

Principal examiner reports for teachers

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

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

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

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

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BUSINESS STUDIES

Paper 7115/11 Short Answer/Data Response

Key messages

What candidates did well

- Candidates generally demonstrated good subject knowledge, particularly in areas such as measurements of business size, reasons for government support of businesses, factors that contribute to business failure, and reasons why businesses import goods.
- Some candidates demonstrated effective application in their responses.

What candidates needed to improve

- Greater precision is needed when providing definitions. Answers do not need to match the textbook word for word if the meaning is clear.
- Many candidates did not apply their responses to the business in the stem of the question. Where application was attempted, some candidates reused the same piece of application for both points within a question part. To include application, candidates should use the information from the stem to support the points made. Any relevant reference from the scenario can be used to support the point being made.
- Candidates needed to develop the points made when asked to explain or analyse in part **(d)** and **(e)** of each question. Some candidates repeated a knowledge point rather than explaining how or why the initial point was relevant. Other candidates identified new points of knowledge which were unnecessary.
- Many candidates were unable to provide effective evaluation in part **(e)** of each question. Of those candidates who did attempt an evaluative comment, most were unable to provide reasoned statements to support the decision made. In all part **(e)** responses, candidates needed to include a clear decision and provide a supporting reason for their decision.

Comments on specific questions

Question 1

(a) Comprehensive responses

- Many candidates understood the ways of measuring business size.

Limited responses

- Some candidates confused measurements of success, such as profit, with size.

(b) Comprehensive responses

- Most candidates understood why governments support business and a range of different correct reasons were given.

Limited responses

- Some candidates explained the ways that governments support business and did not answer the question set.

(c) Comprehensive responses

- Most candidates included at least three appropriate reasons such as poor management, overexpansion or financial problems.

Limited responses

- Some candidates repeated the same points using slightly different words, such as lack of experience and poor management.
- Some candidates confused business failure with product failure and referred to changes in taste.

(d) Comprehensive responses

- Most candidates identified an advantage and disadvantage of crowdfunding including an appropriate reference to wedding photography or a small, sole trader business.
- A few candidates developed their responses to explain why the points were an advantage or disadvantage to the business. The analysis often explained the benefit of no increase in debt as the money would not need to be repaid or more customers due to increased brand awareness.

Limited responses

- A few candidates repeated the same point of application for both the advantage and disadvantage point.
- Most candidates did not develop the points of knowledge they stated into explanation.

(e) Comprehensive responses

- Most candidates listed several advantages and disadvantages of operating as a sole trader.
- Some candidates explained the advantage of being your own boss as not having to consult anyone when decision-making and the disadvantage of unlimited liability as putting personal assets at risk.
- A few candidates made a judgement whether the advantages were greater than the disadvantages with some justification.

Limited responses

- Some candidates identified new points of knowledge rather than developing the advantage or disadvantage identified.
- A few candidates discussed the benefits of partnership or limited companies rather than the disadvantages of sole traders.
- Most candidates that attempted evaluative comments provided a decision not supported with a relevant reason.

Question 2

(a) Comprehensive responses

- Some candidates provided a precise definition of the term.

Limited responses

- Many candidates included the word assets in their definition.
- Some candidates provided a time period of within a year.
- A few candidates stated that non-current meant that the items were not available to use.

(b) Comprehensive responses

- Most candidates were able to calculate the correct figure.

Limited responses

- Many candidates stated 60 not 60 000.

(c) Comprehensive responses

- Most candidates were able to correctly state two reasons such as to pay wages or buy materials.
- Many candidates used relevant points from the question stem to correctly apply their responses.

Limited responses

- Some candidates used the general word 'expenses' rather than giving examples of specific payments.
- Several candidates stated that cash was needed to expand the business.

(d) Comprehensive responses

- Many candidates stated quality control and quality assurance and then explained how these methods operated.
- Some candidates used relevant points from the question stem to apply their responses to carpet production and the 80 employees.

Limited responses

- Some candidates confused quality control, at the end of production, with quality assurance throughout production.
- A small number of candidates stated that quality production could be maintained by motivation methods or job rotation.
- A few candidates focused on why quality is important, rather than the ways to maintain quality.

(e) Comprehensive responses

- Many candidates showed knowledge of job production, stating many points such as the high-quality products, the lack of economies of scale and the need for expensive skilled labour.
- Points of knowledge on the advantages of job production were often sufficiently developed to show analysis.
- A few candidates provided evaluative answers. The majority of these explained that the ability to charge higher prices would generate sufficient revenue to cover the higher manufacturing costs and a profit.

Limited responses

- Many candidates did not develop the identified disadvantage points to explain why they were a disadvantage to the business.
- Most candidates who attempted an evaluation did not justify their decision with a reason.

