



**Cambridge Assessment  
International Education**

# Example Candidate Responses – Paper 3

## Cambridge International AS & A Level Business 9609

For examination from 2023



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## Introduction

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The main aim of this booklet is to exemplify standards for those teaching Cambridge International AS & A Level Business, and to show how different levels of candidates' performance (high, middle and low) relate to the syllabus requirements. This document helps teachers to assess the standards required to achieve marks beyond the guidance of the mark scheme.

In this booklet candidate responses have been chosen from the June 2023 exam series to exemplify a range of answers.

For each question, the response is annotated with examiner comments about where and why marks were awarded or omitted. This is followed by comments on how the answer could be improved. There is also a list of common mistakes and guidance for candidates for each question.

Please refer to the June 2023 Examiner Report for further details and guidance.

The questions and mark schemes are available on the [School Support Hub](#)

**9609 June 2023 Question Paper 32**

**9609 June 2023 Mark Scheme 32**

**9609 June 2023 Insert 32**

Past exam resources and other teaching and learning resources are available on the [School Support Hub](#)



## How to use this booklet

This booklet goes through the paper one question at a time, showing you a high-, middle- and low-level response for each question. The candidate answers are set in a table. In the left-hand column are the candidate answers, and in the right-hand column are the examiner comments.

Example Candidate Response – high	Examiner comments
<p>1 Analyse <b>two</b> elements of OV's marketing strategy that will need to change to sell successfully to retailers.</p> <p>A marketing strategy is a long term plan of action to achieve marketing objectives. 1</p> <p>One factor that will need to be changed is the pricing, it is mentioned that OV sells its yogurt at premium prices, however retailers would be reluctant to pay high prices as they 2</p>	<p>1 The candidate shows some understanding of a marketing strategy in the opening sentence. It can be useful to start an answer with a definition of a key concept used in the question as this can help focus the answer on relevant business content. There is 1 mark available for AO1 for providing a definition.</p>
<p><b>Responses</b> are written by real candidates in exam conditions, demonstrating the types of answers for each level. These could be used to discuss and analyse the answers with learners in the classroom to improve their skills.</p>	<p><b>Examiner comments</b> explain where and why marks were awarded. These help to interpret the standard of Cambridge exams to help learners refine their exam technique.</p>

## How the candidate could improve their answer

- This was a well-structured answer demonstrating effective use of the case material and the candidate clearly identified two elements of the marketing strategy to change. The use of separate paragraphs for each point greatly increased the chances of each point being recognised.

This section explains how the candidate could improve each response. It helps learners to improve their exam technique.

## Common mistakes and guidance for candidates

- (a)** Definitions should be precise without any need for explanation. Many candidates were awarded 2 marks for this question. Answers frequently referred to the amount that a customer is willing and able to buy. 'Amount' was acceptable as an alternative to quantity. Reference to specific price or specific time was needed to earn the second mark.
- (b)** The candidate needed to state one factor that influences supply. If several factors were stated, only one of them would be marked. The explanation needed show how the factor will influence supply and candidates needed to give a clear explanation of how that factor would increase or decrease the supply. An example of a vague answer would be, 'A change in weather conditions might increase or decrease supply'. This answer would be awarded 1 knowledge mark for the reference to the change in weather conditions.

This section lists common mistakes as well as helpful guidance from the examiner. This will help your learners to avoid these mistakes. You can use this alongside the relevant Examiner Report to guide your learners.

## Question 1

### Example Candidate Response – high

- 1 Analyse two elements of OV's marketing strategy that will need to change to sell successfully to retailers.

A marketing strategy is a long term plan of action to achieve marketing objectives. 1

One factor that will need to be changed is the pricing, it is mentioned that OV sells its yogurt at premium prices, however retailers would be reluctant to pay high prices as they aren't the final recipients of the product. OV will need to reduce the pricing in order to attract retailers attention and sell to them successfully. This is even more important when considering the rising competitiveness of the industry, this requires lower prices to be used to ensure OV can retain its market position. 2 3

### Examiner comments

1 The candidate shows some understanding of a marketing strategy in the opening sentence. It can be useful to start an answer with a definition of a key concept used in the question as this can help focus the answer on relevant business content. There is 1 mark available for AO1 for providing a definition. However the focus of the question is to analyse two elements of the marketing mix that will need to be changed. Therefore, candidates may prefer to start by identifying an element and then analysing it.

2 The candidate identifies an element of the marketing strategy that requires change and adds context by noting that OV sells its yogurt at premium prices. They include an analysis of why the pricing should be changed by recognising that the retailer is not the final recipient of the product, so OV will need to reduce their price to attract retailers.

3 The candidate makes a link to the rising competitiveness within the industry as another factor behind the need to change the price. This is a good contextual point. However, the argument relates to changing the same element of the marketing strategy and no further AO2 mark can be awarded as there is only one application mark for each element of the marketing strategy considered.

Example Candidate Response – high, continued	Examiner comments
<p>Another factor that needs to be changed is promotion. Using social media is only useful when targeting final consumers, not retailers. OV may need to utilise techniques like newspaper advertising or TV advertising to catch the attention of retailers. This will allow OV to attract the necessary distributors to sell its yogurt to.</p> <p>[8]</p>	<p>4 The candidate identifies a second element of the marketing strategy that needs changing and this is in context as they include a relevant comment about OV's use of social media. The analysis is not developed, and the candidate does not show two or more links in the chain of reasoning.</p> <p>Mark for AO1 = 2 out of 2</p> <p>Mark for AO2 = 2 out of 2</p> <p>Mark for AO3 = 2 out of 4</p> <p><b>Total mark awarded = 6 out of 8</b></p>

### How the candidate could improve their answer

- This was a well-structured answer demonstrating effective use of the case material and the candidate clearly identified two elements of the marketing strategy to change. The use of separate paragraphs for each point greatly increased the chances of each point being recognised.
- The candidate was awarded full marks for AO1 and AO2. However, for both suggested changes to the marketing strategy, their analysis was limited to chains of reasoning with only one link. Developed analysis requires further links to be made showing cause and effect. For example, the candidate identified advertising on television as a possible change and could have given a more developed analysis by observing that 'promotion on TV would build the brand name of OV thus attracting consumers and therefore making it more attractive for retailers to stock OV's yogurts due to the increased levels of demand'. This would have been awarded Level 2 AO3.

