Past-paper walk-through

Business objectives ▪ 1.4

eXercise

Questions in this set

- 9609/13 N25 Q3 ▪ 5 marks
- 9609/12 J25 Q1 ▪ 5 marks
- 9609/22 J25 Q2 ▪ 30 marks
- 9609/1 23 Q5 ▪ 20 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 3

9609/13 N25 ▪ Q3 ▪ 5 marks

3 **(a)** Define the term *hostile takeover*. [2]

(b) Explain **one** importance to a business of having objectives. [3]

Solution 3

(a) Mark scheme

- Define the term hostile takeover.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- CLEAR UNDERSTANDING (2 marks)
- ▪
- Buying another business against the company's wishes/consent 2

Solution 3

- Clear understanding of the term hostile takeover is worth 2 marks. This is indicated by 2 ticks
- .
- PARTIAL UNDERSTANDING (1 mark)
- ▪
- taking control of another business 1
- Partial understanding of the term hostile takeover is worth 1 mark. This is indicated by 1 tick
- .
- Accept all valid responses.
- 2

Solution 3

- 9609/13
- October/November 2025

Solution 3

(b) Mark scheme

- Explain one importance to a business of having objectives.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding - 1 mark for identifying ONE importance to a business of having objectives
- ▪
- set out what the business wants to achieve / gives direction
- ▪

Solution 3

- gives a clear sense of direction to all in the business / improves decision making
- sets out clearly what the business wants to achieve
- provide a focus for all decisions
- motivated employees know exactly what is expected of them
- these objectives allow work to be defined, measured, and monitored

Solution 3

- measures business performance
- ▪
- increases efficiency / enables better resource allocation
- AO2 Application
- 2 marks for DEVELOPED application/explanation of ONE importance to a business of having objectives
- 1 mark for LIMITED application/explanation of ONE importance to a business of having objectives
- ▪
- when the objective is clear there can be a plan on how to achieve it
- ▪

Solution 3

- all relevant parts of the business can be co-ordinated to work towards the same objective
- ▪
- employees can be given achievable individual targets which help motivate them to meet the objectives
- ▪
- SMART objectives can be assessed in several ways to check that progress towards achieving them is going to plan
- Accept all valid responses.
- 3
- 9609/13

Solution 3

- October/November 2025

Question 1

9609/12 J25 ▪ Q1 ▪ 5 marks

1 **(a)** Define the term *mission statement*. [2]

(b) Explain **one** disadvantage to a business of having corporate social responsibility (CSR) as a business objective. [3]

Solution 1

(a) Mark scheme

- Define the term mission statement.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- Clear understanding (2 marks)
- ▪
- A business statement/sentence/document (1) that sets out the purpose/goals/aims/values of a business (1), an

Solution 1

- example is often given – 'To be carbon neutral by 2030' 1
- Partial understanding (1 mark)
- ▪
- What a business stands for 1
- ▪
- The goals/values of a business 1
- Accept all valid responses.
- 2
- 9609/12
- May/June 2025

Solution 1

(b) Mark scheme

- Explain one disadvantage to a business of having corporate social responsibility (CSR) as a business objective.
- There are 3 marks for this question – 1 mark for knowledge and understanding and 2 marks for application/explanation
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding – 1 mark for identifying one disadvantage of CSR as a business objective
- ▪

Solution 1

- May add to business costs
- ▪
- May reduce profits
- ▪
- May result in stakeholder conflict
- ▪
- Business operations more transparent
- ▪
- Business may be deflected from bottom line objective
- ▪

Solution 1

- Competitors may take advantage
- AO2 Application
- 2 marks for a developed
- of one disadvantage of CSR as a business objective
- 1 mark for a limited
- of one disadvantage of CSR as a business objective
- ▪
- CSR objectives may well involve additional costs for a business – profit not the sole objective.
- ▪

Solution 1

- CSR objectives may well mean stakeholder conflicts – shareholders concern for maximum dividends versus
- management commitment to ethical suppliers.
- ▪
- CSR businesses are in the public eye and likely to be scrutinised for all that they do – subject to criticism over the
- smallest acts or operations.
- ▪
- CSR implies more accountability and responsibility and requires sustainable actions – rather than ‘window dressing’ PR
- campaigns.