Question 3

(a) Comprehensive responses

- Most candidates provided a precise definition and understood that democratic leadership involved the employees in decision-making.

Limited responses

- Some candidates confused democratic with autocratic leadership.
- Some responses did not clearly specifically state who was involved in the decisions, stating everyone.

(b) Comprehensive responses

- Many responses correctly identified two functions.

Limited responses

- Some responses included actions or tasks that a manager may complete, such as delegation, rather than the general functions required by the question.

(c) Comprehensive responses

- Many candidates correctly identified two relevant ways. A range of different ways were provided including different promotional methods such as BOGOF and discounts.
- The stem of the question was used effectively to add context to the answers which focused on the hat shop.

Limited responses

- Some responses repeated one way by explaining two different ways to lower prices.
- Some responses explained how to improve the quality of the manufactured product.

(d) Comprehensive responses

- A few candidates recognised that induction would help familiarise new workers with the location but would add to business costs.
- Application to the question stem focused on the 3000 employees in the hat and scarf shop.

Limited responses

- Many candidates confused induction with on-the-job training and included general points such as improving skills or learning bad habits from existing staff.
- Many candidates did not fully develop the points of knowledge to explain why they were an advantage or disadvantage to the business.

(e) Comprehensive responses

- A few candidates identified relevant methods of recruitment and explained how these methods would operate in a business.
- Good knowledge was shown of recruitment agencies and online recruitment methods.

Limited responses

- Some responses did not identify two separate methods of external recruitment or combined internal and external methods. Without two correct methods of recruitment answers could not show effective evaluation.
- Many candidates confused the methods of recruitment with the stages in recruitment and selection and explained the process of interviewing.

Question 4

(a) Comprehensive responses

- Many candidates provided a precise definition including both elements of a falling value and comparison to other countries' currencies.

Limited responses

- Some candidates repeated the phrase exchange rate in the response and did not explain its meaning.
- Some candidates used the word money, rather than currency.

(b) Comprehensive responses

- Most candidates understood the reason for buying imported items with lower prices, better quality, or the item not being available in the home country, being popular answers.

Limited responses

- Some responses described the general reasons for purchasing raw materials ignoring the import element.

(c) Comprehensive responses

- Some candidates understood the benefits, explaining the impact on sales, and brand image.
- Such responses made good use of the question stem with points applied to the smoothie business and its products.

Limited responses

- Some responses explained a benefit to the customer.
- A few candidates repeated the same point of application in both benefits referring only to smoothies.

(d) Comprehensive responses

- Most candidates recognised the role of packaging as to protect the product and attract customers in this food business. A range of other correct points were stated.

Limited responses

- Many responses did not develop the points made to explain the effect on the business. Such responses often described what protecting the product meant.

(e) Comprehensive responses

- Some candidates were aware that businesses do this to avoid boycotts and protect their brand image therefore possibly increasing sales.

Limited responses

- Many candidates repeated the same explanation within their answer or repeated points of knowledge without development.
- Most candidates were unable to make a judgement on the most important reason as they did not provide two distinctly different reasons within their answer.

BUSINESS STUDIES

Paper 7115/12 Short Answer/Data Response

Key messages

What candidates did well

- Most candidates attempted all the questions on the paper.
- Candidates showed an overall good understanding of key terms and relevant knowledge.
- Many candidates were able to link at least one point to the scenario to access application.
- Some candidates developed responses which gave them the opportunity to access analysis.

What candidates needed to improve

- Some candidates would benefit from including greater precision when defining terms. Responses do not need to match the coursebook word for word, if the meaning is clear.
- Many candidates needed to include relevant references from the scenario to support each point made for **part (c)** and **part (d)** questions. Each point should be supported by a different contextual reference.
- For **part (d)** and **part (e)** questions, candidates should offer a different development for each point.
- All candidates should be encouraged to provide a clear decision, supported by a reasoned justification based on the points discussed. For example, they should explain why their chosen viewpoint or option is more appropriate than the alternative considered.

Comments on specific questions

Question 1

(a) Comprehensive responses

- These responses included both key elements of the term, namely the idea of a bonus being an extra payment and that it was given for good performance or reaching a target.

Limited responses

- Many candidates were able to provide a partial definition for understanding that it was 'extra money' or paid in addition to their salary.
- Some responses confused a bonus with overtime or a pay rise.
- Others used the word 'reward' or a 'financial motivator' without explaining what this represented.
- Some referred to it as extra wages or salary, rather than an additional payment made on top of normal wages.

(b) Comprehensive responses

- Most candidates were able to state two different reasons why people work, with earning money, meeting social needs and improving skills being typical responses.