Example Candidate Response – middle	Examiner comments
<p>1 Analyse <b>two</b> elements of OV's marketing strategy that will need to change to sell successfully to retailers.</p> <p>Marketing strategy is a business's long term plan on how best to market the business. 1</p> <p>OV would have to work on wholesale prices which is to say that in order to be create good relationships with the retailers, OV will have to create a wholesale price to ensure that the retailers still obtain profit. 2</p> <p>OV will also have to introduce new promotion methods for example, paying for a good shelf placement so that customers are able to see their product and buy it. However, this will be of no help if the business doesn't <del>make</del> promote the business in the location of the retailer so, there needs to be focus on both above the line and below the line promotion. 3</p> <p>OV will need to implement new promotion and price strategies in order to sell successfully to retailers. 4</p> <p>[8]</p>	<p>1 The candidate's definition does not show sufficient understanding of the marketing strategy concept.</p> <p>2 The candidate suggests a change to pricing with the implication that a lower price is needed so that retailers can still make a profit. The link to profit provides limited analysis.</p> <p>3 The second change links to promotion and recognises that securing good shelf placement is relevant to success. As this is about selling to a retailer, shelf placement provides context.</p> <p>4 The candidate attempts to develop some analysis, but there is no clear chain of reasoning as to why there is a need to promote the business in the location of the retailer.</p> <p>5 The candidate repeats the two elements of the marketing strategy they have already identified, so this adds no value to the answer.</p>
	<p>Mark for AO1 = 2 out of 2</p> <p>Mark for AO2 = 1 out of 2</p> <p>Mark for AO3 = 1 out of 4</p> <p><b>Total mark awarded = 4 out of 8</b></p>

### How the candidate could improve their answer

- The candidate needed to develop their chains of reasoning further. They made a statement about needing to promote the business in the location of the retailer without explaining why this is necessary.
- Candidates should aim to include context with each point made. There was one application mark available for each change to the marketing strategy identified.

## Example Candidate Response – low

## Examiner comments

- 1 Analyse **two** elements of OV's marketing strategy that will need to change to sell successfully to retailers.

Ossa Valley (OV) is a private limited company set up in 2019 by Aluna. She owns 60% of the shares and is the ~~founder~~ managing director at OV. Ossa Valley produces Greek yogurt in country C where it is located and <sup>1</sup> due to many new competitors in the market, OV plans to sell their product to retailers to increase their market share.

Firstly, OV will have to change its target market which at the moment is a health-conscious consumer group willing to pay a premium price. These customers get the product delivered directly to them. OV needs to focus on making <sup>2</sup> the product more affordable in order to create a larger demand required to sell their product at retailers' stores and reach their goal of a higher market share.

Secondly, OV will have to use their unique selling point of the health benefits from their natural product in combination with the lower price achieved through economies of scale <sup>3</sup> to attract new customers to consume their product rather than the competitors.

[8]

<sup>1</sup> The first paragraph repeats information from the case study without indicating its relevance to the question. To be awarded the mark, the context requires more than just the repeating of case material.

<sup>2</sup> The candidate refers to the need to 'focus on making the product more affordable' which links to the reference to premium pricing. Therefore, they show contextual understanding of a change to the marketing strategy and analysis is shown by arguing that the product being more affordable will create a larger demand.

<sup>3</sup> The final paragraph does not identify a second change to the marketing strategy. The candidate clarifies that a lower price will attract new customers but makes no link to retailers. This does not add to the understanding and analysis already shown.

Mark for AO1 = 1 out of 2

Mark for AO2 = 1 out of 2

Mark for AO3 = 1 out of 4

**Total mark awarded = 3 out of 8**

## How the candidate could improve their answer

The candidate needed to focus on the question. Their answer repeated a significant part of the case material, but did not demonstrate how the information relates to the question. Each paragraph should relate to the question.

## Common mistakes and guidance for candidates

- Repeating parts of the case material word for word without providing further development to show why the text is relevant to the question does not provide context. Application requires the candidate to use case information to support the answer.
- Candidates needed to make two applied points for Question 1.
- Candidates should use separate paragraphs to give a clear demarcation between the two points being made.
- Candidates needed to define the key business concept at the start of their answer to help its focus and demonstrate that there was understanding on which subsequent points were based.
- Candidates needed to analyse each point they made. They could show developed analysis by making two or more links in their chain of reasoning.



## Question 2

### Example Candidate Response – high

2 Analyse **two** benefits to OV of the methods it uses to communicate with employees.

Effective communication refers to ~~communication~~ when employees understand what the message sent out. Communication channel is the way in which the message is sent out from the business to employees. For example verbal communication or face-to-face.

Employee ~~motivation~~ satisfaction for OV may be high because it meets its factory workers every week to discuss operational problems and listen to suggestion for improvement. This is good because employees feel valued and cared-for and this increases motivation and therefore leading to a high productivity in making the yogurt.

Effective communication is ensured. This is because OV has an open-plan office which allows for two-way communication and employees to discuss if they have any questions. This ensures that all tasks are completed correctly and therefore reducing wastes thus, increasing potential profitability.

[8]

### Examiner comments

1 A definition of effective communication provides the foundation for answering how OV benefits from its methods of communication. The candidate also gives a generic comment on types of communication including verbal and face-to-face. However, there is only a maximum of 1 mark for AO1 for providing a definition of communication and types of communication.

2 This paragraph shows good exam technique. The candidate identifies a benefit of OV's communication method (employee satisfaction) and develops limited analysis of the outcome (higher productivity). The candidate also links the weekly meetings with factory workers to an outcome of yogurt production, thus demonstrating context. However, the analysis is not developed as it does not show two or more links in the chain of reasoning.

3 The candidate understands that two-way communication is effective. Developed analysis is evident as the candidate links two-way communication to employees being able to discuss if they have any questions. This results in tasks being carried out correctly which reduces waste and may increase profitability. More than one link in the chain of reasoning is evident so the candidate can be awarded Level 2 AO3. Context is provided because the benefit the candidate identifies links to OV having an open plan office.

Mark for AO1 = 2 out of 2

Mark for AO2 = 2 out of 2

Mark for AO3 = 3 out of 4

**Total mark awarded = 7 out of 8**

## How the candidate could improve their answer

- This was a well-structured answer with points clearly separated. The candidate demonstrated good knowledge of communication and they provided contextual analysis of each benefit.
- The language used throughout was business centred with reference to 'effective communication', 'communication channel', 'motivation', 'productivity', 'two-way communication', 'reducing wastes', and 'profitability'. It was a very compact, but effective, answer.
- For the first benefit, the candidate could have developed their analysis further by linking higher productivity to either the impact on unit costs of production or potential sales of yogurts.

