

BUSINESS STUDIES

Paper 9707/11
Short Answer/Essay

Key messages

Candidates should be reminded that **Section B** of this paper requires them to offer some analysis and evaluation in their answers. A large number of candidates were able to demonstrate knowledge of the concept being assessed but did not employ an analytical and evaluative approach in their essays. This prevents the award of high marks for an essay answer.

When choosing which question to answer from **Section B** of the paper, candidates should be sure that they can write in depth about the elements within the question and, in particular, that they can write about the chosen concept in the context that has been highlighted in the question. A good example of this was **Question 5 (b)**, where the context was given as a school. Many candidates who chose to answer this question wrote about training and motivation in general and did not apply their knowledge to the context given.

General comments

The majority of candidates were able to demonstrate a good knowledge of the concepts being examined in **Section A** of this paper.

In **Section B** the most popular question by far was **Question 5** with only a relatively small number of candidates attempting an answer to **Questions 6** and **7**.

In answering any question candidates must take note of the use of 'how' and 'why' in questions. Each word demands a different focus in the response from candidates.

Comments on specific questions

Question 1

- (a) The majority of candidates were able to explain accurately what is meant by 'limited liability'. Good answers included statements to the effect that the only potential loss that an investor might face would be the money invested in a business and that their personal possessions could not be used to settle any debts of the business. Weaker answers tended to recognise that the personal possessions of investors could not be taken but did not identify the extent of the potential loss as being restricted to the amount invested.
- (b) Many candidates were able to score full marks on this part of this question and were able to correctly identify two advantages other than limited liability. Many candidates recognised the potential for increased access to finance, the continuity enjoyed by a private limited company and the benefits of having a separate legal identity.

Question 2

- (a) Most candidates were able to identify objectives but these were often general overall business objectives rather than specific marketing objectives. Good answers identified such objectives as 'to increase market share', 'to achieve brand leadership' or 'to increase the total level of sales'.
- (b) When part (a) was answered in terms of general business objectives then part (b) was usually answered in the same way; however there was often some part of the response that could be rewarded. A good response to this part of this question referred to the marketing objectives giving a sense of focus and direction for the department and also that the objectives would ensure that

the marketing department is working towards the key overall business objectives. Many candidates recognised that having marketing objectives meant that progress towards achieving those objectives could be monitored and measured.

Question 3

Most candidates demonstrated understanding of what is meant by 'working capital' and many candidates showed some recognition of it needing to be managed efficiently if the business is to be able to meet its short-term financial obligations. Many candidates explained how a business might be put at risk of liquidation if working capital was not managed effectively. Good answers also explained the significance of holding too much or too little working capital and the potential impact that either of these situations might have on the business. For example, too much working capital can create an opportunity cost, meaning that the money that is being held could be used in a more profitable way within the business.

Question 4

- (a) It was pleasing to see that many candidates were familiar with this relatively new addition to the syllabus. The majority of candidates were able to explain emotional intelligence in terms of a manager being able to know and understand their own emotions as well as the emotions of those working with them. Several candidates also identified Daniel Goleman's four emotional competencies of self-awareness, self-management, social awareness and relationship management.
- (b) The majority of candidates were able to score well in this part of this question. Most candidates demonstrated a good understanding of the disadvantages of democratic leadership. A small number of candidates misunderstood the question and wrote about two advantages of democratic leadership. Common responses included the time-consuming nature of the discussions that would take place and the fact that sometimes the matter to be discussed is very sensitive and therefore it would not be appropriate to include the workforce, for example if redundancies or the possible closure of the business - or some part of the business - were being discussed.

Question 5

- (a) Candidates were able to show understanding of the financial rewards that can be used to motivate workers, for example, an increase in wages or salaries, piece rate systems, bonus payments when targets are met or exceeded, and profit share schemes. Many candidates linked the idea of financial rewards to the work of Frederick Taylor and explained the idea behind Taylor's 'economic man'.

Good responses then explained just how each financial reward would be likely to work as a motivator for employees and offered some analysis. For example, some candidates explained that the use of bonus payments would motivate workers to reach any given targets in order to receive a bonus payment. Several explained that this is also likely to motivate those who did not achieve their targets because they could see that they would be rewarded if they achieved their targets in the future.

- (b) Whilst the majority of candidates showed that they understood the various forms of training and the benefits of motivation, it was a much smaller number of candidates who wrote analytically about the link between training and motivation. The context of a school in this question was also overlooked by many candidates. This question required candidates to analyse the benefits of training to the motivational levels of all staff in a school. The context could be achieved by reference to the benefit of increased efficiency of the administration team after training and how they are likely to feel more valued if the school was willing to spend money on training them. Some candidates correctly identified the benefit to all types of employees of perhaps receiving training on new technology which could then make their work easier and more interesting.

Some candidates restricted their response to a discussion of how better trained teachers would lead to better motivated candidates. This approach had digressed from the question as the focus needed to be '...in motivating the workforce in a School'.

Question 6

Candidates who chose this question were able to give some explanation of what a 'Just-in-Time' (JIT) method of managing inventory involves. However, a much smaller number were able to analyse and evaluate the effectiveness of JIT.

Good answers to this question identified advantages and disadvantages of using Just-in-Time and developed their answer to question some of those advantages and disadvantages in different situations. For example, the idea that storage costs are reduced when using JIT could be outweighed by the increased cost of purchases in times of high inflation. Businesses could buy in bulk before the prices rose and therefore benefit from having paid less for their goods/components. Stronger answers reflected on the cost of storage so if, for example, goods needed to be stored in a refrigerated store room this could prove very expensive. The more frequent purchase of goods, as in JIT, in inflationary times, might even prove to be the cheaper option in the long run.

Many candidates considered the impact of sudden changes in demand and how a business using JIT might not be able to get supplies quickly enough to be able to satisfy demand from its customers.

In many of the responses a more evaluative approach was needed if higher marks were to be gained.

Question 7

(b) Most candidates who chose this question were able to show that they understood what is meant by a USP although many candidates then ignored the context of a mobile phone. This lack of context in many answers restricted the marks that could be awarded.

Many candidates wrote about the highly competitive nature of the mobile phone industry and therefore the need for businesses in the industry to continually upgrade the features offered on their phones. A smaller number of candidates linked the presence of a USP to the ability to charge a higher price for the phone and, at least in the short term, to enjoy higher profits and recoup some of the development costs.

(b) This part of this question was less well answered than part (a). Candidates understood the concept of customer relations but not all candidates responded to 'how' and instead gave a response that was more focused on 'why' a retail store 'should' improve customer relations. Such answers tended to focus on the need to get customers to return to the store and to recommend the store to family and friends. Alternatively this approach led to candidates explaining the need to increase profit and that creating loyal customers was the way to achieve that.

Good answers focused on 'how' by suggesting actions such as increased training for staff so that they know how to treat customers well. Some candidates also suggested actions such as introducing personal shoppers and then explained how this would make customers feel important and valued. This idea was also true in the context of the question i.e. a retail store.

Overall

The candidate answering the questions on this paper demonstrated a good basic knowledge of the concepts being assessed. However, as in previous examination series, the lack of focus on the context in questions is proving to be costly in terms of the marks that can be awarded. Centres should also remind candidates of the need to develop analytical and evaluative skills in preparation for **Section B** of this paper.