Limited responses

- Many repeated similar points for both reasons. For example, 'money' and 'to buy food' which are variations of the same reason.
- Others gave a general answer such as 'satisfy/fulfil needs' alongside a specific example of these needs, for example, 'fulfil needs' and 'meet esteem needs'.

(c) Comprehensive responses

- Many candidates were familiar with the advantages of external recruitment, with 'new ideas', 'wider choice of candidates' and 'avoiding jealousy/conflict' being typical responses.
- Appropriate references to manufacturing phones, employing 20,000 people, or APL being a public limited company were frequently included to support answers.

Limited responses

- Some candidates viewed 'new skills' and 'experience' as separate advantages when they were the same point and therefore classed as repetition.
- Others outlined an advantage without linking their responses to the scenario of this phone manufacturer.
- Many repeated the same application for both responses.

(d) Comprehensive responses

- Most candidates were familiar with the concept of leadership styles and explained how APL could use autocratic and democratic in their business.
- Many were able to clearly link each point to the context thereby gaining application. For example, they appropriately referenced the company's 20,000 employees, use of mobile phones, and status as a public limited company.

Limited responses

- Many demonstrated good knowledge and application although without any development.
- For others, the analysis often explained an alternative method. For example, some candidates assumed that an autocratic leadership style allowed employees to have a say in decision making.
- Some described the leadership style without naming them which was necessary to access knowledge.
- Others named the method and then described disadvantages rather than why it should be used.
- Some candidates repeated the same application in both responses.

(e) Comprehensive responses

- Good knowledge of the advantages and disadvantages of being a public limited company was shown in many responses.
- These responses were able to explain how points such as limited liability could help protect the owners' assets while recognising 'selling shares to the public' could increase costs.
- Candidates attempted to discuss both an advantage and a disadvantage and used the comparison between the relative points as the basis for evaluation. For example, recognising the extra finance raised from selling shares could help offset the cost of issuing them initially.

Limited responses

- Many candidates identified an advantage or disadvantage without offering any development. Instead of analysis, most listed additional knowledge points.
- Some focused on the benefits of growth or being a large business rather than advantages of being a public limited company. For example, having 'access to finance' could allow them to enter new markets and increase sales.
- Others assumed shareholders are involved in day-to-day decisions without realising there is a divorce between ownership and control.
- Some assumed that public limited companies were owned by the government rather than shareholders.
- A few candidates offered comparisons to other types of business organisations such as partnerships and private limited companies, which was unnecessary.
- Evaluation was rarely evident. Where it was attempted, responses tended to summarise points already made rather than provide a justified judgement or conclusion.

Question 2

(a) Comprehensive responses

- Many candidates were able to provide a full definition. Such responses included both necessary elements – namely starting a business and taking a risk to do so, or combining the factors of production.

Limited responses

- The reference to new business was the key element of this term. Some responses needed more precision as they simply referred to 'run' or 'operate' which could equally refer to a manager.
- Most candidates included one element of the term only, namely that an entrepreneur takes a risk or starts a business.
- Other responses confused entrepreneur with a sole trader by referring to who owned the business.
- Others listed characteristics of an entrepreneur which on its own did not define the term.

(b) Comprehensive responses

- Most candidates were able to provide a precise definition of ecommerce.

Limited responses

- Some understood that it involved using the internet without saying what this would be used for.
- Others confused ecommerce with online promotion or just mentioned technology without indicating what it would be used for.
- A few candidates referred to 'a platform' without indicating where or what this platform was.
- Some responses gave examples of ecommerce businesses, such as Amazon, which was unnecessary.

(c) Comprehensive responses

- Typical correct responses focused on points including identifying customer tastes or helping to set prices.
- Good use of the stimulus material was shown in these responses. For example, candidates referred to pens or paper, the entrepreneur, and the new business.

Limited responses

- Some candidates repeated the same answer twice. For example, identify customer needs and find out about their preferences which are the same point.
- Many did not include any contextual reference and if they did, they reused the example for both ways.
- Others had the wrong focus so they outlined what information could be found rather than how it could be used.
- A few responses described methods of collecting or presenting data, such as graphs or charts, rather than uses of market research results.

(d) Comprehensive responses

- Good knowledge and analysis of methods of advertising were evident in most responses. Typical correct answers explained that social media was low cost, television could help reach many people and billboards were visible to people as they passed by.
- Appropriate contextual references to ecommerce, pens or paper, and the fact that this was a new business were commonly included in the responses.

Limited responses

- For the analysis, some explained general benefits of advertising, such as attracting customers, rather than focusing on reasons for using the named methods. For example, social media can attract a wide range of people.
- Some candidates were confused by the term advertising and explained examples of sales promotions or general terms such as above or below the line promotion.
- Many candidates reused the same contextual reference, often pens and paper, in both responses rather than using distinct examples.
- Others stated informative, persuasive, written or visual without identifying a method which the question required.

