refinery.
- Importing raw materials to use in the refinery from low-income countries.

There was no expectation for candidates to use all of these points but what they should have been doing is selecting the elements of the operational strategy and then creating a balanced argument as to whether this has worked or not. It is important for the development of the argument up to Level three that there is a counterbalance in the candidate’s answer. This way they are then able to make a more informed judgement as to whether the operational strategy had been successful.

For AO1, candidates needed a clear and comprehensive definition of what operations strategy was or they had to provide a detailed definition of one of the elements used in the case material. It should be noted that candidates cannot be given knowledge for any term given in the case material – JIT, Network Diagram, Simultaneous Engineering – in this case the knowledge would only be awarded for a detailed definition of those concepts and candidates should be encouraged in the future to do this as part of their answer.

For AO2 candidates had a wealth of information in the timeline and appendices to draw upon but it should be noted that the application must be used in one of the Assessment Objectives (AO), preferably the analysis that follows, for it to be awarded. Candidates who just restated the case study material throughout their answer did not gain AO2 marks. Candidates should be advised that they do not need to re-tell the story from the case study and to make good use of what is relevant to the points they are making.

AO3 marks are for analysis and in this question the candidates should have been analysing the advantages and disadvantages of the different operational strategies implemented. Many chose to discuss the JIT implementation. The most logical way to do this is to build up an argument that looks first at the advantages

JIT had brought to KK. For example, a discussion on how storage costs had fallen and savings made in this area of the business may have supported other things they planned to do would have given a detailed analysis of the positive aspect of JIT. To balance this, candidates needed to then discuss the disadvantages of JIT and the impact it could have – for example the lack of stored goods makes it hard to respond to changes in the patterns of demand. To gain full marks for analysis there needs to be a full balanced argument for two operational strategies used. Some candidates just picked one aspect that was successful and another that was not successful but did not fully explore why that success or failure may have come about.

For AO4 it is important that candidates answer the question, with some supporting evidence. So here we were looking for an assessment of how effective KK's operations strategy was. Once that hurdle had been achieved then they can go on to support their judgement and put that judgement in context to get to Level 3 AO4.

Weaker answers simply restated the case material as mentioned above but also some offered up alternative operations strategies they could use. These are not the focus of the question, as it is backwards looking at what has happened, not how they could change to make things better.

Question 2

Question 2 was the forward-looking question that focuses on how the changes in government policy in country W may impact the strategy of KK moving forward. Appendix 4 provided candidates with five policies that were being changed:

- use of monetary policy to stabilise inflation
- government grants to support carbon-efficient businesses
- minimum wage to be increased by 40 per cent by 2028
- reform of country W's education system, including government-funded university tuition
- elimination of trade barriers for businesses in the primary sector.

As in previous years there is no expectation for candidates to cover all five of these, in fact advice is still for them to choose two or three and then analyse them before making a recommendation.

A misconception about this question is that it has to be about the strategic approaches in the syllabus, Ansoff, Porter etc. Each functional area has its own strategy section and can be examined in their own right, and the external environment is one of those topics. Some candidates still tried to discuss how SWOT/PEST/Porter/Blue Ocean strategy can be used to develop in the future without mentioning the change in government policy, these candidates will have scored very low in this question.

AO1 was not handled very well in this question. A definition about what business strategy was or what government policy would have been ideal. In the end, marks were often awarded for knowledge of what that policy may achieve, for example the minimum wage leads to higher costs, trade barrier elimination means that there will be no tariffs or that government grants will be given with no expectation of repayment. This put a lot of candidates at risk of not securing marks for Question 2 as there was no clear knowledge of the topics in the question.

AO2 was much easier in this question than previous years as candidates were given five policies in Appendix 4 and if their answer quoted the policy and then went on the analyse it, the application marks would be awarded.

Analysis in Question 2 is still not being developed enough as candidates are going through all of the policies instead of being selective and in depth about just two or three. It is important to remember that they are not being asked to design the strategy once the policy has been implemented, they are being asked to consider the impact of that policy on the direction of KK. The focus should be on how the policy change may help or hinder the future strategy of KK. A good candidate will discuss how a policy, minimum wage for example, will push up the costs of KK which takes money from repaying the $5m and other areas but that will also ensure the workforce is being fairly paid and it may help with motivation/retention issues with the staff. The marks come from the development of this argument. If they did this for two of the policies this would be enough to reach eight marks for AO3.

The question required candidates to advise KK on the impact of these policies. Therefore, candidates had to say if they thought the policy would have a big or small impact on KK. When making the final choice candidates should support their judgement with evidence as to why they think the impact will be significant and develop this in context to get to Level three. Some candidates are doing this but to gain the full marks they would need a second strand of evaluation.

Weaker answers referenced what had happened in the past from the timeline which was not relevant to the future as a lot of these had happened three to four years ago. Alternatively, some of these answers simply restated the policies with a definition but with no link to the future.

There were still issues with this question not being completed or finished. This could still be down to poor time management, with too much time being given to Question 1.