BUSINESS STUDIES

Paper 9707/12
Short Answer/Essay

Key Messages

- Candidates need to take sufficient time to accurately interpret the questions set. There are still many examples of partial or non-relevant responses to questions.
- The few responses to **Question 5** on this paper suggests that insufficient attention might be being given to some of the more recent additions or amendments to the syllabus.
- There are still many examples of candidates being unable or unwilling to engage in analytical and/or evaluative comment in the explanations and discussions set out in the essay answer in **Section B** of the paper.

General Comments

- Most candidates were able to access the questions in **Section A** of the paper although the definitions given in **Questions 1(a), 2(a), and 4(a)** were not always accurate or definitive.
- In **Section B** few candidates appeared to have the knowledge or the confidence to attempt either **Questions 5 or 6**.
- The 'marketing' question (**Question 7**) was a very popular question but only a minority of answers actually focused on the real detailed issues raised. Candidates need to ensure that they apply general concepts and topics to the detailed and specific demands of questions rather than simply discussing these concepts in an indiscriminate way.

Comments on specific questions

Section A

Question 1

- (a) Many candidates knew the meaning of induction training and many scored both marks for describing the way in which specific training for new employees provides an introduction to elements of the culture and systems of an organisation. Induction was however confused by quite a lot of candidates with in-house training while others simply described it as general training.
- (b) Most candidates were aware of the work done by an HR department and many were able to make the link with the achievement of objectives to score the full 3 marks; for example, adopting recruitment policies that would ensure an appropriately skilled workforce. Some gave more general answers and often just identified recruitment and training as ways of achieving objectives with no clear explanation of how or why particular objectives were achieved.

Question 2

- (a) Most candidates knew what demand meant but not everyone was able to express it correctly. It seems clear that many had learned a set definition and these were often the ones who scored both marks in referring to two out of three elements of demand- the willingness and ability to buy, at a price, in a time period. Many candidates scored just one mark by referring to needs and wants only.
- (b) This was very well answered by most candidates, who referred to factors such as price, income, and fashion, as factors that might influence the demand for a product. The strongest answers included specific references to actual businesses or products/services which helped to support the points made.

Question 3

Most candidates were able to define cash flow and to appreciate the need for sufficient cash; the most common error was to confuse cash flow with profit. This continues to be a common confusion. Sound answers often made some reference to specific items in the forecast e.g. debtors and creditors. Strong answers identified the particular circumstances of small firms and discussed the importance in terms of the difficulties that many small businesses face. However a significant number of candidates were unable to relate the answer to the small business context.

Question 4

- (a) There was a lot of confusion in the answer to this question. Many candidates defined a public limited company incorrectly as one that is owned by the government. (Such an organisation is a 'public sector organisation' or a 'public corporation', not a 'public limited company'). The characteristics of a 'public limited company' include a legal organisation, (generally for large companies), which provides limited liability for shareholders, the right for the general public to buy and sell shares in the organisation and those shares being quoted on the national stock exchange.
- (b) Many candidates also found this part challenging and found it difficult to identify and explain two advantages for a public limited company compared to a private limited company, or to clearly establish the difference between the two legal entities. Good answers focused on the potential for raising money and the consequences of this for growth and investment.

Section B

Question 5

This question was chosen by very few candidates.

- (a) Most of the candidates who answered this question knew something about Minzberg's managerial roles and were able to describe them or describe examples from the classification. (Some candidates confused Minzberg with other management theorists and failed to provide a relevant answer to the question.) Many answers were quite general and did little more than describe managerial roles. Stronger answers highlighted the potential usefulness of the classification in for example, identifying the value of specific critical managerial roles and activities, both for an organisation and for managers working within an organisation.
- (b) Many candidates who answered **Question 5** produced strong answers to **Section B** and were able to confidently define and explain the concept of emotional intelligence. However fewer answers were able to discuss how a high level of emotional intelligence could lead to more effective managers and hence more effective organisational management. Strong answers discussed how an emotionally intelligent manager might respond differently and more positively to organisation situations such as stress and pressure, or to the challenges of motivating staff.

Question 6

This question was also not a popular question. Weaker answers simply set out the advantages and disadvantages of capital and labour intensive production processes without actually considering the factors that could affect the decision to adopt a particular production process. Stronger answers sought to analyse the choice of production process giving such factors as the nature of products, the size of companies, the extent and type of market competition and the financial capability of companies. Those candidates who then went on to evaluate the strength and influence of particular factors were awarded high marks.

Question 7

- (a) A significant number of candidates simply defined different types of market research and drifted into largely non-relevant descriptions of their advantages and disadvantages or simply described how market research gives more information on markets. Stronger responses gave a clear definition of market research and then went on to suggest why businesses are prepared to invest significant resources to support the activity. Such answers focused on the potential impact of market research on the activities and marketing strategies of a business and often explained how the returns on a large expenditure might far outweigh the money spent.

- (b)** Many answers to this question were rather general and focused on practicalities of using a computer, or considered a very limited number of relevant issues such as the speed/cheapness/accessibility and dangers of using the Internet. Some answers drifted into a discussion of selling on the Internet with an emphasis on retail rather than market research. Many candidates that did focus on the Internet and market research concentrated solely on secondary market research and failed to appreciate the value of the Internet as a primary research vehicle, which is the use many businesses make of it. The substitution of online questionnaires for the employment of market research agencies is one example of how money might be saved. Few candidates considered the importance of the types of businesses, their sizes and financial capability, all of which might affect their ability to benefit from Internet market research

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Paper 9707/13
Short Answer/Essay

Key Messages

- Candidates are reminded to spend some time examining each question in order to ensure that a correct interpretation of the meaning of the question is made. This is particularly important for the essay questions in **Section B** of the examination paper.
- There are still many examples of insufficient analysis and evaluation in the answers given to questions in **Section B** of the examination paper. There is a clear limit on the number of marks that can be awarded for descriptive material alone, no matter how relevant that material might be.

General Comments

- **Section A** of this examination paper proved to be accessible to most candidates although not all were able to define and explain the Business Studies concepts with an appropriate level of accuracy and development.
- In **Section B** of the paper a significant majority of candidates chose to answer **Question 6**. While many referred to relevant concepts and theories, the answers often lacked focus and drifted into generalised descriptive comments rather than the more incisive analytical comments required to secure a high mark.

Comments on Specific Questions

Section A.

Question 1

- (a) Most candidates were able to identify at least one relevant feature of a private limited company such as limited liability, a limited number of shareholders, and shares sold privately.
- (b) A significant minority of candidates failed to focus on the key issue in this question-the change from a sole trader business situation to that of a private limited company- and consequently were unable to gain any marks. Those candidates that correctly interpreted the question identified a range of potential disadvantages such as loss of total management control and the need to satisfy appropriate administrative and accountability procedures.

Question 2

- (a) Although the concept of 'supply' (along with 'demand') is clearly positioned in the syllabus, many candidates were unable to give a precise definition of this concept and drifted into a rather generic explanation of suppliers or the amount of stock held by a business. Precise definitions usually included two out of the three acceptable features of supply: quantity made available for purchase, at a price, over a particular time period.
- (b) There were a lot more confident answers explaining the factors that could affect the price of rice. The most popular factors given included both supply factors, such as the condition of the rice harvest and the impact of climatic influences, and demand factors, such as the impact of consumer income changes leading to increases of demand for alternative food sources and a consequent reduced demand for rice.