Example Candidate Response – middle	Examiner comments
<p>2 Analyse <b>two</b> benefits to OV of the methods it uses to communicate with employees.</p> <p>Communication is a way of contact between people <sup>with message</sup> to a overall</p> <p>Communication between the boss manager and owners are very vital for business' <b>1</b></p> <p>As it determines may determine the outcomes.</p> <p>One benefit to OV for communication with employees is that allows the employees to be heard and it gives them a self of security. The fact that Aluna meets with factory workers every week to discuss operational problems shows that she gives the employees a type of connection and that can boost the motivation of the employees. <b>2</b></p> <p>Another benefit to OV of the method usage of communication with employees is that it may decrease the level of problems that may in the workplace, this not only prevents mental health problems in the workplace but it could decrease the labour turnover as they feel understood and the fact OV have a open-plan office it shows that easily accessible she is for to solve any issues, and the fact OV had won an award for its employee training shows that they are being recognised. <b>3</b> [8]</p> <p><b>4</b></p>	<p><b>1</b> Although these opening sentences do not give any context or identify any benefits of communication, the candidate partially defines the term. The second statement lacks development and is vague as to why communication between managers and owners is vital.</p> <p><b>2</b> The candidate uses the context of how Aluna meeting with workers every week can result in more motivated employees. However, they do not develop this benefit into a consequence for OV such as increased productivity or an improvement in quality of output.</p> <p><b>3</b> The candidate identifies a second benefit of OV's communication as a reduction in labour turnover, linked to the context of an open plan office making Aluna more accessible to employees. However, the candidate does not analyse this benefit.</p> <p><b>4</b> The reference to OV winning an award for training does not relate to the question about communication.</p> <p>Mark for AO1 = 2 out of 2</p> <p>Mark for AO2 = 2 out of 2</p> <p>Mark for AO3 = 0 out of 4</p> <p><b>Total mark awarded = 4 out of 8</b></p>

### How the candidate could improve their answer

- The candidate's commentary needed to be more precise, and give support to the statements made. The comment that communication between owners and managers is vital was an evaluative statement and attempts to demonstrate AO4 were not necessary (or awarded marks) in this question.
- Although there were 4 marks available for analysis, this answer did not develop any chains of reasoning. The candidate effectively demonstrated understanding in context, but needed to link points together to show their analysis of the benefits.



## Example Candidate Response – low

## Examiner comments

- 2 Analyse two benefits to OV of the methods it uses to communicate with employees.

The company has a very democratic leadership style and offers very good job hygiene. 1

Aluna meets with employees weekly to discuss solutions to any operational problems and listens to their suggestions. The company also has an open-plan office which allows them to communicate with each other and the seniors of the company. 2

This democratic style is a benefit as it boosts employee morale by giving them freedom and say in operational decisions. OV offers good job hygiene in the sense that their salary is above average, they offer training and have an inclusive culture. 3

Those are factors which are important as they can lead to job dissatisfaction which will decrease motivation, however that is not the case and what Aluna offers them will lead to increased motivation which can increase productivity and output. This can lead to its own internal economy of scale. [8]

1 The candidate's reference to the company having a democratic leadership style and offering good hygiene shows no understanding of communication or its benefits. This first sentence is not focused on the question set.

2 The candidate begins this paragraph by repeating case material of how OV communicates with employees. However, they show relevance by commenting that this is a democratic style which will boost employee morale by giving employees a say in operational decisions. This links to communication and therefore shows understanding of a benefit in context.

3 The rest of the answer drifts from communication to commenting on the 'good hygiene' offered by OV. The candidate offers an analysis of the benefit of this approach, but as the argument is not linked to communication methods no marks can be awarded for the paragraph.

Mark for AO1 = 1 out of 2

Mark for AO2 = 1 out of 2

Mark for AO3 = 0 out of 4

**Total mark awarded = 2 out of 8**

## How the candidate could improve their answer

- There was limited time in this exam to answer all the questions, so it was essential to focus on the question asked. The candidate included an introductory comment that did not demonstrate their understanding of communication or make any relevant points.
- Candidates should avoid copying from the case material as this can result in a failure to develop context. They should always aim to use the case information rather than repeat it.
- The answer drifted from the question. It was not focused on communication and returned to the issue of Herzberg's hygiene factors which the candidate referred to in their introduction. This demonstrated a lack of understanding of the scope of the question. Overall, it is evident that the candidate did not have a clear grasp of the role of communication in a business.

## Common mistakes and guidance for candidates

- Many candidates did not make effective use of the case material and just copied parts of the text without linking the information to the question.
- Candidates needed to make two applied points for Question 2.
- Candidates should use separate paragraphs to give a clear demarcation between the two points being made.
- There were 4 marks available for analysis in Question 2 and it was therefore essential to develop chains of reasoning focused on developing how communication benefits the business. Many candidates made only one link in their argument and therefore remained at Level 1 for AO3.
- There was no need for evaluative comment for the 8-mark analyse questions.

## Question 3

### Example Candidate Response – high

### Examiner comments

- 3 (a) Refer to Table 1.1. Calculate, for 2023, the current ratio.

$$\frac{\text{current assets}}{\text{current liabilities}} = \frac{0.6}{0.8} = 0.75$$

[1]

1 The candidate's answer of 0.75 is correct. However, the current ratio should be stated as 0.75:1

Mark for (a) = 1 out of 1

- (b) Refer to Table 1.1. Calculate, for 2023, the return on capital employed (ROCE).

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capital employed}} \times 100$$

$$= \left( \frac{1.3}{7 + 3.2} \right) \times 100 \approx 12.75\%$$

[3]

2 The candidate states the correct equation for return on capital employed (ROCE). Capital employed is calculated and used in the ROCE equation and they are awarded full marks.

Mark for (b) = 3 out of 3

- (c) Evaluate whether shareholders will benefit from OV changing to a public limited company.

Shareholders may benefit from OV changing to a public limited company because a big source of finance could be provided for <sup>OV's</sup> expansion plans if OV wants to build another factory. It would need at least \$10m, which it currently doesn't have. Thus, OV would have to borrow more money if it wants to finance the expansion, which would make OV even more risky than it already is (69% current gearing ratio). Issuing shares to the public would provide permanent capital that doesn't need to be paid back, so OV could then <sup>then</sup> increase production capacity without fearing increasing the gearing ratio. However, this would only work if there is high demand to buy OV's shares. Atina has to be sure that OV has many

3 Changing to a public limited company is identified as a source of finance for OV for its expansion plan. This is sufficient for AO1 and AO2 marks.

4 The candidate understands that further borrowing with a high gearing ratio of 69% would make OV riskier. This is evidence of context and knowledge even though they do not explain the nature of risk. However, the candidate then develops a limited analysis by arguing that production capacity could be increased through issuing shares without increasing the gearing ratio as shareholder finance is permanent. This is implicitly linked to a benefit to shareholders due to avoiding risk.

5 The candidate makes a simple judgement that this 'would only work if there is high demand to buy OV's share'. Candidates should aim to add this sort of evaluative comment throughout their answer as half the marks are for evaluation on the 12-mark questions.