(e) Comprehensive responses

- These candidates showed good knowledge and analysis of reasons why a business might remain small. For example, explaining a 'lack of finance' could mean there are not enough funds to finance growth.
- A comprehensive answer considered the comparison between two different reasons as the basis for evaluation.

Limited responses

- Many candidates identified relevant knowledge without explaining how or why it led to a business being small.
- Instead of developing the points already made, these responses often introduced new points or repeated previously stated knowledge.
- Some misread the question so they discussed reasons why a business might fail including 'lack of advertising' or 'poor planning'.
- Most candidates were unable to show effective evaluation as they tended to summarise points already made rather than offer a justified reason to support their decision.

Question 3

(a) Comprehensive responses

- Most candidates correctly calculated the current ratio and showed suitable working to arrive at the correct answer of 0.75:1.

Limited responses

- Many candidates included the relevant formula, which is good practice and helped demonstrate when a correct method had been used.
- For this question, there were two possible answers: 0.75:1 or 75% – the latter due to an error in one of the endorsed textbooks. Some candidates calculated 75 without including the per cent which was essential if using the alternative formula.
- Others calculated the working capital rather than the current ratio.
- A few candidates had the wrong unit, expressing the final answer as a financial value by including the \$ sign.
- Some had the ratio the wrong way round as they wrote 1:0.75 rather than 0.75:1.
- Others included non-current assets and/or non-current liabilities in the formula, to produce random numbers.

(b) Comprehensive responses

- Many candidates identified two examples of external users of accounts, with government and bank being popular responses.

Limited responses

- Some identified internal users including shareholders, employees and managers.
- A key mistake was to omit the word 'potential' when referring to shareholders, which rendered the response incorrect as shareholders are classed as internal users.
- Others cited 'stakeholders' which is a collective name for anyone who has an interest in the business activities.

(c) Comprehensive responses

- Comprehensive responses identified four relevant reasons with 'improve brand image', 'maintain customer loyalty', 'increase prices' and 'high sales' being typical choices.

Limited responses

- Repetition was a common issue. For example, increase sales and increase customers is the same point, as is better reputation and better image.
- Some had the wrong focus as points such as 'customer satisfaction' are benefits to the customer rather than the business.

(d) Comprehensive responses

- Many candidates were familiar with disadvantages of flow production. These responses were then able to explain how the high set up cost, lower motivation or a machinery breakdown stopping production could negatively affect the business. For example, lower motivation could lower efficiency.
- Such responses gained application for recognising this was a factory, maintaining quality was important and/or that BTV made cars.

Limited responses

- Some identified valid knowledge points without being able to develop them successfully.
- Many discussed the effects on employees rather than the business. For example, boredom is an issue for employees whereas the impact on the business is demotivation.
- Some made assumptions about the quality or the number of errors that may occur, although these could be issues for any production method.
- Others focused on the level of output and assumed there would be overproduction or the products would not sell so they discussed the potential impact of this on the business.
- A few candidates focused on aspects such as maintenance which could be an issue for any method of production.
- Others confused flow production with batch production or job production.
- Others misread the question and identified advantages of flow production.

(e) Comprehensive responses

- Some candidates were able to identify two reasons why profit is important, with source of funds, attracting investors, and paying dividends being the most common correct answers.
- These answers showed good analysis. For example, explaining how being a source of finance could be used to fund expansion or by acting as a reward for risk taking could help motivate the owners.
- Candidates tended to use the comparison between two different reasons as the basis for evaluation. For example, justifying why providing a dividend to shareholders could encourage them to invest more so it could reduce the necessity for profit to act as a source of finance.

Limited responses

- Many candidates needed to develop the knowledge points identified as analysis is essential to access evaluation.
- Some assumed that profit can be used for paying expenses or day to day costs.
- Others stated 'expansion' without explaining how or why profit allows this (that is because profit acts as a source of funds).
- A few candidates focused on reasons why a business might remain small which was a different question.

Question 4

(a) Comprehensive responses

- There were many precise definitions of primary sector, with most candidates correctly referring to the extraction or gathering of raw materials or natural resources.

Limited responses

- Some candidates only included one element – either extract or raw/natural materials.
- Others identified examples which do not define the term.
- A small number of candidates confused the term with secondary sector as the response and referred to making products.

(b) Comprehensive responses

- Many candidates correctly identified two relevant economies of scale with 'purchasing' and 'financial' being typical choices.

Limited responses

- Some described the economy of scale without naming it.
- Other responses were imprecise or incorrect as they used phrases such as technological or buying economies, when a precise syllabus term was required.