Question 3

The distinction between the financial concepts of 'cash' and 'profit' is an important one and one that often causes confusion among Business Studies candidates. While a significant minority of answers evidenced this confusion, the majority of responses to this question were able to give accurate definitions of the two concepts and so point either implicitly or explicitly to the distinction. The candidates that scored high marks for this question were those who were able to give clear and developed explanations of both concepts and root the explanations in a business context such as the possibility of a small business making a profit but unable to pay bills because of a negative cash flow.

Question 4

- (a) Many responses to this question gave very vague or incorrect definitions of 'employee participation' - such as taking part in company organised social events - so failing to focus on examples of workers engaging with organisational management and decision-making.
- (b) Candidates were more confident with the possible disadvantages associated with high levels of worker participation. The most common disadvantages suggested were slower decision-making and problems with organisational security and confidentiality.

Section B

Question 5

This question was not a very popular question. Those candidates that did answer this question were generally confident in distinguishing between CAD and CAM in part (a) and the stronger answers succeeded in explaining how greater use of technology has the potential to transform product design and manufacture. In part (b), candidates were generally more confident in identifying and discussing the potential benefits of using new technology than they were in discussing potential limitations. The strong answers that discussed the impact of new technology on the quality of design and manufacture processes also recognised that issues of high investment costs and possible de-motivated workers might be countervailing factors.

Question 6

This was a very popular question with many candidates seizing the opportunity to make reference to motivation theories and theorists. However some candidates were unable to retain a focus on the essential elements of this question and instead drifted into a presentation of generalised descriptive information relating to a range of motivation theories. Stronger and more relevant answers focused initially on the suggestion that money is the 'only' motivating factor for workers and examined the proposals of theorists such as Taylor. They then went on to present alternative and contrary views about worker motivation quoting views advanced by theorists such as Maslow, Mayo and Herzberg. The question as stated was particularly amenable to analytical and evaluative comment and the very strong candidates sought to establish a balance between financial and non-financial motivating factors.

Question 7

While many responses to part (a) of this question were able to identify and explain marketing objectives, the explanation of corporate objectives and the link to marketing objectives was much less well explained. Strong answers explained how corporate objectives set the context and provide a strategic framework within which marketing objectives contribute to the success of an organisation. A business context example such as marketing objectives to increase market share set within a corporate objective to achieve business growth, would have provided a very effective explanation of the link between marketing and corporate objectives. In **Section B** many answers accurately defined market segmentation but fewer were able to effectively relate the concept to the marketing objectives of a luxury hotel. Answers that recognised the likely clientele of a luxury hotel were able to identify and discuss the more relevant and specific segmentation opportunities available in such a specific business context.

BUSINESS STUDIES

Paper 9707/21
Data Response

Key Messages

- Centres should encourage candidates to give an accurate definition and an example to support their explanations in responding to **part (a)** in both questions.
- Candidates performed relatively well in the questions where new content in the syllabus was examined for the first time, particularly in **Question 2(c)**.
- The key to success in the data response paper is for candidates to use effectively the evidence in the case study as a basis for developing their ideas. Many excellent responses made good use of the case study provided and applied their ideas to each business. Some responses were non-contextual in nature because candidates did not use any of the data in the case studies. This was more prevalent in **Question 1(c)**.
- Candidates need to understand that discussion questions - **Question 1(d) and Question 2(d)** – require evaluative responses. Centres should further encourage candidates to offer a conclusion to their answers. If candidates are required to 'evaluate the factors', they should always conclude by judging what they consider the main factor to be and then justify this in the context of the case. Evaluation can best be summarised by a judgement and justification in context.

General comments

Most candidates were able to demonstrate their ability to use knowledge and some of the information in the case study, in their written responses.

There were some excellent responses to the extended questions, which showed the ability to come to a justified evaluation. The best responses used the context well. Some candidates need to focus on developing evaluation skills when asked to 'evaluate the factors' (**Question 1(d) and Question 2(d)**) so that they show the ability to come to a judgement regarding what the most important factor is and why.

The case material was accessible to the candidates and the quality of answers generally showed good use of business language and good overall communication skills. This was more evident in the explanation questions at the beginning of **Questions 1 and 2**.

Comments on specific questions

Section A

Question 1

- (a) (i) Most candidates had a good understanding of the term 'mass customisation'. The main element seen in candidate responses was the focus on the need for flexible machinery to cope with the (largely) flow production. These were often backed up by good examples. Some candidates confused customisation with making large quantities for the same customer.
- (ii) There were some very good responses in which candidates gave a solid definition and an advantage of using a sample. Candidates could have improved their responses by showing a clear explanation of a sample being representative of the wider population. A few candidates wrongly focused on the sample being of a test product.

- (b)(i) Almost all candidates gained two marks with pie chart and bar chart being the most common responses. A few candidates stated 'line graph' where the question required other forms of graphical representation.
- (ii) Most candidates performed very well in this question with confident use of the context. The two most popular reasons identified were the small sample of ten candidates and the fact that the sample was focused on 'friends'.

Teaching Tip:

Where a question requires candidates to give TWO reasons, candidates must ensure they offer separate reasons. For example, in the question above, a few candidates repeated themselves as they focused on 'friends' and why friends can lead to bias for their first reason, followed by 'bias' as the sample was not representative of the market for the second reason. This is repetition of the same point.

- (c) This question was answered least well out of the whole examination. Although most candidates appreciated the role of the customer, particularly as it related to the 4Ps, many did not know the specific terminology behind the 4Cs. Some candidates responded in terms of the 4Ps and used this in the context of the business's focus on its customers, which showed some understanding; however, answers that were solely in terms of the marketing mix showed weak understanding. Better responses applied the 4Cs well by focusing on communication about the new features of the skateboard and the cost of the new skateboard taking into account the target market. A few candidates used the data in advising for better communication with customers given the low percentage that knew the brand (from the research).

Teaching Tip:

It is very important that candidates use the data given in the case study and include this in their application of their ideas. For example, in the question above, the market research data could have been applied to one or more of the 4Cs to make the launch of the new skateboard more effective.

- (d) This was a very open question with candidates given an opportunity to evaluate what they consider to be the most important factor influencing the motivation of **both** teams. Responses were generally good with clear use of the case study for both the Sales and R&D teams. Stronger responses clearly analysed the need for the reintroduction of commission as a method of remuneration for the Sales team and how this would therefore encourage them to meet their sales targets. Some very good evaluation was evident whereby candidates argued the main factor for each of the teams and how the factors were different in nature to each other. Weaker responses tended to focus on repeating case evidence rather than analysing the impact of the chosen factors. 'Using context' is more than describing the context already outlined in the case study. It must be stressed to candidates to use the data rather than only quoting from the case study.

Question 2

- (a)(i) Many candidates had an understanding of the term 'objective' but some candidates would have improved their explanations with a clear notion of the 'long term' or 'sense of direction' that a corporate objective gives to a business. Some excellent explanations outlined how the corporate objectives acted as the focus for the departmental/employee objectives of the business.
- (ii) Better responses showed a clear understanding of what internal growth is as opposed to external growth. Weaker responses rewrote the term by saying 'internal growth is growth internally' rather than clearly stating the fact that internal growth is by the business expanding through opening new branches or adding new stores.