Solution 1

- ▪
- Sustainable resources may be more expensive
- ▪
- CSR companies may lose sight of their fundamental commercial/economic role as business organisation
- Accept all valid responses.
- 3
- 9609/12
- May/June 2025

Question 2

9609/22 J25 ▪ Q2 ▪ 30 marks

2 Personalised Blankets (PB)

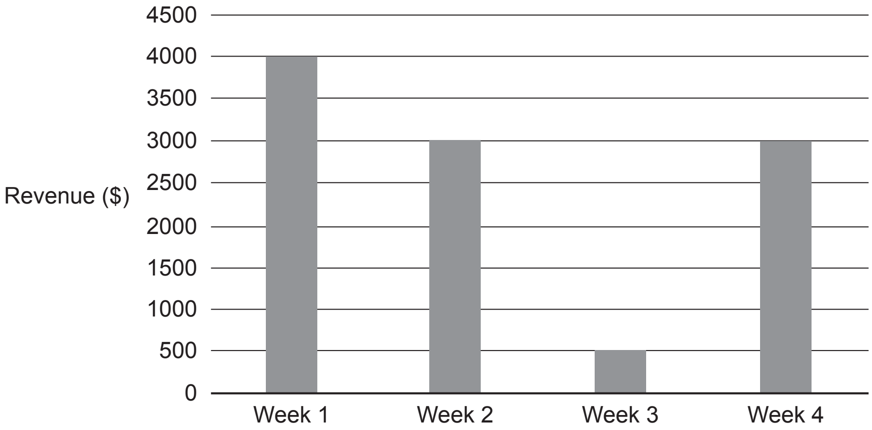
Kaia left university with a degree in textile design. Using her entrepreneurial qualities, Kaia set up PB as a sole trader. Her current objective is to break even.

Kaia uses job production to make blankets which are personalised with a picture. Each customer logs into the PB website and chooses the size of blanket. The customer then uploads a picture that they want printed onto the blanket.

Many of Kaia's customers buy the blankets as gifts for special occasions.

Kaia has employed a social media influencer to promote her blankets. The influencer will be paid a salary of $250 a week and a 5% commission on revenue that comes directly from the influencer. Fig 2.1 shows the revenue that came directly from the social media influencer in February.

Question 2


Revenue ($)
4500
4000
3500
3000
2500
2000
1500
1000
500
0
Week 1
Week 2
Week 3
Week 4

Question 2

Fig. 2.1 Revenue directly from the social media influencer in February

Kaia would like to relocate PB to larger premises. She is applying for external sources of finance, and she has written a five-year business plan to support her applications.

(a) **(i)** Identify **one** external source of finance. [1]

(ii) Explain the term *business plan*. [3]

(b) **(i)** Refer to Fig. 2.1 and other information. Calculate the total payment to the social media influencer in February. [3]

(ii) Explain **one** disadvantage to Kaia of using a commission payment method. [3]

Question 2

(c) Analyse **one** advantage and **one** disadvantage to Kaia of using job production. [8]

(d) Evaluate the most likely reason for Kaia's objectives to change over the next five years. [12]

Solution 2

(a)(i) Mark scheme

- Identify one external source of finance.
- Responses may include:
- Knowledge of an external source of finance:
- ▪
- share capital
- ▪
- debentures
- ▪

Solution 2

- new partners
- ▪
- venture capital
- ▪
- (bank) overdrafts
- ▪
- leasing
- ▪
- hire purchase
- ▪

Solution 2

- (bank) loans
- ▪
- mortgages
- ▪
- debt factoring
- ▪
- trade credit
- ▪
- micro-finance
- ▪

Solution 2

- crowd funding
- ▪
- government grants
- ▪
- peer to peer
- Accept all valid responses.
- 1
- 9609/22
- May/June 2025

Solution 2

(a)(ii) Mark scheme

- Explain the term business plan.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a business
- context.