(c) Comprehensive responses

- Comprehensive responses recognised two ways in context, with organising a protest, creating negative publicity, and boycotting its products being typical choices.
- Appropriate references to mining, operating in 15 countries, or copper were commonly used to support answers.

Limited responses

- Some outlined general ways without linking the points to BRK's business.
- Many responses needed more precision – for example, suggesting businesses could be pressurised or influenced without outlining how this would be done.
- Others outlined examples of why the pressure group may take action.
- Some misread the question and focused on actions employees or trade union may take, for example, organising strikes.
- Some candidates focused on possible actions BRK could take, such as using renewable energy or relocating to another area, rather than addressing the ways pressure groups might influence the business.
- A few candidates assumed pressure groups could introduce laws which is the preserve of governments.
- All answers had to be legal, so responses such as vandalism, blackmail or riots were excluded.

(d) Comprehensive responses

- Most candidates showed good knowledge and application in their responses.
- These responses were able to explain two relevant advantages of being a multinational business. For example, access new markets leading to higher revenue, or spreading risk as a loss of sales in one country could be covered by sales in other countries.
- Appropriate contextual references to mines, copper, and operations across 15 countries were frequently incorporated into responses.

Limited responses

- Instead of analysis, candidates repeated the knowledge point. For example, stating higher demand could lead to increased sales rather than higher revenue or increased market share. Others assumed that higher sales will automatically increase profit, which is not necessarily true.
- Some did not attempt to apply their answers to the scenario. Others used the same contextual example for both points, limiting the range of evidence provided.
- Some candidates confused advantages of being a multinational company with opportunities of globalisation.
- A small number of candidates referred to production of goods whereas the question was based on a primary sector business.

(e) Comprehensive responses

- Good knowledge and analysis of external benefits were evident in these responses. Access to jobs which could lower unemployment and help increase living standards was a common benefit along with improved infrastructure.
- Comprehensive answers attempted to make a judgement about which benefit was likely to be the most important. For example, they determined that creating jobs might be more important because it could reduce government spending on unemployment payments. This could free up funds for the government to spend on infrastructure projects, reducing the need to rely on businesses to do this.

Limited responses

- Many candidates needed to develop the knowledge points made. Instead of analysis, candidates tended to list new knowledge.
- Instead of evaluating which of the two external benefits discussed was more or less important, candidates tended to summarise points already made or identified new points.
- Others only discussed one relevant external benefit, rather than two, which was essential for evaluation to be considered.
- A few candidates identified benefits to the business or focused on advantages of multinational companies.
- Others discussed benefits to customers, for example customer choice, not considering that customers are part of the transaction rather than a third party.
- Some identified multiple ways a business could provide environmental benefits which was unnecessary.

BUSINESS STUDIES

Paper 7115/21 Case Study

Key messages

General comments

What candidates did well

- Many candidates showed good knowledge and understanding of the full range of the syllabus that was assessed.
- Many candidates applied their answers to the context of YC.

What candidates needed to improve

- Some candidates had minimal understanding of some topics such as legal controls over employment and employee motivation.
- Candidates should consider the level of detail required by each question and ensure their answers provide sufficient development and explanation. Each question should be read carefully to ensure answers are appropriate and clearly address the specific requirements of the question, such as answering from the point of view of the business rather than employees.
- Candidates are expected to apply their business knowledge and understanding to an unseen case study apart from in one **(a)** question that will usually be generic. Applying answers to the case will ensure responses are appropriate for the given situation. The conclusion/recommendation should also be applied to the case in **(b)** questions.
- Candidates need to give a full explanation of both the positive and negative consequences of a business decision when this is asked for. Responses require developed reasoning rather than simple descriptions; a few well-developed points are more effective than a long list of simple statements.
- Several questions on this paper ask candidates to make a justified recommendation or conclusion. It is important to offer a decision based on a balanced argument earlier in the answer. A recommendation or conclusion should justify the option chosen, without full repetition of the previous analysis, be applied to the case, and refer to why the alternative option(s) were rejected.
- Candidates should consider the consequences/implications/long term/short term/balance issues of their decisions to secure a Level 2 or Level 3 in the conclusion/recommendation.

Comments on specific questions

Question 1

(a) Comprehensive responses

- Most candidates were able to correctly identify four characteristics of a successful entrepreneur, such as risk-taker, innovator, resilience and self-confidence.
- Many responses offered further development of each characteristic by explaining that resilience means not giving up when problems occur, and risk-taking might result in losing one's own capital or assets.

Limited responses

- Some candidates identified characteristics that were relevant to leadership and management rather than an entrepreneur.
- Some responses did not include sufficient explanation of the point made, merely repeating the stated characteristic.