The paper is 1 hour 15 minutes long, so spending 15 minutes reading and planning then 30 minutes per essay will give candidates the best possible chance of finishing their response. By sticking to the analysis of two or three areas/strategies in each question, this should keep answers succinct and enable candidates to meet the time demands of the assessment.

BUSINESS

Paper 9609/43
Business Strategy

Key messages

Candidates are reminded to take time to read each question carefully.

It is important to show knowledge by defining concepts in detail. It is vital that candidates demonstrate knowledge and understanding relating to the key focus of each question. If a response does not score any marks for AO1 (knowledge), then it cannot receive any marks for AO2, AO3 and AO4.

Knowledge marks are only awarded when clear definitions are provided; simply describing or narrating case material is insufficient.

No application is rewarded if it is not linked to assessment objectives.

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. Higher-level analysis requires a chain of reasoning and a balanced argument that is also developed.

Topics, issues, and data from the case and appendices need to be used to support answers.

Analysis must be developed through clear chains of reasoning showing cause and effect.

Evaluation must directly answer the question and be written in context to achieve the highest marks.

Question 1 was generally completed well and gave candidates an opportunity to analyse contextual data and come to a reasoned judgement.

Question 2 was completed with lots of knowledge on business approaches and limited analysis. The key is to choose which approaches are most important in the given context and describe the impact on the business.

Candidates are encouraged to always provide a counter-perspective to their analytical chains of reasoning to reach Level 3 analysis.

Candidates are advised to manage time carefully to allow equal focus on both questions.

To allow for full marks on evaluation, candidates are advised to discuss two separate evaluative judgments or to have an evaluative judgment and a 'depends upon' approach in context.

Concluding with a 'depends upon' answer that considers external variables will access the full range of evaluation marks

Candidates should avoid forward-looking recommendations on **Question 1**; this question requires evaluation of an aspect of the business' past activity.

General comments

Many candidates demonstrated a sound understanding of a range of business concepts and terminology. Stronger responses were characterised by clear definitions, appropriate use of the case material and well-developed analysis showing clear chains of cause and effect. These responses also demonstrated a consistent evaluative approach, with judgements that were clearly focused on the requirements of the question.

Less successful responses often relied heavily on description or theory, with limited development of analysis. In some cases, for **Question 1**, candidates focused on what the business should do in the future rather than evaluating what had already been done. This limited access to higher-level marks, particularly for evaluation.

The time allocated for this paper was sufficient for candidates to complete both questions. However, there was evidence that some candidates spent a disproportionate amount of time on **Question 1**, which resulted in less-developed analysis and evaluation in **Question 2**.

Comments on specific questions

Question 1

This question required candidates to evaluate the effectiveness of the marketing strategy that had already been implemented. Knowledge marks were awarded only where candidates clearly defined relevant marketing concepts, such as elements of the marketing mix or marketing strategy, either at the beginning of the response or when the concepts were first used.

Many candidates described a range of activities undertaken by the business, therefore, specific knowledge of marketing concepts were not clearly defined. To strengthen their responses further and achieve full knowledge marks, candidates could enhance their answers by clearly defining relevant marketing concepts or by developing marketing theory in greater depth. This could be done either by exploring one concept in detail or by clearly explaining two different marketing concepts, thereby demonstrating a stronger understanding of marketing strategy. An example of a detailed definition that received 3 marks; Marketing strategy involves the marketing mix which includes Price, Product, Promotion and Place which can be formulated through market research.

Most common definitions were surrounding marketing strategy. When these were explained in detail, connecting them together, the full 3 marks were awarded. Many candidates received these marks in the introductory paragraph of this answer.

If candidates achieved all 3 marks for the knowledge assessment objective, then any knowledge seen after that would be marked as ‘seen.’ Almost all candidates were able to show at least 1 mark of knowledge on marketing concepts.

There were many answers that included forward-thinking suggestions about what the business should do in the future. Such responses did not answer the question, as **Question 1** focused on evaluating how effective the existing strategy had been, not on proposing alternatives.

Candidates are reminded that tense is important in evaluative questions. Responses should refer to what the business did and how this worked, rather than what it should do or what might work in the future.

Analysis marks were awarded for developed chains of reasoning that explained how aspects of the marketing strategy contributed to success or limitations. Level 3 analysis required candidates to present a balanced argument, including a counterpoint that was also developed through a chain of reasoning. Many candidates rushed to answer the question first on whether it was effective or not and did not have sufficient developed analysis. A developed chain of reasoning showing the impact on the business of specific elements of the strategy was required. As a result, analysis frequently remained at Level 1. To access higher-level marks, candidates needed to move beyond simple impact statements and develop their points further by explaining the implications of the strategy as a chain of analysis and, at the highest level, by considering limitations or counterarguments and explaining these through a connected chain of reasoning as well.

While many candidates were able to make a judgement on whether the strategy was effective or not, fewer were able to develop this judgement sufficiently to reach Level 3 evaluation. Strong responses clearly answered the question, justified the judgement in context, and in some cases included a ‘depends upon’ comment. An example of a higher-level evaluative comment includes the following, ‘the effectiveness of the marketing strategy depends upon the external market environment SH is in. If the environment is overall not performing well, then we would expect that the marketing strategy might not be as effective because of external factors that negatively affect it. In 2024 Country Ds economy was in recession so NHT, the competitor, was performing better as their prices are half of SH's prices'. This was a Level 3 evaluation as it included an evaluative comment explained in context. If this is paired with the evaluative judgement of answering the question whether the strategy was effective or not in context then the full evaluation marks of 7 would be awarded.