- (b)(i)** Most candidates gave the correct answer of 30%. The few candidates who were unable to attempt the question should be encouraged to state the required formula to answer the question.
- (ii)** Most candidates used the context well and showed good overall understanding. The main reason given was that there was a time lag in cash inflow being received from the commission whilst BM had to continue to pay outgoings, for example, for advertising. A few responses confused cash flow with profit and at times terms such as costs and revenue were used rather than receipts and payments.
- (c)** This question examined a new topic, 'process innovation', for the first time. Most candidates were able to show some contextual understanding of how BM was suffering due to poor information flow and how a move away from paper-based systems to better use of their computer facilities could improve BM. The very best responses recognised that process innovation could also assist BM in increasing the speed of decision-making and co-ordinating house/customer information more effectively. Weaker responses confused the topic and wrote about improving cash flow rather than information flow.
- (d)** This question offered two pathways through the context - relating to the candidate's own country and in the context of BM as an estate agent. Responses that gained high marks made good use of estate agents in their own country context and gave specific examples such as the state of the economy/housing market and how this could impact on BM. Some candidates analysed in good detail but did not evaluate what the most important factor would be. Some weaker answers ignored the context and made general statements using an 'if' approach. For example 'if competition is high ...' followed by 'if competition is low'. This would be improved by candidates being specific e.g. 'competition in my country is high and the majority of consumers in my country are not buying houses as they cannot afford to, so this means'. Some very good responses engaged well with the context and clearly made the link between their chosen factor and John's decision to open a new branch of BM.

Teaching Tip

It is important for candidates to avoid generalised answers. Candidates need to avoid using general terms such as 'if', or describing too much theory. Candidates, when answering a question that relates to their 'own country' or indeed, to the context of the business, should use context from the case study or specific evidence from their own country. For example: 'BM has a lack of cash flow, this means that....' or 'BM needs to think about the size of the market for houses. In my own country, where the market is small then' is in context and will support candidates in developing an analytical response.

It is important that candidates have some general understanding of business in their own country.

BUSINESS STUDIES

Paper 9707/22
Data Response

Key Messages

- Centres should encourage candidates to give an accurate definition and an example to support their explanations in responding to **Question (a)** in both case studies.
- Candidates should take an interest in business developments in the 'real' business world.
- The key to success in the data response paper is for candidates to use the evidence in the case study as a basis for developing their ideas.
- Candidates need to understand that highest mark questions - **Question 1(d) and Question 2(d)** – require evaluative responses. Centres should encourage candidates to offer a conclusion to their answers. Thus, if candidates are required to 'evaluate the extent', they should always conclude by judging what they consider to be the main factor influencing 'the extent' – and they should justify this in the context of the case. Evaluation can best be summarised by a judgement and justification in context.

General comments

Most candidates were able to demonstrate their ability to use some of the information in the case study in their written responses.

Candidates should study the subject beyond the textbook. **Question 1(d)** emphasised the need to understand major business developments in 'the real world'. Study of business in the candidate's own country should assist in this process.

There was some limited evidence of evaluation being demonstrated, in particular for **Question 2(d)** – a significant number of candidates did emphasise the importance of promotion for the new product. Evaluation was less evident in answers to **1(d)**. Developing evaluation skills remains the key area for improvement. Candidates should learn what is meant by evaluation, how and where to apply it and to recognise the meaning of evaluation in relation to each specific question.

The case material proved accessible to candidates and the quality of answers generally showed good use of business language and overall communication skills. The majority of candidates were able to complete the required number of questions, which indicated that there was adequate time for candidates to complete the paper in the time allowed.

Comments on specific questions

Section A

Question 1

- (a) (i) Most candidates had a good understanding of the term 'social enterprise'. The best answers referred to triple bottom line and gave an example from their own country. Another useful approach was to contrast the role of attempting to satisfy all stakeholders with the traditional view of satisfying only shareholders. A few candidates were unable to explain the term.
- (ii) Many candidates had difficulty explaining the term 'co-operative', often confusing the idea with that of a partnership. Good answers referred to the type of ownership by like-minded groups of people, for example employees, customers or farmers. The groups share decisions and profits. The best answers gave an example from their own country and referred to the economies of scale gained.

- (b) (i) Most candidates correctly calculated the forecast net profit to be \$130 m. Weaker candidates incorrectly included fixed assets and/or current assets in their calculation.
- (ii) Examiners were looking for candidates to use both the result of the calculation and the other information provided. The best answers observed that the business is new and that it involved large start-up costs while trading took time to develop. Cash flow is measured by the difference between inflows and outflows whereas profits are on the basis of accruals. The purchase of a building, for example, might appear in full in the cash flow but only as depreciation in the profit calculation.
- (c) Most candidates had good understanding of the recruitment and selection process. The best answers applied this understanding to the situation facing BizBank. Difficulties might arise from:
- A new bank not having a 'track record' so people might be reluctant to take the risk of working for them.
 - There being no guarantee that the project will work – it is new and a social enterprise, which might make it difficult to attract the best people away from more secure positions with other banks.
 - A range of skills being sought - there may be shortages of these skills e.g. IT.
 - There being difficulty recruiting in large numbers in one 'go'.
 - Some people possibly being discouraged from applying because of the social enterprise dimension of the proposal.
 - Not everyone wanting a 'cutting edge' job

Weaker answers did not use context, providing little insight into understanding of issues facing BB.

Teaching Tip:

When procedures are involved, such as in the recruitment process, it is important to relate these procedures to the key issues in the case material. In this instance BB is faced with an unusual recruitment situation - that of recruiting the WHOLE staff at the same time - a business start-up. Any answer should reflect this key point.

- (d) This question was often answered very well. Most candidates are aware of the importance of e-commerce in the business world and the impact that this may have on businesses. The better answers focused on the need for suitable equipment and training, skilled staff and appropriate systems as well as discussing the role that e-commerce plays in the relationship between a business and its customers. Discussion often developed productively along the lines of increased potential for customer base, easier access to banking services, and keeping up with or improving on the competition. Some candidates commented usefully on the appropriateness of e-commerce in their own country. Some commented on security aspects of Internet banking and concerns customers might have if systems could be 'hacked'. The best answers attempted to argue that the use of e-commerce will be critical to the likely success of the launch of the business. Weaker answers did not relate well to the situation facing BB or did not appreciate what is involved in e-commerce.

Teaching Tip:

It is important that candidates take an interest in current and recent business developments. E-commerce is critical to the survival of many businesses and is a fast growing area of business activity in most countries. It is important to answer 'to what extent' in order to demonstrate evaluation skills.

Question 2

- (a) (i) Some candidates still rely on 'circular' explanations – such as 'CAD is using computers to aid designs' – which give very little insight into the levels of understanding. Good answers defined the term and then developed explanations as to how CAD can be used. Ideas included being able to change designs easily and cheaply, look at designs from different angles, produce 3D drawings, translate designs into instructions for CAM and so on. The best answers gave examples of where CAD could be used effectively and the impact its use might have on business costs.