Solution 2

- 1 mark
- Knowledge of one relevant point is used to answer the
- question.
- 1 mark
- Limited application of one relevant point to a business
- context.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

Solution 2

- Responses may include:
- AO1 Knowledge and understanding
- Knowledge of a business plan
- , including:
- ▪
- formal written document containing the goals of a business.
- ▪
- the methods for attaining business goals/objectives/targets etc.
- ▪
- a written document that describes a business and its objectives.

Solution 2

- ▪
- a document outlining the direction of the business and how to get there.
- AO2 Application
- Explanation of a business plan
- (max 2 marks), including:
- ▪
- Any example of a section from a business plan (1 mark for each up to max of 2 marks); HRM plan, marketing plan,
- operations plan, finance plan.
- ▪

Solution 2

- Any other relevant data which might be included in a business plan.
-
    -
- Examples of potential uses of a business; gain finance, find investors etc.
-
    -
- A business plan may have a specific timeframe for achieving its objectives
-
    -
- May include internal and external influence data
- Accept all valid responses.
- 3
- 9609/22

Solution 2

- May/June 2025
- Exemplar and annotations
- Mark
- Rationale
- A written document showing the objectives for the business
- and
- the functional areas, such as Marketing
- that are involved.
- Business plans are often used to apply for finance
- .

Solution 2

- 3
- Clear knowledge that objectives form
- part of the business plan. A functional
- area also identified, as well as a use of a
- business plan.
- Can be used to inform external stakeholders about the business
- . A business plan can be created for a specific time period, such
- as 5 years
- . It is the details about the business and its
- environment

Solution 2

- 3
- Some idea of what is in a business plan
- (details and environment), and a use of a
- plan. Also the time period.
- A document outlining what the business does
- for a specific time
- period
- .
- 2
- Knowledge of what is in a business plan

Solution 2

- and time period.
- A future plan for how a business will achieve its objectives
- .
- 1
- Clear knowledge.
- A plan of the business for the future
- .
- 0
- Tautology – candidates need to show
- they know what ‘business’ and ‘plan’

Solution 2

- mean.
- A forecast of the sales made by a business.
- 0
- No understanding of a business plan.
- 9609/22
- May/June 2025

Solution 2

(b)(i) Mark scheme

- Refer to Fig 2.1 and other information. Calculate the total payment to the social media influencer in February.
- Formula:
- Total payment $=$ salary $+$ commission (% of sales) 1
- OR
- Correct calculation of revenue that comes directly from the influencer in Feb
- $=$ Total sales in four weeks – \$4000 $+$ \$3000 $+$ \$500 $+$ \$3000 $=$ \$10 500 1
- OR

Solution 2

- Correct calculation of total salary for influencer for Feb = \$250 + \$250 + \$250 + \$250 = \$1000 [1]
- Calculation:
- 5% of 10500 =525 [1]
- Total payment = \$1000 (salary) + \$525 (commission) = \$1525 (1 – OFR applies)
- Ans = \$1525 (3 marks)
- 9609/22
- May/June 2025
- Exemplar and annotations
- 3 marks

Solution 2

- Correct answer
- $1525
- Working and sign do not matter.
- $
- 2 marks
- Correct calculation of commission based on total
- revenue that comes directly from the influencer in
- Feb ($525)
- OR
- An incorrect answer with one mistake allowing OFR

Solution 2

- for final stage.
- OR
- An answer that misses out the commission ($11 500
- with working)
- To award two marks, there must be
- ▪
- Two
- and a
- OR
- ▪

Solution 2

- One
- , one
- and one
- OR
- ▪
- Two
- and a
- 1 mark
- One of the following:
- ▪

Solution 2

- Correct formula
- ▪
- Correct calculation of total revenue that comes
- directly from the influencer in Feb ($10 500).
- ▪
- Correct calculation of total salary for FEB
- ($1000).
- To award one mark, there must be:
- ▪
- One

Solution 2

- and two
- 0 marks
- No creditable content.
- To award zero marks, there must be a minimum of
- one
- 9609/22
- May/June 2025

Solution 2

(b)(ii) Mark scheme

- Explain one disadvantage to Kaia of using a commission payment method.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a business
- context.