(b) Comprehensive responses

- Most responses demonstrated a clear understanding of sources of finance. Advantages and disadvantages of owners' savings and bank loans were generally well discussed.
- Some responses developed a chain of analysis for at least one source of finance. For example, using Ashanti's own savings of \$20 000 was the cheapest source of finance with no security needed and with minimum risk to personal assets. This would be important to consider for a new business, keeping start-up costs as low as possible.
- Some responses made a clear recommendation that justified the most suitable source of finance while evaluating the limitations of the alternatives.

Limited responses

- Some candidates gave a definition of each source of finance without explaining the advantages and disadvantages.
- Some responses referred to production equipment rather than shop equipment. YC is a retailer not a manufacturer of clothes.
- A few candidates were confused about the nature of leasing.
- Some candidates produced mirror responses, repeating similar advantages and disadvantages for each method.
- Some recommendations were unsupported or merely repeated earlier analysis.

Question 2

(a) Comprehensive responses

- Most candidates offered a good understanding of the use of market research in a business plan.
- Most responses included clear explanations of the importance of using market research to identify the target market, selling clothes that meet the needs and wants of the customers, leading to high levels of sales in a competitive market.

Limited responses

- Some candidates discussed the function of Human Resources rather than the planning. They offered explanations of the recruitment process or motivational methods, missing the point of the question.
- A few responses focused on the need to plan how many employees would be needed for the clothes shop, the sales skills they would require and the importance of setting a budget for the wage costs.

(b) Comprehensive responses

- Most responses showed understanding of the marketing mix.
- Some candidates developed a chain of analysis within the YC context. For example, competitive pricing should not deter customers from visiting the new clothes shop because its prices are similar to others. A new shop is likely to attract interest, and initial sales could be high, especially if the clothes have different styles which appeal to the target market of 16–30 year olds.
- Some candidates included a well-justified conclusion, judging the suitability of both competitive pricing and the use of social media. Many responses made arguments for using both elements of the marketing mix to support the opening of the clothes shop.
- Some responses considered the benefit of offering different approaches to pricing and promotion, such as cost plus pricing or billboard advertising.

Limited responses

- Many responses included basic statements such as social media adverts would be seen by many people.
- Some responses confused competitive pricing with penetration pricing and discussed the benefit of cheaper prices attracting many customers.
- A few candidates interpreted social media promotion as designing or operating a website rather than maintaining social media platforms.
- Some recommendations were a repeat of previous statements earlier in the answer, for example social media would be effective in communicating with 16–30 year olds, which is the target market of YC.

Question 3

(a) Comprehensive responses

- Many candidates understood the positive impact that an economic boom would have on YC.
- Many responses explained that the boom would create higher levels of disposable income for workers, leading to increased spending on wants, such as clothes, ensuring high revenue for YC.
- Some responses considered the difficulty for YC of recruiting new employees because there were fewer unemployed people seeking work. There may not be many workers with the appropriate sales skills needed and higher wages may need to be paid.
- A few responses explained that in a boom stage of an economic cycle there would be more business confidence so more clothes shops would set up which would increase competition for YC.

Limited responses

- Many responses offered general answers about higher sales and detailed explanations were missing.
- A few candidates referred to increased interest rates and inflation, without explaining the impact of these on YC.
- A few responses showed little knowledge of an economic boom and did not successfully explain the impact on a business such as YC.

(b) Comprehensive responses

- Many responses were able to calculate the following: gross profit, net profit, break-even point, margin of safety, gross profit margin and profit margin.
- Some responses explained the results of the calculations.
- A few candidates developed their recommendations, going beyond comparison of the figures, and included a decision based on a lower break-even point or a higher margin of safety.

Limited responses

- Many candidates could perform the calculations although made small errors, such as labelling the answer as profit when it was gross profit or putting a dollar sign on the break-even output.
- Some candidates simply stated YC should sell product B because it is cheaper and more units will be sold. These responses did not show a deeper understanding of what the figures meant.
- A few responses just repeated information in the extract with no further development. For example, fixed costs are \$30 000, variable cost of product A is \$30, without any attempt to make clear comparisons or perform any calculations.
- Some recommendations were based solely on the highest revenue or profit without making direct reference to break-even calculations.

Question 4

(a) Comprehensive responses

- Some candidates were able to identify the legal controls that could benefit Ashanti's employees and applied their points to the context of YC.
- Some responses clearly stated the need for paying a legal minimum wage, health and safety rules, restriction on maximum hours worked, and protection against discrimination in the workplace.
- A few responses linked each legal control to YC by explaining that workers should be protected from dangerous shop equipment by following safety procedures and the assistant manager would only be allowed to work a particular number of hours each week.