- (ii) This question was well answered by the majority of candidates.
- (b)(i) Some candidates confused 'sampling methods' with methods of primary research and referred, incorrectly, to questionnaires, focus groups etc. The best answers chose a method such as random or cluster sampling and then briefly explained how a sample is selected using the chosen method.
- (ii) Candidates struggled with this question. They found it hard to make any real comparison between a graph/chart and a table and their relative characteristics. Most simply said graphs were visual and easy to read. Application to the information was poor with many only achieving Level 1 marks.
- (c) Most candidates have a good understanding of the topic of leadership styles although some candidates confused leadership styles with motivation theories. Weaker candidates tended to repeat everything they knew about leadership styles, McGregor and other theorists without applying these ideas to the situation at KK. The best answers related the theories to the significant changes about to take place at KK (job production to mass production) and to job roles (highly responsible, lots of freedom, skilled to less skilled and more controlled roles on a mass production system). Good candidates examined both the appropriateness of the current laissez faire style in the current situation and what style would be more appropriate in the new situation of introducing change using the case evidence.

Teaching Tip

It is important for candidates to be able to contextualise leadership issues. Theoretical answers cannot achieve more than half of the available marks. Each piece of **relevant** case material should be identified and used in the answer.

- (d) Candidates generally showed understanding of the marketing mix and were able to discuss and develop each of the components of the mix, although understanding of 'place' was often flawed – it refers to channels of distribution rather than location. Less well done was the use of case material in applying the ideas of the mix. Critical to any answer was the results of the market research given in Table 2. These should have been referred to in terms of developing ideas about product and price, and possibly, promotion. A few candidates misunderstood the context – they gave answers in relation to the existing range of commercial kites rather than the new range of Robokites for final consumers. The best answers demonstrated evaluation skills in terms of coming up with which were the key items of the mix (probably promotion since this is a new product for an existing market) and what might the main constraining influences be on a small specialist firm embarking into a new mass market.

Teaching Tip

It is very important that candidates use the data given in the case study and include this in their application of their ideas. For example, in the question above, the market research data could have been applied to one or more of the 4Ps so that the launch of the new Robokite would be more effective.

BUSINESS STUDIES

Paper 9707/23
Data Response

Key Messages

- Centres should encourage candidates to give both an accurate definition and an example to support their explanations in responding to **Question (a)** in either case study.
- Candidates should take an interest in business developments in the 'real' business world.
- The key to success in the data response paper is for candidates to use the evidence in the case study as a basis for developing their ideas.
- Candidates need to understand that highest mark questions - **Question 1(d)** and **Question 2(d)** – require evaluative responses. Centres should encourage candidates to offer a conclusion to their answers. If candidates are required to 'discuss the factors', they should always conclude by judging what they consider the main factor to be and then justify it in the context of the case. Evaluation can best be summarised by a judgement and justification in context.

General comments

Most candidates were able to demonstrate their ability to use some of the information in the case study in their written responses.

Question 1(d) emphasised the need to study business issues beyond the textbook and to understand major business developments in 'the real world'.

There was some limited evidence of evaluation being demonstrated, in particular for **Question 2(d)** – a significant number of candidates did emphasise the importance of a different market for a new product as the key marketing factor. Evaluation was less evident in answers to **1(d)**. Developing evaluation skills remains the key area for improvement. Candidates should learn what is meant by evaluation, how and where to apply it and to recognise the meaning of evaluation in relation to a specific question.

The case material proved accessible to candidates and the quality of answers generally showed good use of business language and overall communication skills. The majority of candidates were able to complete the required number of questions, which indicated that there was adequate time for candidates to complete the paper in the time allowed.

Comments on specific questions

Section A

Question 1

- (a) (i) Most candidates had a good understanding of the term 'adds value'. The best answers referred to the difference between input costs and the price to the customer. Better answers included references to marketing aspects of added value including increasing the value to the customer by means of convenience, image and so on. The best answers gave an example. Weak answers gave a circular explanation such as 'adds value is when value is added' – this cannot be rewarded as it does not demonstrate any understanding. A few candidates were unable to explain the term.
- (ii) Many candidates had difficulty explaining the term 'entrepreneur', often confusing the idea with that of a stakeholder. Good answers referred to the type of person who takes a risk in setting up and owning a new business and developed the kind of characteristics needed of a successful entrepreneur. The best answers gave examples of entrepreneurs from their own country.

- (b)(i)** Most candidates correctly calculated the value of X as \$90,000. It is always useful to state units to avoid all possibility of confusion.
- (ii)** Many answers explained, in general terms, the usefulness of cash flow forecasts, usually in relation to the business that prepared them (in this instance FS). However, the question was about the usefulness to FS's bank. The few better answers observed that FS would require a loan for its expansion and that FS's bank will use cash flow forecasts as part of their decision-making as to whether a loan should be provided. The actual data for cash flow demonstrated the possibility of a loan around \$400,000 together with a return to positive cash flow two quarters later when FS could start to repay the loan. The best candidates observed that this might be acceptable to the bank if the cash flow forecast can be justified to the bank.
- (c)** Most candidates had good theoretical understanding of training processes. The best answers applied this understanding to the situation facing BizBank. Training would be needed in each new country to give knowledge, understanding and experience in:
- FS's operations
 - FS's computer systems
 - FS's communication systems
 - The shipping industry
 - FS's booking systems
 - Country differences

Some of these are suitable for 'on the job' training while others will require 'off the job' training or a combination of the two. The best answers explored these possibilities, discussing the advantages and disadvantages of each to the various identified training needs.

Weaker answers used little of the context, providing little insight into understanding of issues facing BB.

Teaching Tip:

When procedures are involved, such as in training processes, it is important to relate these procedures to the key issues in the case material. In this instance FS is faced with an unusual training situation, that of training new staff in a different country. Any answer should reflect this key point.

- (d)** This question was often answered very well. Most candidates recognised the need for IT systems to monitor and control the shipping logistics. Better answers saw the usefulness of online booking systems and using IT for communications not only with customers but also with international branches and other stakeholders such as insurance and shipping businesses. The best answers explored the impact in terms of being able to compete effectively, the need to invest in suitable systems and having suitable staff for exploiting the opportunities. The best answers also discussed the impact on marketing and the opportunities it created as well as financial implications of having to make significant investments. Few candidates demonstrated evaluation skills – this could have been achieved by demonstrating which are likely to be the most important impacts.

Teaching Tip:

It is important that candidates take an interest in current and recent business developments. Effective use of IT is critical to the survival of many businesses and is a fast-growing area of business activity in most countries.

Question 2

- (a) (i) Formally the term 'director' applies to a member of the Board of Directors of an incorporated business but the term is also used as a title for some business management positions. Both explanations were accepted although the formal definition showed better business understanding. The best explanations referred to the roles and responsibilities of a director and possibly gave examples.
- (ii) This question was well answered by the majority of candidates, although some candidates employed a 'circular' definition, which does not demonstrate understanding. The best answers referred to the costs of borrowing/benefits of lending. Some candidates referred to the role that interest rates play in the economy, although this is an A2 topic.
- (b) (i) Nearly all candidates answered this question appropriately.
- (ii) Candidates struggled with this question. They found it hard to relate theoretical benefits with the information provided in the case, with most candidates only achieving Level 1 marks.
- (c) Generally this question was answered quite well. The key issue for candidates to address is that the change in production system involves employees changing from a highly skilled, high technology role to unskilled tasks related to a production line. Tasks become the routine ones listed in the case. Difficulties arise through the management of change. Good answers referred to these issues and addressed the consequences – for example, possible loss in morale, redundancies, staff leaving for better jobs and the need to recruit and train new, less qualified workers. Would workers accept change? A few candidates also mentioned organisational issues as the business would have to be organised differently.