Example Candidate Response – high, continued

Examiner comments

potential investors in order to raise share capital. On the other hand, changing OV into a public limited company may be disadvantageous to shareholders as there may be a divorce of control and ownership when more shareholders join OV. The current shareholders are now directors of the company, with Amana being the owner. If more shares were created, the value of current shares may be diluted. This means that the value of the shares the directors hold will decrease, and their influence over making decisions will also decrease. This might be a concern as now the directors have to satisfy all shareholders, not just themselves, and they might have to make decisions they don't like. In evaluation, there are some more questions that should be answered on this issue. First, how important is control to the current director and shareholders. If they are fine with giving up some control for capital, changing OV to a public limited company shouldn't be an issue. Next, it should be noted that the dividends that must be paid out will also increase, which potentially lowers the overall amount of profit money received by shareholders. Additionally, although this decision may seem beneficial in the short-term (as OV gains a quick source of capital), in the long-term, OV may face problems with control and ownership, leading to unstable performance. There are also external factors that might affect the benefits to shareholders, such as the economic environment going through a crisis, which might reduce the share value and worsen OV's performance. Thus, overall, I believe shareholders will likely benefit from OV changing to a public limited company because with enough capital raised from shares, OV can undertake expansion plans and increase profit. These profits can then lead to higher returns to shareholders.

- 6 The candidate shows further evidence of knowledge and application as they consider a disadvantage to shareholders of issuing shares. However, all AO1 and AO2 marks are already awarded.
- 7 The candidate gives a limited point of analysis in linking the issue of shares to a loss of control for the current shareholders.
- 8 The final paragraph begins with a limited 'it depends on' judgement, but the candidate does not develop this point.
- 9 The candidate develops their analysis to Level 2 by linking the need to pay out an increased level of dividends (due to there being more shares) to a reduction in the amount of money received by shareholders.
- 10 Contrasting the short-term impact with the long-term impact is an effective approach to making evaluative comment. However, in this answer, the candidate does not develop their judgement of short versus long term.
- 11 The candidate provides an overall judgement which is in the context of raising the finance to undertake expansion plans. This is developed evaluation as the candidate highlights that expansion can increase profit which could then result in higher returns to shareholders.

Mark for AO1 = 2 out of 2  
 Mark for AO2 = 2 out of 2  
 Mark for AO3 = 2 out of 2  
 Mark for AO4 = 6 out of 6  
 Mark for (c) = 12 out of 12

**Total mark awarded = 16 out of 16**

## How the candidate could improve their answer

- The candidate could not have improved their response as all parts received full marks and they demonstrated good exam technique throughout.
- Calculations were systematically set out showing formulae and method to maximise the chances of being awarded marks.
- The extended answer demonstrated understanding of key terms and remained focused on relevant contextual analysis which linked to the impact on shareholders of OV becoming a public limited company. Effective links were made throughout the answer, for example, when the candidate commented on the gearing and OV's need for \$10 m. There was good use of business terms such as recognising that share capital is permanent.

**Example Candidate Response – middle**

**Examiner comments**

3 (a) Refer to Table 1.1. Calculate, for 2023, the current ratio.

$$\frac{\text{current assets}}{\text{current liabilities}} = \frac{0.6}{0.8} = 0.75:1$$

[1]

1

1 The candidate gives the correct answer of 0.75:1.

Mark for (a) = 1 out of 1

(b) Refer to Table 1.1. Calculate, for 2023, the return on capital employed (ROCE).

$$\text{ROCE} = \frac{\text{Profit from Operations} \times 100}{\text{Capital Employed}}$$

$$= \frac{1.3}{(3.2 + 7.0)} \times 100$$

$$= \frac{1.3 \times 100}{10.2} = 2.94\%$$

[3]

2

2 The candidate states the appropriate equation for ROCE and the candidate calculates capital employed as 10.2(m). However, they make an error in the final calculation, so give an incorrect answer. This demonstrates the importance of showing method as simply stating an answer of 2.94% would not be awarded any marks.

Mark for (b) = 2 out of 3

(c) Evaluate whether shareholders will benefit from OV changing to a public limited company.

Public limited company is one where who's shares can be bought and sold on the stock exchange and can be bought by the public, it has limited liability and Aluna will have a separate legal identity. At the moment Aluna owns 60% of the shares with the marketing and operations directors owning the rest of the 40%, 20% each respectively as mentioned in the case study. OV is a growing, profit making company which means that once made public, even though Aluna and the directors would lose control and their % of shares,

3

3 The candidate understands that shares in a public limited company can be bought and sold on the stock exchange.

4

4 The candidate repeats information from the case. They do not attempt to explain the relevance of the current distribution of shares between the directors, so no marks can be awarded.

5

5 The issue of Aluna and directors possibly losing control shows contextual knowledge.



## Example Candidate Response – middle, continued

## Examiner comments

they would also benefit from increased capital investment, which would allow OV to pay off their debts, reduce gearing and earn increased profits. It would also help them finance expansion, increased profits would mean increased dividends for the shareholders, however if 51% of the shares of OV are bought it could lead to takeover of Aluna's company. Increase in capital generated (also in the form of cash) from the selling of shares, Aluna can finance the purchase of the new distribution channel. The capital could also help OV use better marketing strategies and techniques, they can also hire more managers to manage their financials using the capital raised, however these financials would need to be put out for the public to see including their competitors. Going public would overall benefit the shareholders of OV since they already have a loyal health conscious customer base, <sup>and a brand image,</sup> generating capital won't be as difficult, and it would help OV increase market share and become dominant in the market. [12]

6 Raising capital is identified as a benefit of issuing shares. The candidate comments that OV would be able to pay off its debts and reduce gearing. However, they do not link this to shareholder benefit. The answer should remain focused on how issuing shares will impact shareholders.

7 The candidate recognises that the share issue could provide finance for expansion and that increased profits could result in increased dividends for shareholders. This shows limited analysis.

8 Linking the share issue to providing finance for the new distribution channel is sufficient for AO2.

9 The candidate adds further examples of how the extra finance could be used by OV. These points are neither developed nor linked to shareholder benefit so do not answer the question.

10 The candidate attempts to make a judgement. It is limited and lacks focus on the shareholders but is sufficient for Level 1 AO4.

Mark for AO1 = 2 out of 2

Mark for AO2 = 2 out of 2

Mark for AO3 = 1 out of 2

Mark for AO4 = 1 out of 2

Mark for (c) = 6 out of 12

**Total mark awarded = 9 out of 16**

## How the candidate could improve their answer

- The impact of becoming a PLC on shareholders was not developed and the answer remained at Level 1 for AO3. The candidate could have developed more fully the benefit of OV's expansion to current shareholders. Although the candidate linked higher profit to higher dividends, they did not build their argument as to why there were increased profits. The analysis was incomplete and there were missing links in the chain of reasoning.
- The focus of the answer needed to be about the benefits to shareholders of going public. However, the candidate frequently made points which were not linked back to the shareholders, such as using the capital to finance better marketing, or allowing OV to pay off its debts and reduce gearing. The candidate needed to demonstrate how these points would benefit shareholders.