Solution 2

- 1 mark
- Knowledge of one relevant point is used to answer the
- question.
- 1 mark
- Limited application of one relevant point to a business
- context.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

Solution 2

- Responses may include:
- AO1 Knowledge and understanding
- Knowledge of a disadvantage of using commission
- (max 1 mark), including
- ▪
- Increases business costs
- ▪
- Reduces profit/ profit margin
- ▪
- Difficult to predict / forecast

Solution 2

- May lead to aggressive sales techniques
- May cause anxiety/stress/demotivation (for the employee)
- May prioritise short-term gains, over long-term business objectives
- May be difficult to recruit new workers
- May cause employees to compete with one another

Solution 2

- ▪
- Paid from revenue, not profit (may need to be paid even if PB does not make a profit)
- AO2 Application
- Explanation of a disadvantage of using commission payment method
- (max 1 mark), including:
- ▪
- Increases business costs – as the business increases revenue, commission also increases
- ▪

Solution 2

- Difficult to predict / forecast – which can mean that PB may not be able to calculate the break-even point
- ▪
- May lead to aggressive sales techniques – as salespeople push to increase their own income
- 3
- 9609/22
- May/June 2025
- ▪
- May cause anxiety/stress (for the employee) – leading to lower motivation
- ▪

Solution 2

- May prioritise short-term gains, over long-term business objectives – as employees focus on increasing short term
- revenue and not profit margins
-
- May be difficult to recruit new workers – because of the uncertainty of their likely income
-
- May cause employees to compete with one another – and work towards their own utility, not the good of the business
-

Solution 2

- Paid from revenue, not profit – so may need to be paid even if PB does not make a profit
- Context applied to PB
- (max 1 mark), including:
- ▪
- 5% commission on direct sales
- ▪
- OFR from Q2(b)(i)
- ▪
- Social media influencer gets a salary as well ($250 a week)

Solution 2

- ▪
- Use of data in chart 2.1
- Exemplar and annotations
- Mark
- Rationale
- A commission adds to PBs costs
- which can reduce
- the profit available
- to relocate PB to larger premises
- .

Solution 2

- 3
- A disadvantage identified and explained with
- context.
- It may lead to competition between workers
- which
- could lead to demotivated employees
- reducing the
- $10 500 revenue from the influencer
- .
- 3

Solution 2

- A disadvantage, which is explained and context
- used.
- May be difficult to recruit new influencers
- if 5%
- commission seems low.
- 2
- A disadvantage and context. However the
- disadvantaged is not explained as to how/why
- recruitment may be more difficult based on
- commission.

Solution 2

- Reduce profit
- , and may demotivate the employees.
- 1
- There are two pieces of knowledge here, but they
- are not linked (ie the candidate has not stated that
- there is less profit because of the demotivation).
- Only K so max 1 mark.
- Paying a 5% commission means that for every $1 of
- revenue the influencer sells, they get $0.05.
- 0

Solution 2

- There is no knowledge of a disadvantage of using
- commission.
- Accept all valid responses.
- 9609/22
- May/June 2025

Solution 2

(c) Mark scheme

- Analyse one advantage and one disadvantage to Kaia of using job production.
- Level
- AO1 Knowledge and
- understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis

Solution 2

- 4 marks
- 2
- 3–4 marks
- Developed analysis
- ▪
- Developed analysis that identifies connections
- between causes, impacts and/or consequences
- of two points.
- ▪
- Developed analysis that identifies connections

Solution 2

- between causes, impacts and/or consequences
- of one point.
- 1
- 1–2 marks
- ▪
- Knowledge of two
- relevant points is used
- to answer the
- question.
- ▪

Solution 2

- Knowledge of one
- relevant point is used
- to answer the
- question.
- 1–2 marks
- ▪
- Application of two
- relevant points to a
- business context.
- ▪

Solution 2

- Application of one
- relevant point to a
- business context.
- 1–2 marks
- Limited analysis
- ▪
- Limited analysis that identifies connections
- between causes, impacts and/or consequences
- of two points.
- ▪

Solution 2

- Limited analysis that identifies connections
- between causes, impacts and/or consequences
- of one point.
- 0
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

Solution 2

- Note: Annotate the first advantage in the left-hand margin and the first disadvantage in the right-hand margin.
- 8
- 9609/22
- May/June 2025
- Responses may include:
- AO1 Knowledge and understanding
- Knowledge of an advantage of using job production
- (max 1 mark), including:
- ▪