Teaching Tip:

It is important for candidates to be able to contextualise workforce issues. Theoretical answers cannot achieve more than half of the available marks. Each piece of **relevant** case material should be identified and used in the answer.

- (d) Candidates generally showed understanding of the marketing factors. They often were able to discuss and develop each of the components of the mix, although there is a risk with this approach of answering a different question – 'what is the best marketing mix?'. Less well done was the use of case material in applying the ideas of the mix. The critical issue is that the nature of the market will be completely different, with a new product being launched in a completely different market. Some candidates referred to the lack of useful market research data since that provided by Figure 1 has little value. The best answers demonstrated evaluation skills in terms of deciding on the key factors – for example, the fact that JG has no experience in this new market – as well as examining other issues such as demand and competition.

Teaching Tip:

It is very important that candidates find an opportunity to demonstrate evaluation skills. In this instance this could be achieved by arguing for which the most important factor is influencing marketing decisions.

BUSINESS STUDIES

Paper 9707/31
Case Study

Key Messages

- Candidates are required to demonstrate clear application to access the full range of marks.
- Questions requiring calculations were completed effectively. Candidates need to demonstrate greater understanding of their calculations.
- **Section B** answers require more focus on evaluation.

General Comments

This paper was taken by just over 1500 candidates and produced some effective responses demonstrating a good understanding of business concepts and the ability to analyse these in the context of the case study. The paper was accessible to the majority of candidates and there was evidence of many good answers, demonstrating an effective use of the information available.

Stronger candidates revealed excellent subject knowledge, which was used to develop clear lines of analysis, consistently focused on the question and supported by case evidence. The best answers provided well-supported conclusions based on the preceding analysis.

Less successful candidates lacked essential subject knowledge and tended to repeat information from the case study rather than analysing key arguments.

As in previous years it was pleasing to note the confidence with which the majority of candidates were able to accurately answer numerical questions. However, candidates do need to give more focus to the interpretation of calculations in the follow-up questions. In particular candidates need to improve their understanding of the price/earnings ratio and its significance.

Section B continues to present a real challenge to candidates. Answers to **Question 6** demonstrated an understanding of strategic analysis but its relevance to the introduction of the Marco range of shoes required more detailed development and analysis. As noted in previous reports, Centres would be well advised to emphasise the different elements of the strategic management process and ensure that candidates are familiar with the style of questions set. This could be done by referring not only to 9707/31 but also 9707/32 and 9707/33 examinations.

The quality of written communication was generally of a high standard and there were only a relatively small number of candidates unable to communicate their ideas.

Comments on Specific Questions

Section A

Question 1

There was a good understanding demonstrated of the disadvantages of SSI's human resource strategy. Candidates readily developed appropriate lines of analysis exploring why the strategy was inappropriate. There was clear evidence of reference being made to the case material. The best answers applied the theory to SSI by recognising, for example, that limiting time spent training workers might contribute to a lower quality of shoes being produced – many candidates observed that the shoes only lasted six months on average. It is important, where possible, to make plausible connections between different parts of the case material; this will typically lead to the award of application marks and make it easier to provide an evaluation.

There was some misunderstanding of the case in that a small number of candidates believed that all workers were paid the same wage whereas the text merely indicated that length of service was not a determining factor of pay. Candidates are to be encouraged to read the case carefully before answering questions.

Candidates should also remember the need to develop case material rather than just repeating elements of the text.

Question 2

- (a) (i)** This was an accessible question and the majority of candidates were rewarded with full marks. Many candidates demonstrated good practice by showing clear method in their calculation. It is advisable to state the equation for break-even and to show all working in case of making an error. Marks can be awarded for appropriate knowledge even where the answer is incorrect; the own figure rule applies.

Candidates should be reminded that the answer to a break-even question is the number of units required to break-even and it is, therefore, incorrect to use a \$ sign in the answer. It should also be noted that the correct answer was 1.07 million pairs of shoes not just 1.07 - accuracy is important.

Teaching Tip

Explain to candidates the importance of the 'own figure rule'. Candidates should therefore attempt all parts of calculation questions and show their working.

- (ii)** Payback was well understood by the majority of candidates and accurate answers were provided. It is encouraging to note the number of candidates who set out their work methodically so ensuring that the Examiner is able to identify how an answer is reached.
- (b)** There were many strong answers to this question. Candidates addressed many relevant issues showing good business reasoning in their arguments. In this exam application is a necessary condition for the award of evaluation. Thus, it is essential that candidates continually interpret material from the case and show its relevance to SSI. A good example of application was to connect minimum wage laws in Location B to Jacques Blanc's desire to change the culture of SSI. The best answers provided balanced argument and sought to show judgement throughout their answer; thus each paragraph would contain evaluative content. These candidates also made use of their answers to **(a) (i)** and **a (ii)** as well as other information from the case study.

Question 3

Marketing questions often elicit responses that treat each element of the marketing mix in isolation so suggesting a disconnected series of tactics which are unlikely to maximise the chances of business success. In this question candidates were required to consider the importance of the marketing mix being integrated and coordinated. Many candidates would have improved their answers by giving more focus to the issue of coordinating the marketing mix. There were many examples of an uncoordinated approach with different elements of the mix in conflict with each other. It was not uncommon for candidates to suggest setting a high price for the Marco brand without questioning whether or not it would be appropriate to continue to sell the shoes through the same retailers already used by SSI. Candidates should be encouraged to question the views and decisions of the case study business and its key personnel. As SSI's current products were cheap copies of styles from well-known international fashion designers, it is likely that SSI might benefit from distributing the new Marco brand through more exclusive and upmarket retailers.

The best answers provided an integrated marketing mix and questioned the proposed approach suggested in the text. Some very good, concise answers focused on just two elements of the marketing mix - this was sufficient to demonstrate an understanding of the need for a coordinated approach.

Question 4

- (a) (i)** Most candidates were able to calculate the price/earnings ratio for 2012. Many candidates provided working of the ratio.
- (ii)** The dividend yield of 4% was correctly identified by a significant majority of candidates.

- (b) Most candidates demonstrated a clear understanding of the significance of the proposed decrease in the dividend yield and were therefore able to analyse the case for and against the directors' proposal. Understanding of the price/earnings ratio was less well understood. Only a handful of responses recognised that the reduction in the ratio might be attributed to a lack of market confidence in the future profitability of SSI. There was a tendency for weaker answers to repeat the case material without really developing the issues. In such cases there could only be limited award of marks for analysis and application. Application could have been improved by considering the relative size of the reduction in the dividend or by linking it to falling profitability and the consequent need to make a substantial investment in new products.

Question 5

Candidates should be reminded of the importance of following the directives given within a question. In this case it was necessary to demonstrate an understanding of Ansoff's Matrix and to focus on strategies other than introducing the Marco range of shoes. Comment on Ansoff's Matrix was absent from many answers and a significant number of candidates focused on the Marco range of shoes.