**Example Candidate Response – low**

**Examiner comments**

3 (a) Refer to Table 1.1. Calculate, for 2023, the current ratio.

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{current liabilities}}$$

$$= \frac{0.6}{0.8} = 0.75 \%$$

/ \$750,000 [1]

1

1 This is an incorrect answer as the percentage sign is included. The current ratio is not expressed as a percentage figure.

Mark for (a) = 0 out of 1

(b) Refer to Table 1.1. Calculate, for 2023, the return on capital employed (ROCE).

$$\text{Rate of capital employed} = \frac{\text{operating profit} \times 100}{\text{Capital employed}}$$

$$= \frac{1.3}{11.6} \times 100$$

$$= 11.20$$

2

2 The candidate gives the correct formula for ROCE and is awarded 1 mark. They give no indication of where the figure for capital employed is derived from and no further marks are awarded.

Mark for (b) = 1 out of 3

(c) Evaluate whether shareholders will benefit from OV changing to a public limited company.

Or changing from a private limited to public limited company means the shares of the business will be up for sale and the business will be able to attract more investors as well as shareholders.

3

3 The candidate starts with an adequate definition of a public limited company.

Since OV wants to expand the business they will need capital to do so which is why shifting to public limited company will raise finance for OV to expand operating with retailers make

4

4 This is applied as the candidate identifies that the change to a PLC will provide the finance for OV's proposed expansion to sell to retailers. The second AO1 mark cannot yet be awarded as it requires knowledge of an impact of becoming a PLC on shareholders.



## Example Candidate Response – low, continued

## Examiner comments

more sales and attracting more customers. This will benefit the share holders as OV will now be a bigger company and will be more valuable.

Secondly the share price will also increase benefiting the stakeholders and making the business more valuable. If OV changes to a public limited company they will ~~not~~ attract new customers and sales increasing the market share which can also help the business be more efficient and may decrease costs as well providing high quality cheaper goods attracting more consumers. This will also make the Government value OV more.

although it may also have some disadvantages such as the owners keeping less equity and selling most of it.

In conclusion the benefits of shifting to a public LTD company overlap the disadvantages.

5 The candidate shows limited analysis that an increase in sales will benefit shareholders as OV will be a bigger and more valuable company.

6 The candidate identifies an increase in share price as a benefit and although the candidate refers to stakeholders rather than shareholders, benefit of doubt can be given and AO1 awarded.

7 The answer loses focus on the question which is about the benefit to shareholders of going public. This chain of analysis is about increasing market share and efficiency. This could have been linked back to shareholders by considering the impact on profit and therefore dividends.

8 The concluding sentences do not provide sufficient evidence of evaluation to gain any AO4 marks. The candidate identifies a disadvantage that current owners will keep less equity; however, the final comment is too vague to provide balance so cannot be awarded the marks.

Mark for AO1 = 2 out of 2

Mark for AO2 = 1 out of 2

Mark for AO3 = 1 out of 2

Mark for AO4 = 0 out of 6

Mark for (c) = 4 out of 12

**Total mark awarded = 5 out of 16**

## How the candidate could improve their answer

- The candidate needed to show how capital employed was calculated.
- The candidate showed adequate understanding of terms such as PLC. This was linked to OV's plans to expand and the shareholders benefit from a more valuable business which provided limited analysis. This point was repeated, but with reference to the share price. However, the analysis was not focused on benefits to the shareholders as the commentary then explained how market share will increase and costs will be decreased attracting more consumers. The candidate needed to link this back to shareholders to be awarded further marks.
- A conclusion requires a judgement with supporting evidence. This candidate just states that the benefits of shifting to a PLC 'overlap' the disadvantages.

## Common mistakes and guidance for candidates

- The current ratio needed to be expressed as a ratio, i.e. x:y.
- Many candidates knew the formula for calculating ROCE, but did not know how to calculate capital employed. There were 8 marks available for calculations in this paper which was just over 13% of the total mark, so it was important to learn all relevant formulae.
- Understanding of business concepts provides the essential building blocks for answers. Some candidates commented that a change to a public limited company involved the government taking control of the business. This demonstrated a fundamental misunderstanding of the concept.
- Many candidates wrote at length about the impact on the company of becoming a PLC without considering how shareholders might be affected. Answers should focus on shareholder concerns such as control, share value, and dividends. Candidates should focus on the impact on existing shareholders and consider their likely objectives. In this case, the major shareholder had control of the business and the extent to which this control might be lost could be very important.

## Question 4

### Example Candidate Response – high

### Examiner comments

- 4 (a) Refer to Table 1.3. Calculate, for location X, the accounting rate of return (ARR).

$$\text{ARR} = \frac{\text{Annual profit}}{\text{Average investment}} \times 100$$

$$\text{Average investment} = \frac{\text{initial investment} - \text{residual value}}{2}$$

$$= \frac{22\text{m} - 10\text{m}}{2} = 12\text{m}$$

$$\frac{12}{6} = 2$$

$$= \frac{2}{10} \times 100$$

$$= 20\%$$

1

[4]

- (b) Evaluate which location OV should choose to build its factory.

OV will have to plan strategically to decide where to build its factory. Location X is in a low income area with high unemployment. Location Y is in an industrial area near a city with good transport. If OV chooses location X to build its factory, the factory will be made in 8 months which is <sup>four</sup> months earlier than location Y which means OV will start making a profit faster. Its accounting rate of return is also at 20% which means that OV would make a 20% more profit in relation with the capital cost of year 0. For location X, the average factory wage

2

3

1 The correct formula for the accounting rate of return is stated. Annual profit of \$2m is calculated. However, the candidate uses the capital cost of the investment rather than calculating the average investment. This is an error in method as the residual value should have been added to the capital cost and then divided by 2. So, the final answer of 20% is incorrect but the own figure rule applies, and the candidate is awarded 3 marks.

Mark for (a) = 3 out of 4

2 When faced with a table of data to use, it is common for candidates to repeat some or all of the information without any comment. The candidate cannot be awarded for this first paragraph as the information selected has not been used in any way.

3 With quantitative data for two options, candidates can be awarded AO2 marks by making a comparison. The candidate observes that the factory at location X can be completed four months earlier than location Y. The candidate suggests that this will help OV to make a profit faster. This demonstrates understanding of a relevant factor in the decision (time) for AO1 and a possible consequence (profit) for AO3. Analysis is only at Level 1 because there is no attempt to develop the point further.

## Example Candidate Response – high, continued

## Examiner comments

rates would also be low, which means OV would not have to incur extra costs on wages to be paid. But in location X, availability of skilled workers is low which means that they would have to give their employees special training which would be costly. Capacity utilization will also be at 95% in those years which means that after three years the business will not have any spare capacity left and would increase the costs for the business.