Limited responses

- A few responses showed little or no knowledge of legal controls over employment.
- Some candidates gave responses that were vague or needed more development. They mentioned being paid fairly or having good working conditions.
- Some responses identified correct legal controls although were unable to offer any application to the context of YC.

(b)

Comprehensive responses

- Many responses linked paying higher wages to workers feeling valued and a low labour turnover of shop staff.
- Some responses explained that paying commission to sales staff might create jealousy or tension amongst workers as they tried to exceed others in the number of clothes sold.
- A few candidates developed a good chain of reasoning in suggesting that paying higher wages would attract more applications for three more people needed in the shop. This would give Ashanti the best chance of recruiting workers from other clothes shops who might have strong sales skills. This would boost sales in the new business so that YC raises high levels of revenue in its first year of trading.
- A few candidates considered the extra costs to YC of paying commission and higher wages. They also suggested that money was not the only motivational factor in the workplace.

Limited responses

- Some candidates did not identify commission as a payment linked to number or value of clothes sold.
- Some candidates linked commission and wages to production. YC does not produce clothes, it sells them.
- Some candidates made simple statements that paying commission and higher wages would make employees work harder rather than providing an answer with developed reasoning based on motivation theory and costs to the business.
- Many candidates offered a recommendation based on repetition of the points already discussed.

BUSINESS STUDIES

Paper 7115/22 Case Study

Key messages

General comments

What candidates did well

- Many candidates showed good knowledge and understanding of the full range of the syllabus that was assessed.
- Many candidates applied their answers to the context of KE.

What candidates needed to improve

- Some candidates had limited understanding of some topics such as lean production and ethical businesses.
- Candidates should consider the level of detail and development required for each question so that their responses are sufficiently explained. Each question should be read carefully to ensure answers are appropriate and clearly address the question asked, such as answering from the point of view of the business rather than that of employees.
- Candidates are expected to apply their business knowledge and understanding to an unseen case study, apart from in one **(a)** question that will usually be generic. Applying answers to the case will ensure responses are appropriate for the given situation. The conclusion/recommendation should also be applied to the case in **(b)** questions.
- Candidates need to give a full explanation of both the positive and negative consequences of a business decision when this is asked for. Responses require developed reasoning rather than simple descriptions; a few well-developed points are more effective than a long list of simple statements.
- Several questions on this paper ask candidates to make a justified recommendation or conclusion. It is important to offer a decision based on a balanced argument earlier in the answer. A recommendation or conclusion should justify the option chosen, without full repetition of the previous analysis, be applied to the case, and refer to why the alternative option(s) were rejected.
- Candidates should consider the consequences/implications/long term/short term/balance issues of their decisions to secure a Level 2 or Level 3 in the conclusion/recommendation.

Comments on specific questions

Question 1

(a) Comprehensive responses

- Most candidates were able to correctly identify four distinct ways to measure the size of a business, such as the number of employees, value of sales/revenue, capital employed and volume of output.
- Many responses linked these ways to measure size to the case study, for example, value of sales as KE has a value of output of \$90 m per year.

Limited responses

- Some candidates provided examples of measuring size that were not valid, such as number of factories or profit.
- Some responses stated measures of size without including the required application, for example stating the value of sales for KE without linking it to its sales of \$90 million.

(b) Comprehensive responses

- Most responses demonstrated a clear understanding of the three methods of primary research, stating the advantages or disadvantages of each method.
- Many responses developed a chain of analysis for at least two of the methods, including cost, sample size, speed and accuracy.
- Some responses had a recommendation that justified the most appropriate method of market research while evaluating the limitations of the alternatives.

Limited responses

- Some candidates gave a list of advantages and disadvantages although they were unable explain why they were an advantage or a disadvantage to KE.
- Some candidates only provided definitions of the method without explaining their impact on the business in the Insert.
- A few candidates thought interviews were part of the recruitment process, not market research.
- Some responses were too general and could have equally applied to all three methods such as finding out answers to questions of which pot customers preferred.
- Some candidates produced mirror responses, repeating similar advantages and disadvantages for each method.
- Some recommendations were unsupported or merely repeated earlier analysis.
- Some responses were limited to describing the methods in general terms without applying them to the context of KE or the new product.

Question 2

(a) Comprehensive responses

- Most candidates demonstrated a good understanding of the role of packaging in relation to a product.
- Most responses included clear explanations of the importance of packaging, highlighting its functions in protecting the product, attracting customers, facilitating handling and transportation, and enhancing product identification and promotion.

Limited responses

- Some candidates identified the role of packaging without explaining its business significance.
- Some candidates stated, for example, that packaging makes products easier to transport and then did not go on to explain that it reduces damage.
- A few responses focused on the cost of packaging instead of its role.