There were, however, some strong answers that evaluated the viability of market penetration, market development and/or diversification, drawing on information from the case study to support judgement. These responses typically commented on the degree of risk involved and the scope for increasing sales and profits. For example, as a number of candidates observed, SSI might find it difficult to further penetrate existing markets as sales growth had slowed in recent years but, as the business has just started selling shoes abroad, this might offer greater possibility of sales growth.

Question 6

Candidates were generally aware of different forms of strategic analysis and were often able to apply SWOT analysis to SSI. They also understood that subjectivity is often a problem with SWOT and that in a dynamic business environment any situational analysis may quickly become outdated. A few candidates made appropriate links between strategic analysis and the role it could play in introducing the Marco range of shoes, noting for example that the Boston Matrix may have helped confirm that SSI basing growth on existing products, might be unwise. Many responses required a more detailed analysis of the role of strategic analysis in guiding SSI's introduction of the Marco range. Few candidates commented on the role of sales forecasting and those that did, did not question how the forecasts were made.

As marking of **Section B** answers is heavily weighted toward evaluative comment, candidates must develop this skill further if they are to score above 13 marks. In this question evaluation could have centred on the extent to which the shoe market is subject to rapid change or the crucial importance of meeting customer expectations of quality in this particular market segment.

Question 7

This proved to be the slightly more popular of the two choices. There was a good understanding of corporate culture in most answers and candidates were able to identify two or three factors that would determine whether the CEO would be successful in changing culture. Resistance to change was widely understood and case material was used to support argument. A number of candidates developed a structured and balanced range of arguments before making a final judgement. The best answers made evaluative comment throughout their answer showing judgement of each individual factor.

BUSINESS STUDIES

Paper 9707/32

Case Study

General comments

There was a very wide range of marks awarded on this paper. Some Centres had clearly prepared candidates effectively for this Case Study paper by not only ensuring wide coverage of syllabus material but also by encouraging the relevant use of case study evidence within answers. In contrast, many candidates could have improved their answers by appreciating much more fully the need to use evidence from the case study in their responses in order to ensure that they were focused clearly on BSL and not just a general textbook-based response. The skill of applying key facts about the business or referring to important events in its development within a case study answer is one of the most important requirements for success on this paper – once the essential knowledge required by a question has been demonstrated.

Another essential requirement for doing well on this paper is for candidates to show judgement when it is required by the wording of the question. In the Case Study paper it is quite usual for the first question not to require an evaluative response but for all other non-quantitative questions to be directed towards the need for the candidate to provide an answer containing supported judgements or evaluative comments. To be worthy of gaining marks for the skill of evaluation, however, these judgements and evaluative comments need to be in the context of the case study business and some application to this business must therefore be demonstrated in the answer.

This case study seemed to be accessible to the vast majority of candidates, as were the questions. The total marks gained by some candidates could have been substantially improved if they had attempted **Questions 2(b)** and **4(b)** despite not being able to answer the calculations in part **(a)**. One of the main areas for further improvement is in developing the skill of reading questions very thoroughly. Candidates should ensure that they read very carefully the wording of the questions and then make sure that they answer the questions set.

Comments on specific questions

Section A

Question 1

This was well answered by many candidates. Some candidates did not gain all the application marks available despite there being a number of points they could have used from the case study. Many candidates answered **Question 1** based on the signposted section in the question paper, often without looking any further. This produced content points and, with some argument or motivation theory, analysis points, but few application marks. For instance, many candidates referred to low labour turnover as a possible consequence of encouraging participation, but this point could have been applied effectively by reference to the data in Appendix B.

The clarity and focus of many answers could have been improved if candidates had not strayed from the benefits to disadvantages or problems – this was not answering the question. It is a good strategy to start off with a brief explanation of what the main terms in the question mean because sometimes it was not clear that candidates understood what employee participation was.

Some answers to **Question 1** were often longer than the candidate's answer to the **Section B** question and better time management might have been beneficial in such cases.

Question 2

- (a) The majority of candidates were able to calculate ARR and NPV, though a few made the error of writing that the NPV was negative. Some candidates would have obtained higher marks if they had remembered the correct formula for ARR. It was good to see that many candidates were able to lay out their calculations clearly.
- (b) This was, generally, well answered. Most candidates made some reference to results from part (a) and credit was awarded if an appropriate comment was based on incorrect results. Other data and information was often effectively used in the answer. Better answers linked in the delivery service with the proposal to introduce more IT into the business as this would make online ordering easier. Evaluation marks were not always fully awarded. Candidates should be encouraged to make a justified recommendation in answer to questions that revolve around a strategic business choice and not just conclude an answer with a generalisation such as: 'so, as can be seen, there are many advantages and disadvantages that need to be considered before this decision can be made'.

Question 3

A few candidates showed a good knowledge of marketing planning particularly in their opening paragraph but this understanding did vary noticeably from Centre to Centre with numerous groups of candidates limiting their response to a simple 'marketing mix' approach. Given that the question asked for evaluation of the key features of a marketing plan, such an approach limited the marks that could be awarded. A more complete answer - and there were a few outstanding ones - would consider the marketing objective of the business, the external environment in which the plan was being made and the budget level being determined for the plan's introduction. Many answers could have been further improved by candidates making a clearer distinction between the 'trade' customers and the 'retail' customers.

Question 4

- (a) The majority of candidates were able to select the appropriate data from the evidence given and correctly calculate these two ratios.
- (b) Perhaps surprisingly, many candidates found this a difficult question to gain high marks on.

Most candidates were able to describe ratio analysis and/ or stakeholders but their answers could have been substantially improved if they had assessed the usefulness of ratio analysis of BSL's accounts to two stakeholder groups. A clearer grasp of what the question was seeking would have allowed most candidates to focus more accurately on evaluating why accounting ratio results can be very useful to certain stakeholder groups – and why they also have serious limitations. Frequent references were made to 'published accounts'. Answers could have been improved by specific reference to ratios. Some answers concentrated on ADC's accounts rather than BSL's as asked for. Candidates could have gained higher marks by also concentrating on accounting ratios rather than making irrelevant references to terms such as labour turnover, market share, market capitalisation and even leadership styles. Most answers could have been greatly improved by much more extensive application or evaluation. For example, the importance of using more than one year's set of ratio results in assessing company performance could have been discussed as well as the fact that any ratio result is only as accurate as the data that lies behind it. Could BSL's accounts have been 'window dressed' in the same ways that those of ADC's had?

Question 5

This question asked about the advantages and disadvantages to BSL of the IT project. Although there were some good answers there was often a strong concentration on the advantages, with little focus on the disadvantages. Many answers could have been improved by giving approximately equal weight to the considerations of both sides of the argument. Further improvement would have been made if candidates had applied their answers specifically to BSL. This question resulted in more 'non-applied answers than any other on the paper. For instance, some candidates wrote about CAD/CAM or explained the uses of IT in the production process, which was clearly not framing their answers within the context of the case. Some strong candidates missed out on evaluation marks because their answers lacked application.

Interestingly, some candidates based their answers on Force Field analysis and made very good attempts to analyse the introduction of IT by applying this model. This approach was not anticipated by Examiners but, when done effectively, received due credit.