On the other hand location Y will be done in 12 months and the capital cost is £14m higher than location X. But, availability of skilled workers is high and they won't need to train their employees thus saving costs. Location Y's wage rates are high, as it's an industrial area near a city with good transport links. Its capacity utilization after 3 years will be 70% which is perfect as it will have spare capacity left. Location Y's ARR is 15% which is only 5% less than location X which means that it also is making a good profit after 6 years and covers its initial investment. In my opinion OV should go with location X as, OV will only have to incur additional costs in the short run and prove to be more beneficial in the long run with a higher accounting rate of return. As it is a low income area lower wages would be given and costs will be saved which could be used for the training of employees. Other factors will also need to be seen but by these factors location X is more beneficial for OV.

4 The candidate moves to the next factor using data from the table. Lower factory wage rates for location X (AO2) mean lower costs (AO1). They make further limited analysis of the impact of location X not having skilled labour, noting that special training would be needed and that would be costly. At this point the analysis is still at Level 1.

5 The answer structure of taking information from the case and showing its relevance is repeated with reference to availability of skilled workers in location Y, high wages in location Y and capacity utilisation. In each case, the candidate's analysis remains undeveloped and the answer does not move to AO3 Level 3.

6 The candidate makes a supported judgement that location X is preferable by highlighting the difference in the accounting rate of return and explaining how lower wages will help OV to finance the training of the employees. This links back to the candidate's observation about incurring extra costs in the short run, but location X having long term benefits.

Mark for AO1 = 2 out of 2

Mark for AO2 = 2 out of 2

Mark for AO3 = 1 out of 2

Mark for AO4 = 5 out of 6

Mark for (b) = 10 out of 12

**Total mark awarded = 13 out of 16**

## How the candidate could improve their answer

- The candidate needed to use the formula for calculating the accounting rate of return as stated in the syllabus. This included a step of calculating the average investment.
- Although the candidate appeared to start the answer to (b) directly by referencing two factors from Table 1.2, there was no explanation of how the chosen points help answer the question. It is important to show relevance of any selected information. This could be done by explaining whether it supports one location rather than the other.

- Although this was a more successful response that demonstrated understanding of a range of factors influencing the location decision, the candidate could better focus on developing their analysis. The answer tended to identify a factor and then provide a short, limited analysis before moving on to the next factor from the table. Multiple comparisons were made, but none showed Level 2 AO3.
- The candidate should provide evaluative comment earlier in the answer as 50 % of the marks were for evaluation. This could be done by providing a judgement about how important a particular point was to the decision.
- The conclusion was in context and provided a supported judgement making use of short run versus long run benefits of the chosen location. This was sufficient for Level 3 AO4.

**Example Candidate Response – middle**

**Examiner comments**

4 (a) Refer to Table 1.3. Calculate, for location X, the accounting rate of return (ARR).

ARR =  $\frac{\text{Annual Profit}}{\text{Initial Investment}} \times 100$   
~~ARR =  $\frac{22}{10} \times 100$~~   
~~Initial Investment = 10~~  
~~\* Net Cash Flow - Capital Cost = 22 - 10 = 12~~  
 \* Net Cash Flow = 22 - 12 = 10  
 Years taken 6 6  
 ARR =  $\frac{10}{20} \times 100$   
 = 20%

[4]

(b) Evaluate which location OV should choose to build its factory.

One of the benefits of choosing location X is that as the location is a low-income area with high unemployment, OV will be able to hire cheap labour which will help to reduce production cost of the business as the saved cost can be further used in production or development of new products or used in promotions. Although this may lead to a rise in trade unions or a pressure group as they may fight that they feel the employees are getting exploited and as OV is a well established brand this may impact OV's brand image which may even discourage any possible

1

1 The candidate does not use the formula given in the syllabus for calculating the annual rate of return. The initial investment figure is used rather than the average investment figure, leading to an answer of 20% rather than 25%. The own figure rule applies, and the candidate is awarded 3 marks.

2

Mark for (a) = 3 out of 4

2

2 The candidate immediately identifies a relevant contextual factor in their location decision. The candidate understands that high unemployment and low incomes should result in cheaper labour, and this will reduce the production costs. They could develop this further by considering the impact on the pricing of the yogurts.

3

3 The candidate provides a counter argument to cheap labour being a benefit of location X. They suggest that there could be union opposition and accusations of exploitation resulting in damage to the brand with a possible consequence of discouraging skilled workers from applying to OV. Although it is not clear that this would be likely, it is not an unreasonable chain of argument and is awarded Level 2 AO3.



## Example Candidate Response – middle, continued

## Examiner comments

Skilled Workers for Wanting to apply for OV-  
~~and even may lead~~  
 One of the benefit of Choosing Location Y is  
 that It has availability of Skilled Workers  
 which will be helpful for OV as they want  
 to build an highly automated factory which  
 will lead to an Increase in production hence  
 even reducing wastages by Company which  
 will help OV ~~gain~~ make more quality Oriented  
 products leading to Increase in demand and  
 hence Overall Sales of the business. Although  
~~Using \$14m~~ Using Location Y has a risk as the  
 Initial Cost is \$14m, As the business is Struggling to  
 gain finance and If the Forecasted predictions  
 of Its Profits go wrong, OV may lead to financial  
 loss even bankruptcy. Evaluatively, Option B is a  
 better Option as It has low Capital Cost (\$10m),  
 Needs less time to build factory which means  
 less money needed for labour & resources  
 and Even has more ARR than Location X (15%  
 compared to 15%) ~~but~~.

[12]

4 The candidate identifies another benefit in context. They follow this with good development of analysis using multiple links in a chain of reasoning. It is clearly a Level 2 analysis, but all AO3 marks have been awarded so no further marks are available. This highlights one of the difficulties that candidates face in structuring answers. With only two analysis marks, answers should be more focused on making supported judgements and developed evaluative comments which balance key arguments in the business context.

5 The candidate makes good use of quantitative data to analyse the risk of choosing location Y.

6 The candidate makes a judgement, but as support is limited to a list of points the presence of context is insufficient to move beyond Level 1 AO4. A better judgement could develop which of the stated factors is the most important, for example, highlighting the importance of accounting rate of return (ARR) to a business with a profit motive.

Mark for AO1 = 2 out of 2

Mark for AO2 = 2 out of 2

Mark for AO3 = 2 out of 2

Mark for AO4 = 1 out of 6

Mark for (b) = 7 out of 12

**Total mark awarded = 10 out of 16**

### How the candidate could improve their answer

- Candidates often provide long introductions which offer limited knowledge or just repeat the question. However, this candidate got straight into the answer by identifying a factor in the first sentence which was quickly explained.
- The answer remained firmly in context throughout, and several points demonstrated developed analysis. However, with only 2 marks for AO3 available the candidate needed to be more focused on making developed evaluative comments which balance key arguments in the business context.
- The conclusion did not provide developed evaluation as it was just a list of contextual points supporting the judgement that location Y was the better choice.