Solution 2

- High quality
- ▪
- High price
- ▪
- Flexibility
- ▪
- Customisation / customer satisfaction
- ▪
- All finished products are sold
- Knowledge of a disadvantage of using job production

Solution 2

- (max 1 mark), including:
- ▪
- High production costs
- ▪
- Long lead time
- ▪
- Requires specialist equipment
- AO2 Application
- Application of an advantage or disadvantage to PB
- , including:

Solution 2

- ▪
- Kaia has a university degree in textile designs
- ▪
- Kaia thinks she has entrepreneurial qualities
- ▪
- Sole trader
- ▪
- Current objective to break even
- ▪
- Blankets personalised with a picture

Solution 2

- ▪
- Picture supplied by customer
- ▪
- Customers design their own blanket (customisable size and picture)
- ▪
- Many customers buy the blankets as gifts for special occasions (birthdays, holidays etc.)
- ▪
- Being promoted by a social media influencer
- ▪

Solution 2

- Use of data in Chart 2.1
- AO3 Analysis
- Limited analysis of an advantage of job production
- – developed analysis
- , including:
- ▪
- High quality: increases customer satisfaction and leads to sales – increases profit.
- ▪
- Customisation / customer satisfaction; likely to lead to increased sales – increased profit.

Solution 2

- ▪
- All finished products are sold; more likely to have costs lower than revenue – increased profitability.
- 9609/22
- May/June 2025
- Limited analysis of a disadvantage of job production
- – developed analysis
- , including:
- ▪
- High production costs: may need to increase price to cover costs – less chance to break even and make a profit.

Solution 2

- ▪
- Long lead time; may irritate customers leading to bad reviews – lower sales and profit.
- ▪
- Requires specialist equipment; may need to purchase expensive capital equipment increasing costs – reducing
- profitability.
- Accept all valid responses.
- Exemplars and annotations
- AO1 Knowledge
- AO2 Application

Solution 2

- AO3 Analysis
- Higher prices
- ,
- For individual blankets that are
- personalised with a picture
- .
- This is likely to lead to higher revenue
- leading to higher profit
- .
- Takes longer to produce

Solution 2

- .
- Which may be a issue if customers
- are purchasing for a special occasion,
- like a birthday
- ,
- So, customers may go to a different
- business, reducing PBs revenue
- and therefore decrease the profit
- .
- 9609/22

Solution 2

- May/June 2025

Solution 2

(d) Mark scheme

- Evaluate the most likely reason for Kaia's objectives to change over the next five years.
- Level
- AO1 Knowledge
- and understanding
- 2 marks
- AO2 Application
- 2 marks

Solution 2

- AO3 Analysis
- 2 marks
- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪
- A developed judgement/conclusion
- is made in the business context.

Solution 2

- ▪
- Developed evaluative comments
- which balance some key arguments
- in the business context.
- 2
- 2 marks
- Developed
- knowledge of
- relevant key term(s)
- and/or factor(s) is

Solution 2

- used to answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to
- the business
- context.
- 2 marks
- Developed analysis

Solution 2

- that identifies
- connections
- between causes,
- impacts and/or
- consequences.
- 3–4 marks
- Developed evaluation
- ▪
- A developed judgement/conclusion
- is made.

Solution 2

- ▪
- Developed evaluative comments
- which balance some key arguments.
- 1
- 1 mark
- Limited knowledge
- of relevant key
- term(s) and/or
- factor(s) is used to
- answer the question.