Most responses were generally strong but could have been improved. This was frequently because candidates did not do a few key things that would have enabled them to receive full marks. Candidates who performed well but did not receive the full marks usually missed out on one Level 3 analysis and one Level 3 evaluation. In other words, missed a developed counterargument for the positive impact on the business and/or missed context when writing the evaluation.

There were only a few candidates that received zero marks in this question. This shows that this question was accessible to many candidates and their knowledge and application of marketing strategy was very good.

Question 2

This question was awarded lower marks generally than **Question 1**. The full three knowledge marks were more frequently achieved in this question; however, analysis was often limited to Level 1. Many candidates demonstrated strong theoretical knowledge of business approaches and were able to describe a range of business approaches accurately. While this provided a good starting point and allowed candidates to access knowledge marks, fewer responses developed this into analysis by explaining how these approaches would impact the business in the context provided. Candidates are required to show the impact of applying these approaches on the business.

A common limitation was that candidates did not move beyond description to develop clear chains of reasoning. In many responses, approaches were introduced and explained, but their impact on the business was not explored in sufficient depth. As a result, analysis frequently remained underdeveloped. Stronger responses extended their analysis by explaining how the use of a particular approach would lead to specific outcomes for the business and, at the highest level, by considering potential limitations or counterarguments and developing these through a connected chain of reasoning.

The mentioning of PEST or Political, Economic, Social and Technological was not awarded as knowledge because it is stated in the case study, but any understanding of it was awarded. For example, explaining how PEST focusses on external factors and not internal factors would provide further information on PEST, therefore would be awarded knowledge marks.

Many responses contained only simple analysis, with candidates explaining what an approach could do in general terms but not developing this into a chain of consequences showing how it would affect the business. These responses often focused on demonstrating theoretical knowledge rather than analysing how the approach would improve performance.

Stronger analysis required candidates to move beyond a single cause-and-effect statement and to develop a connected chain of reasoning. At the highest level, candidates were also required to consider limitations or counterarguments and to develop these through a further chain of reasoning. It was important that counterarguments were not merely stated but explained in terms of their impact on the business. Responses that did not move beyond simple statements were therefore unable to access the highest analysis marks. Candidates need to identify an approach and provide developed analysis to get to Level 2, this then needs to be counterbalanced to get to Level 3. If a candidate does this twice, they will gain 8 marks.

When asked to identify if PEST is the *most useful* approach, many candidates discussed several approaches without reaching a clear judgement. Others offered a judgement but did not justify why PEST approach was more useful than alternatives. Stronger responses also considered factors on which this judgement depended. Candidates are reminded that when a question asks for the 'most useful' approach, they must clearly answer the 'most useful' part of this question; identify one approach, justify why it is superior to others, and explain this judgement in context.

This is an example of a Level 3 evaluative judgment specifically answering this question; Overall SWOT analysis seems to be the more useful approach to develop the business strategy than PEST. This is because PEST only covers external factors whilst SWOT will show the internal issues as well as external threats. This means SH can come up with a USP to improve revenue especially as SH's total annual revenue has dropped from 46 m in 2021 to 26 m in 2024 and ROCE from 8 to (4). This is a Level 3 evaluative judgment as it answers the question with a reason (Level 2), explains the reason further (Level 2) and all of this was in context – it was applied to the case (Level 3).

Overall, fewer Level 3 analysis and evaluation marks were awarded for this question. This highlights the importance of careful reading of the question, effective time management, and consistent development of analysis and evaluation.

While many candidates showed secure knowledge of business approaches, fewer were able to apply this knowledge analytically and evaluatively in context. Therefore, fewer candidates accessed the highest levels of analysis and evaluation on the question. Candidates can improve performance on this question by focusing less on describing multiple approaches and more on developing a smaller number of approaches in depth, ensuring that analysis and evaluation are developed and clearly linked to the business context and to the specific requirements of the question.

There was some evidence that time management affected performance on this question. Some candidates wrote extensively for **Question 1**, which limited the time available to plan and develop their responses to **Question 2**. As a result, answers to this question were often shorter and less developed, particularly in terms of analysis and evaluation.

Candidates generally found it easier to demonstrate knowledge than to give developed analysis and evaluation in this question. Performance was strongest where candidates focused on a smaller number of approaches and developed their analysis and evaluation in depth. Whereas responses which were descriptive or spread across too many approaches were less well developed.

Overall, candidates had easier access to marks on **Question 1** through all the assessment objectives than on **Question 2**. This shows candidates need better structure and understanding of assessment objectives that need to be met. Candidates need to consistently ensure that when explaining concepts and business approaches, they describe the impact of these on the business. To achieve Level 3 analysis, counter arguments are required. When evaluating, candidates need to answer the question specifically, and ensure they are referring to the case.