(b) Comprehensive responses

- Most responses stated a clear understanding of the advantages and disadvantages of each of the locations.
- Many candidates clearly developed the advantage or disadvantage through a chain of analysis within the KE context. For example, location A has higher unemployment than B. This means that it may be easier to recruit the labour force for the new factory quickly. The cost of labour may be lower, leading to reduced costs. Consequently, KE may be able to lower prices for the cooking pots.
- Some responses picked one or two issues to discuss for each location and then explained them in detail.
- Some candidates included a well-justified recommendation with a clear decision on which location was best for KE's second factory and an explanation of why the alternative was less suitable.

Limited responses

- Many responses included basic statements which were just a comparison of the two locations and a repetition of information given in the extract.
- A few candidates interpreted the percentage differences in the location incorrectly. For example, these candidates concluded that the location with the lower unemployment percentage would make it easier to recruit workers, rather than recognising that a higher unemployment rate generally indicates a larger pool of available labour.
- Some candidates repeated information on Appendix 1 without any effort to develop the points. For example, location A's cost of land is \$200 000.

- Some responses included mirrored arguments for Location A in Location B. For example, location A had higher unemployment and location B had lower unemployment.
- Some recommendations were a repeat of previous statements earlier in the answer, for example, location B because there were no power cuts.

Question 3

(a) Comprehensive responses

- Many candidates knew the advantages of lean production.
- Many responses explained the advantages of lean production, such as less waste, lower inventory, lower storage costs, and improved efficiency/productivity.
- Some responses included application to KE such as cooking pots, raw materials, 10 000 employees, and output of 20 million.
- Some responses linked these advantages specifically to methods of lean production – for example, JIT leads to less storage costs, or Kaizen leads to continuous improvement and higher efficiency.
- Some responses analysed how these advantages could improve KE's competitiveness within a highly competitive market and increase productivity across both factories.

Limited responses

- Many responses were general answers about reduced waste and higher efficiency, while detailed explanations were missing.
- A few candidates misunderstood the concept of lean production, interpreting it as the replacement of workers with machines or the laying off of employees solely to reduce costs.
- A few candidates mistook lean production for flow production and included the features or advantages of flow production instead of addressing the requirements of the question.

(b) Comprehensive responses

- Many candidates' responses provided correct calculations of the following: gross profit, net profit, break even point, margin of safety, gross profit margin and profit margin.
- Many responses explained the results of the calculations.
- Some candidates developed their recommendations, going beyond a comparison of the figures and included consideration of the context.

Limited responses

- Many candidates performed the calculations although they made small errors, such as omitting fixed costs from their total cost calculations or labelling the answer as profit when it was gross profit, or putting a dollar sign on the break-even output.
- Some candidates simply stated that product A is better because it has a higher profit, without further evaluation. These responses did not show a deeper understanding of what the figures meant.
- A few responses just repeated information in the extract with no further development. For example, product A price is \$2, product B price is \$6, without any attempt to compare the two products.
- Some recommendations were based solely on the highest revenue or profit without evaluating wider business factors or linking conclusions to the evidence presented.

Question 4

(a) Comprehensive responses

- Most candidates had a good understanding of why training is important.
- Most responses provided clear reasons with developed explanations, such as explaining how a flexible workforce reduces the impact of staff absences and how improved quality can lead to greater customer satisfaction and enhanced brand image.
- Many candidates included appropriate and relevant application to the case study and integrated it throughout the response.

Limited responses

- Some candidates listed a reason without a developed explanation. For example, stating that it improves quality, without explaining why this is important and what the benefits to the business would be.
- A few candidates repeated the same points for both reasons.
- A few candidates gave responses that were vague or needed development.

(b)

Comprehensive responses

- Some candidates discussed both ethical suppliers and paying fair wages, explaining effects such as reputation, pressure-group approval, higher supplier costs, motivation, loyalty, labour turnover and wage costs.
- The most common advantage for buying from an ethical supplier was improved brand image and the disadvantage was an increased cost possibly leading to higher prices.
- Some candidates included application to KE's 10 000 employees, currently paying the minimum wage, low-priced products and operating in a competitive market.
- Some candidates were able to identify the benefits of ethical suppliers or paying fair wages with links in the chain of analysis, such as a higher motivation of workers which leads to higher productivity which leads to lower costs of production allowing KE to continue to sell the pots at low prices.

Limited responses

- Some candidates misunderstood the concept of ethical business practices.
- Some candidates described buying from ethical suppliers as simply purchasing from suppliers offering lower prices than the previous supplier.
- Some candidates interpreted paying fair wages as paying all employees the same wage, rather than providing equitable remuneration based on the nature of the job, skills and experience.
- Most candidates' conclusions were a repetition of the points already discussed.