Solution 2

- 1 mark
- Limited application
- of relevant point(s)
- to the business
- context.
- 1 mark
- Limited analysis
- that identifies
- connections
- between causes,

Solution 2

- impacts and/or
- consequences.
- 1–2 marks
- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.
- ▪
- An attempt is made to balance the

Solution 2

- arguments.
- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable

Solution 2

- response.
- 0 marks
- No creditable response.
- 12
- 9609/22
- May/June 2025
- Responses may include:
- AO1 Knowledge and understanding
- Knowledge of why business objectives may change over time
- (max 1 mark), including:

Solution 2

- ▪
- As the business grows
- ▪
- If the previous objective has been met
- ▪
- As the business declines
- ▪
- As the business maintains
- ▪
- As the market changes

Solution 2

- ▪
- As competitors act / react
- ▪
- When aims / vision / mission changes
- ▪
- As the business environment changes (not required at AS level, but rewarded) – SLEEPT
- AO2 Application
- Application to PB
- (max 2 marks), including:

Solution 2

- ▪
- Kaia has a university degree in textile designs
- ▪
- Kaia thinks she has entrepreneurial qualities
- ▪
- Sole trader
- ▪
- Current objective to break even
- ▪
- Blankets personalised with a picture

Solution 2

- ▪
- Picture supplied by customer
- ▪
- Customers design their own blanket (customisable size and picture)
- ▪
- Many customers buy the blankets as gifts for special occasions (birthdays, holidays etc.)
- ▪
- Being promoted by a social media influencer
- ▪

Solution 2

- Use of data in Chart 2.1
- ▪
- Thinking of relocating PB
- AO3 Analysis
- Limited analysis of how the objectives change
- – developed analysis
- , including:
- ▪
- As the business grows; objectives may change to profit maximisation – so that the owners can start to receive an

Solution 2

- income for their risk.
- ▪
- As the business declines, objectives may change to survival – and the business may reduce prices in an effort to gain
- a new market of customers.
- 9609/22
- May/June 2025
- ▪
- As the business maintains; the business owner may decide not to continue the business – leading to trying to recover
- as much of the capital invested as possible.

Solution 2

- ▪
- As the market changes, the business will need to adapt to the changing market, perhaps by making significant changes
- to the type of product being sold or doing some expensive market research into the new customer preferences –
- leading to an increase in costs and a reduction in profitability.
- ▪
- As competitors act / react; the business may become a price taker and change their marketing mix – so that they can
- maintain and grow their market share.
- ▪

Solution 2

- When aims / vision / mission changes; if the owner decides to change the mission of the business, then all the
- functions of the business may also need to be changed. For example, buying new capital items that allow it to make a
- different product – leading to an increase in business costs and reduced profit.
- ▪
- As the business environment changes (not required at AS level, but rewarded); for example, if the economy goes into
- recession, then luxury items may not be demanded, reducing customers – leading to a decrease in sales revenue and
- profit.

Solution 2

- AO4 Evaluation
- Limited valuation of the most likely reason why objectives may change
- – developed
- – developed in context
- ,
- including:
- ▪
- A judgement of the most likely reason for Kaia's objectives to change over the next five years.
- ▪

Solution 2

- What the judgement may depend upon; the owners desire to continue / grow the business, the market research,
- dynamism of the market, competitors' actions / reactions etc.
- ▪
- Kaia has only just started the PB, so the objectives may change significantly over the next five years. Does she have
- the knowledge / research / experience to judge how the objectives might change over such a long period of time?
- ▪
- To what extent is PB in a growing or declining market and how many of her customers choose to repeat purchase?

Solution 2

- ▪
- Kaia's own objectives – she thinks she has entrepreneurial qualities, so will she be looking at new products / business
- ideas over the next five years, which may mean that PB might not even exist, or be in a very different format to what it
- is today. Is it sensible to try and plan for five years with such limited experience?
- ▪
- A judgement about likeliness of the business objectives needing to change over five years.
- Accept all valid responses.
- 9609/22

Solution 2

- May/June 2025
- Exemplars for awarding evaluation
- L1
- (limited
- supporting evidence)
- L2
- (developed supporting evidence)
- L3
- (developed supporting evidence
- with context)

Solution 2

- The most likely reason is
- because PB has reached
- its previous objective.
- The most likely reason is because PB has
- reached its previous objective. This means
- that Kaia will need a new objective, such as
- profit maximisation.
- The most likely reason is because PB has
- reached its previous objective, to break
- even. This means that Kaia will need a new

Solution 2

- objective, such as profit maximisation.
- It depends on her personal
- objectives.
- It depends on her personal objectives,
- because she is the owner, the objectives
- will need to change to adapt to her needs.
- It depends on her personal objectives,
- because she is a sole trader, the objectives
- will need to change to adapt to her needs.