**Example Candidate Response – low**

**Examiner comments**

4 (a) Refer to Table 1.3. Calculate, for location X, the accounting rate of return (ARR).

~~Year~~  $\frac{\$22m}{6 \text{ years}}$  /  $\frac{\$367m}{6 \text{ years}}$  1

$\frac{\$10m}{\$22m} \times 100\% = 0.45 \times 100\%$  2  
 $= 45\%$

1 The candidate crosses out the first attempt at calculating the ARR. This is not marked as an alternative answer is offered.

2 The candidate does not state an equation and the numbers used do not relate to average profit or average investment. No marks are awarded for the answer or method.

Mark for (a) = 0 out of 4

[4]

(b) Evaluate which location OV should choose to build its factory.

The ~~a~~ decision that is made when choosing a location can determine whether or not OV will be more profitable or not. 3

Location X ~~with~~ which is in a low-income area with high unemployment will have ~~to~~ ~~go~~ enough employees at a lower rate but ~~might~~ will have low ~~a~~ skilled workers and probably few customers. It will have a much faster build time of 8 months and cost of building being \$4million less than location Y. Location X is also expected to have 95% capacity. 4

5

3 The first paragraph does not identify a factor in the decision.

4 This sentence repeats data from the text and there is only a limited attempt to indicate relevance. The comment that location X will probably have 'few customers' could be linked to the low income of the location, so is sufficient for AO1 and AO2.

5 Other factors are identified from the table, and it is implied that the faster build time and lower cost of location X are advantages of choosing it as a location. These points are sufficient for the other AO1 and AO2 marks. The candidate makes relevant points but does not develop analysis linking cause and effect.



## Example Candidate Response – low, continued

## Examiner comments

utilisation within 3 years and a higher ARR than location Y. However, On the other hand, location Y which is in the city with good transport links and available skilled workers, will have a longer construction time of 12 months, it will cost \$4 million more and will only have a capacity utilisation of 70% in 3 years and ARR of 15% over 6 years.

Therefore, while location Y has a high availability of skilled workers and good transport links, location X is a better place because skilled workers can be hired and relocated and roads can be constructed. While the market might not be readily available in location X, the construction and operation of the factory will create employment that will increase income and therefore overall demand.

6 The comments about location Y taking longer to build and costing more are the same points as stated in the previous paragraph.

7 The relevance of capacity utilisation is not explained. This repetition of case information adds no value to the answer.

8 The candidate makes a limited attempt at balance by noting that although location X lacks availability of skilled workers they can be hired and relocated. However, there is no development as to why availability of skilled workers is important.

9 This is weak argument suggesting that the factory will in effect create its own demand in the area. Overall, the answer remains at Level 1 AO4.

Mark for AO1 = 2 out of 2

Mark for AO2 = 2 out of 2

Mark for AO3 = 0 out of 2

Mark for AO4 = 1 out of 6

Mark for (b) = 5 out of 12

**Total mark awarded = 5 out of 16**

## How the candidate could improve their answer

- The candidate did not develop any analysis of the multiple relevant factors identified. For example, in the second paragraph the candidate identifies four different factors based on Table 1.2 but, although the candidate understood the relevance of the factors, there was no attempt to build a chain of reasoning.
- The conclusion was sufficient for Level 1 AO4, but even though there was context there was no development of the judgement.

## Common mistakes and guidance for candidates

- To be awarded maximum marks, candidates needed to use the equation for the ARR as stated in the syllabus. Many candidates did not calculate the average investment and therefore calculated ARR as 20% and were awarded 3 marks.
- The case provided a table of information which could be used as evidence when considering the two locations. Candidates were often tempted to go through the table and systematically comment on each factor. This approach would usually be awarded all AO1 and AO2 marks. However, there were only 2 marks for knowledge and 2 marks for application, so it was not necessary to identify multiple factors in the decision. Candidates should be selective in their choice of which factors to comment on, focusing on the most important issues. As half of the marks were for evaluation, this should be the focus throughout the answer.
- With only two analysis marks, answers should be more focused on making supported judgements and developing evaluative comments which balance key arguments in the business context.

## Question 5

### Example Candidate Response – high

### Examiner comments

5 Evaluate the impact on OV of the growing importance of sustainability.

Sustainability is when a business aims to act ethically and responsibly to be perceived by the public positively to attract new customers and investors. 1

OV is already a very sustainable business and it is in their mission statement to use ~~strategic~~ sustainable methods so the increasing importance of sustainability will increase OV's brand image and will help increase their sales. As the customers are more aware of what goes on in the production process and how the products they use are made. On OV social audit which is a report with how the business has an impact on society there will be written that OV contributes 5% of its profits to educational projects in low income countries which will be a source of free promotion for OV as investors could be interested in investing in a sustainable business rather than one that is not as the importance of sustainability is growing. 2

However, the new newspaper article showing how the production of greek yogurt can have an effect on wildlife could discourage customers to buy the greek yogurt from OV and stick to normal yogurt from other competitors. This could lead to a decrease in their sales as OV is known for their organic premium greek yogurt. 3

In conclusion, the impact on OV of the growing importance of sustainability is a positive one on the most part as

**1** Sustainability can be defined as meeting the needs of the present without compromising the ability of future generations to meet their needs. Identifying sustainability as acting ethically to attract new customers is insufficient to gain a mark for AO1.

**2** The candidate links the growing importance of sustainability to OV benefiting from increasing sales due to OV's brand image as a result of its mission statement. This demonstrates knowledge of a benefit in context with limited analysis. The analysis is not developed as there is only one link in the reasoning.

**3** The rest of the paragraph is descriptive, and the candidate does not draw a link between OV contributing some of its profits to educational projects and sustainability.

**4** The answer shows an understanding of how the negative publicity from the newspaper article is likely to impact sales, but this remains at limited analysis.