Many candidates wrote very long answers, producing long lists of Level 1 content points with little application. These answers could have been substantially improved by focusing on just a few points but analysing and applying them in detail. This form of discussion would then have led more naturally to a justified overall conclusion.

Section B

Question 6

This was by far the more popular choice and there were some encouraging, well developed answers. The best answers selected appropriate data, explained why this was thought to be of great significance in the case of this important strategic decision and then made several evaluative comments before arriving at an overall conclusion.

Candidates should ensure that they frame their answers within the context of the case study rather than write theoretically about the various analytical tools or copy out quantities of data from Appendix B without using or analysing it. It was clear that some candidates could have shown greater understanding of ADC's strategy of window dressing the accounts.

Many answers consisted of line-by-line comparisons of the two firms by using data from Appendix B. These answers could have been improved by greater selectivity and by the inclusion of judgements about why some evidence was particularly important. Many candidates' answers could have been improved by showing a stronger grasp of the takeover situation and understanding that ADC's financial weaknesses might be reflected in the price of the target and that a threatening economic outlook might present an opportunity. Some candidates interpreted the question as being about the process of making strategic choices, producing answers assessing the appropriateness of Ansoff, Boston, Force Field or decision trees as general approaches. The question set was much more focused on the actual decision than the processes of strategic choice.

Question 7

This was not a popular choice and although there were some reasonable answers, there were a number of candidates who ignored the word 'contingency' and wrote only about planning in general, so gaining limited marks. Again, more careful reading of the question would have benefited these candidates. Better answers went beyond a mere description of the fire and its aftermath and developed arguments for and against BSL devoting resources to contingency planning. Many other potential 'danger' situations were applied to this business by the best candidates. A few answers then concluded with a consideration of the other parts of a strategy that BSL could adopt to achieve further success. In other words, these candidates understood the true purpose of the question, which was to seek an evaluative response about the relative importance of contingency planning to the company's future success.

BUSINESS STUDIES

Paper 9707/33
Case Study

General comments

This case study seemed to be accessible to the vast majority of candidates, as were the questions.

There was a wide range of marks awarded on this paper. Most Centres had clearly prepared candidates effectively for this case study examination by not only ensuring wide coverage of syllabus material but also by encouraging the relevant use of case study evidence within answers. In contrast, a few candidates could have improved their answers by appreciating much more fully the need to use evidence from the case study in their responses in order to ensure that they were focused clearly on LFF and not just a general textbook based response. The skill of applying key facts about the business or referring to important events in its development within a case study answer is one of the most important requirements for success on this paper – once the essential knowledge required by a question has been demonstrated.

One of the main areas for further improvement is in developing the skill of reading questions very thoroughly. Candidates should ensure that they read very carefully the wording of the questions and then make sure that they answer the questions set.

Another essential requirement for doing well on this paper is for candidates to show judgement when this is required by the wording of the question. In the Case Study paper it is quite usual for the first question not to require an evaluative response but for all other non-quantitative questions to be directed towards the need for the candidate to provide an answer containing supported judgements or evaluative comments. To be worthy of gaining marks for the skill of evaluation, however, these judgements and evaluative comments need to be in the context of the case study business and some application to this business must therefore be demonstrated in the answer.

Comments on specific questions

Section A

Question 1

This was well answered by many candidates. Some candidates' answers could have been improved by developing the points made in the context of LFF, there being a number of issues they could have used from the case study. The analysis used was often effective. For example, the use of Leo's own savings [gained from the sale of his former business] was particularly important as lack of capital, especially working capital, is a common cause of failure amongst new business start-ups.

Question 2

- (a) The majority of candidates were able to calculate break-even and net profit accurately. It was good to see that many candidates were able to lay out their calculations clearly.
- (b) This was, generally, very well answered. Most candidates made appropriate references to results from part (a) and credit was awarded if an accurate comment was based on incorrect results. Other data and information was often effectively used in the answer. The importance to the business of being seen to 'go green' was particularly well discussed. Some answers raised the potential problems with the technology behind the capital equipment. A few answers could have been improved by the inclusion of a clearer final recommendation. To gain high evaluation marks it is insufficient to state as a conclusion that so there are many advantages and disadvantages for Leo to consider before he makes the final decision'.

Question 3

This question led to much explanation of the HR problems that currently exist in the LFF shops. Many answers could have been improved by a clearer focus on how these problems might be overcome in a retailing environment. In addition, many answers would have benefited from more attention being paid to the 'increase long term profitability' part of the question. The purpose of the question was to ask candidates to evaluate the motivational proposals that they mentioned – many of which were well signposted in the case study – in terms of the potential cost savings or even revenue increases that might result from them. Some of the best answers weighed up the potential cost of a commission-based bonus system against the likely cost savings from less recruitment and training costs if labour turnover fell as a consequence.

Question 4

- (a) The majority of candidates were able to calculate these earliest start times.
- (b) There were many correct answers but these calculations caused more difficulty for some candidates than those required in part (a).
- (c) The majority of candidates calculated this correctly.
- (d) The responses to this question generally demonstrated very good understanding of the advantages and disadvantages of CPA and many of these were well analysed. The majority of answers could have been significantly improved by clearer application to the case study business. This could have been done by discussing the likely chances of some of the activities on the network being completed in time and by evaluating whether the possible lack of experience of Leo and a 'small local building firm' might prove to be a handicap in applying CPA in this instance.

Question 5

This question led to some very effective marketing plans. It was encouraging to see that many candidates avoided the trap of just analysing the marketing mix. Instead, the better answers explained the essential features of a marketing plan and proceeded to analyse and evaluate these in the context of the case study scenario. The need for clear objectives and an appropriate budget – much of which was likely to be spent on website design – was understood by many candidates. The importance of offering a distinctive product or service to differentiate LFF from the existing online competitors was also examined. The best examples of evaluation were those that focused on the need for an integrated 'whole' to the plan and which examined, with a clear justification, the most important feature of such a plan for achieving sales success in this context.

Section B

Question 6

This was by far the more popular choice and there were some encouraging, well developed answers. The best answers selected appropriate data, explained why this could be thought to be of great significance in developing future strategies and proposed potential strategies for LFF on the basis of it. There was generally good understanding of the data but a few candidates believed that the GDP figures showed a recession likely in 2015 – rather than a slowing down of economic growth. Analysis of the data was often accurate and detailed, especially the exchange rate forecasts in terms of export/import prices. Many answers could have been improved by more effective evaluation. This evaluation could have been demonstrated by suggesting and justifying examples of the data given which were likely to be of most significance to LFF's future strategies, or explaining in some detail the other information that the business would need before it could formulate effective future courses of action.

Question 7

This was not a popular choice and although there were some reasonable answers, there were a number of candidates whose answers would have been improved by examining more clearly the specific advantages and potential limitations of long term planning for this business. Is it operating in a rapidly changing market? Are major changes in economic performance expected? For this latter point, Appendix C could have been considered even though it was not referred to in the question. Would the consequences of not undertaking long term planning be particularly serious for this business? If so... why? These were some of the issues that candidates could have discussed more fully in order to improve their answers. It was probably a slightly less accessible question for some candidates than **Question 6** – but the nature of the choice offered in **Section B** is that candidates should give themselves sufficient time to allow a logical choice to be made between the two alternative questions.