Example Candidate Response – high, continued	Examiner comments
<p>OV is considered an already very sustainable business which will help the reputation of the business compared to competitors who are not as sustainable. Some additional costs might be added to the business to help eliminate any waste product including acid which to hurt wildlife or cause any other issues but on the long run the growing importance of sustainability will help improve OV's brand image and could attract new customers, increasing the sales and eventually increasing the profits for OV. [12]</p>	<p><b>5</b> The candidate provides balanced analysis in the conclusion by contrasting the positive impact of sustainability on OV's reputation relative to competitors who are not as sustainable, with the negative impact of increased costs needed to eliminate waste (Level 2 AO3). A final judgement focuses on the long term impact of sustainability linking brand image to increased sales and profits. Overall, this paragraph shows developed evaluation which is clearly in context.</p> <p>Mark for AO1 = 2 out of 2            Mark for AO2 = 2 out of 2            Mark for AO3 = 2 out of 2            Mark for AO4 = 5 out of 6</p> <p><b>Total mark awarded = 11 out of 12</b></p>

### How the candidate could improve their answer

- Although the initial definition of sustainability was inaccurate, the candidate demonstrated understanding of the term through subsequent comments.
- This was a well-structured answer that provided a balance of arguments about the impact of the growing importance of sustainability on OV. However, most of the analysis was limited to one link in the reasoning and it was only in the final paragraph that more developed analysis was demonstrated.
- The candidate could be more focused on the issue of sustainability as the answer included comment on OV's contribution of profits to educational projects without indicating how this linked to sustainability.
- The candidate indicated that the final paragraph was the conclusion and then provided a supported judgement which balanced the cost of being sustainable against the benefits. It was an effective conclusion, but they should have provided more evaluative comment throughout the answer to be awarded marks at the top of Level 3.

## Example Candidate Response – middle

## Examiner comments

5 Evaluate the impact on OV of the growing importance of sustainability.

Sustainability means production of materials which are long term and bring no dangers to the environment. 1  
 As the importance of social media increases people are aware of everything that happens in the world. 2  
 Many products bring danger to the Earth which with increasing awareness & exposure increases the importance of sustainability. OV tries to be corporate socially responsible for the impact of yogurt production on the environment. 3  
 The use organic raw materials, milk and have implemented policies of no waste & use of renewable energy which is a pretty expensive ordeal but is required to maintain a good brand image so more people will prefer their yogurt over other businesses, decreasing competition. 3  
 Increasing awareness resulted in a newspaper article revealing the impact of Greek yogurt production on the environment. 4  
 Production of acid (harmful chemical) during the manufacturing of Greek yogurt has detrimental effects on wildlife/nature. Greek yogurt also requires use of fresh water leading to wastage. Acid also increases acidity of other farmland crops making them unable to eat. all of these factors can have a negative impact on the image of OV, decreasing customer loyalty as they will feel betrayed. 4  
 It will decrease overall sales of OV, decrease in profits workers may also leave 5

1 The candidate immediately shows understanding of the concept of sustainability

2 Although this may be true, it does not explain the impact of sustainability on OV.

3 The candidate uses the case material to link sustainability with OV. There is an understanding that using organic raw materials and renewable energy are examples of a sustainable approach within operations. They also show a balanced understanding of the impact on OV in terms of cost and brand image leading to limited analysis.

4 The candidate refers to the newspaper article to make a link to the negative impact on OV's image. They are awarded all AO1 and AO2 marks.

5 This is a good example of what is required for developed analysis. There is a clear chain of reasoning from the negative impact on image to decreasing customer loyalty decreasing overall sales and resulting in lower profit. A second chain is also presented which considers the impact on labour costs.



Example Candidate Response – middle, continued	Examiner comments
<p>the job as they don't want to be associated with                      DV. Increase costs of the business and lead to pressure                      group boycotts. And, in extreme cases might lead to                      the business shutting down.                      Thus, businesses should pay close attention to CSR                      and sustainable production methods as it can make                      or break the business. [6]</p> <p>[12]</p>	<p><b>6</b> A simple conclusion is presented, but there is no development so only one AO4 mark can be awarded.</p> <p>Mark for AO1 = 2 out of 2                      Mark for AO2 = 2 out of 2                      Mark for AO3 = 2 out of 2                      Mark for AO4 = 1 out of 6</p> <p><b>Total mark awarded = 7 out of 12</b></p>

### How the candidate could improve their answer

- This was a well-structured answer which only lacked development of evaluative comment. There was a good definition of sustainability followed by a balance of arguments highlighting the benefits and dangers to OV of the growing importance of sustainability. However, the candidate did not make a judgement until the final paragraph and, even then, it was rather brief providing only a simple statement which was awarded 1 mark.
- Candidates should be encouraged to develop their conclusions to provide explicit support for their judgement. Evaluation should also be included in the main body of the answer as this makes for a better strategic response.

Example Candidate Response – low	Examiner comments
<p>5 Evaluate the impact on OV of the growing importance of sustainability.</p> <p>Sustainability here is in regards to safe ways of living and production that are able to sustain the environment. 1</p> <p>It can take away customers from OV who have a strong belief in sustainability and whose intention is to sustain the environment as best as possible. 2</p> <p>However, if it can attract customers who learn that OV's mission centers around using "sustainable methods" such as not using chemical pesticides and fertilizers. 3</p> <p>It can attract employees who are attracted to the efforts put towards sustainability by OV's through their previous efforts. 4</p> <p>It can cost OV a lot of money in research and development towards finding alternatives to greek yogurt or ways to make their production more sustainable. 5</p> <p>OV can benefit from the growth of the importance of sustainability however, it would have to invest in research on how to best go about it. 6</p>	<p>1 The candidate demonstrates knowledge of sustainability as related to the environment.</p> <p>2 The candidate identifies loss of customers as an impact. They could analyse this by commenting on the impact on OV's revenue.</p> <p>3 This provides further knowledge of an impact which is applied through reference to OV's mission centring on using sustainable methods, such as not using chemical pesticides.</p> <p>4 The candidate shows further knowledge of a potential impact, but they need to add chains of reasoning to be awarded more marks.</p> <p>5 The cost of acting sustainably is another impact on OV. This is applied as reference is made to finding alternatives to 'Greek yogurt'.</p> <p>6 An undeveloped evaluative comment completes the answer.</p> <p>Mark for AO1 = 2 out of 2                      Mark for AO2 = 2 out of 2                      Mark for AO3 = 0 out of 2                      Mark for AO4 = 1 out of 6</p> <p><b>Total mark awarded = 5 out of 12</b></p>

### How the candidate could improve their answer

- The answer provided multiple points of knowledge and application, but there were no chains of reasoning linking cause and effect. The candidate structured their answer by making a point in context and immediately moving on to the next point.
- There was an expectation that candidates should be able to build chains of analysis centred on concepts such as revenue and profit.

## Common mistakes and guidance for candidates

- Candidates had a good understanding of sustainability, linking it to the impact of business activity on the environment or how business activities should meet the needs of the present without compromising the ability of future generations to meet their needs.
- Many candidates provided a balanced argument presenting chains of reasoning, but these often lacked evaluative comment. It was common for candidates to leave any evaluative comment until the final paragraph, and this was likely to limit the award of AO4 to 5 marks.
- Frequently, candidates devoted too much of their answer to analysing the impacts of sustainability on OV. This means they then only had limited time to provide a simplistic conclusion, which offered no support for the judgement being made. Candidates should be encouraged to weave evaluative comment throughout answers to 12-mark questions, as 6 of the marks were for evaluation.

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