Question 5

9609/1 23 ▪ Q5 ▪ 20 marks

5 **(a)** Analyse **two** reasons why it is important for a business to set SMART objectives. [8]

(b) Evaluate the view that a mission statement is only important to a bank if it significantly influences the strategy and tactics of that business. [12]

OR

Solution 5

(a) Mark scheme

- Analyse two reasons why it is important for a business to set SMART objectives.
- Use Table D to mark each candidate response.
- AO1 out of 2 marks.
- AO2 out of 2 marks.
- AO3 out of 4 marks.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding

Solution 5

- ▪
- An objective is a statement of what a business hopes to achieve.
- ▪
- SMART is an acronym used as a guide for setting objectives.
- ▪
- It has come to mean objectives that are:
- SPECIFIC
- MEASURABLE
- ACHIEVABLE
- REALISTIC

Solution 5

- TIME-LIMITED.
- AO2 Application
- ▪
- SMART is considered to be an effective business tool and helps to measure business performance.
- ▪
- It provides the clarity, focus, and motivation that is required if business goals are to be met.
- AO3 Analysis
- ▪

Solution 5

- Effective business decisions require SMART objective setting to allow business to measure whether it has met its original
- objectives.
- ▪
- A SPECIFIC approach requires objective setters to ask the correct questions: what needs to be accomplished in this
- business, why it is important, what resources are involved.
- ▪
- A focus on a MEASURABLE approach focusses on questions such as when it will be accomplished, so that progress can
- be tracked and assessed and deadlines reached.

Solution 5

- ▪
- A focus on ACHIEVABLE drives attention to resource usage, affordability, and a recognition of constraints.
- 8
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- ▪
- A concern with REALISTIC asks whether the timing is right and the conditions in the external environment are

Solution 5

- appropriate.
- ▪
- TIME-LIMITED provides discipline and ensures that short-term tasks do not take priority over longer term-objectives.
- ▪
- Could SMART become inflexible and stifle creativity?
- Accept all valid responses.
- AO1
- 2
- AO2

Solution 5

- 2
- AO3
- 4

Solution 5

(b) Mark scheme

- Evaluate the view that a mission statement is only important to a bank if it significantly influences the strategy and
- tactics of that business.
- Use Table E to mark each candidate response.
- AO1 out of 2 marks.
- AO2 out of 2 marks.
- AO3 out of 2 marks.
- AO4 out of 6 marks.

Solution 5

- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- ▪
- Mission statements define the core purpose and focus of a business.
- ▪
- Internally they are designed to motivate employees and provide a context for all business activity.
- ▪
- Strategy is about the long-term business decisions affecting the whole of the business and the focus of senior managers.

Solution 5

- ▪
- Tactics are short to medium-term decisions taken by less senior managers in departments or divisions of a business.
- AO2 Application
- ▪
- Mission statements can be devised by the directors of the bank and referred to by all bank employees.
- ▪
- Mission statements are devised to become part of the operating focus of all the bank employees.
- ▪

Solution 5

- Mission statements are expected to influence all tactical and strategic behaviour in the bank in terms of lending policy.
- 12
- 9609/01
- For examination
- SPECIMEN
- from 2023
- AO3 Analysis
- -
- A mission statement may provide direction which allows a business to develop tactics and strategy and meet objectives

Solution 5

- such as profit and sales.
- ▪
- Without the direction a business' stakeholders may pull in different directions leading to inefficiency, increased costs,
- failure.
- ▪
- If mission statements did not work they would not be used by so many businesses.
- ▪
- A business may spend significant time formulating a mission statement which is so general that it has little relation to
- actual direction of the business and does not provide focus.

Solution 5

- ▪
- A business may be so focused on a ‘pre-set’ mission that it misses new opportunities which could allow the business to
- diversify.
- ▪
- A mission statement might add no value to the business, increasing costs with no increase in profit/profitability.
- AO4 Evaluation
- ▪
- What are the most important factors that could affect the impact of a mission statement on a bank?

Solution 5

- ▪
- Changes in the dynamic business environment can make a mission statement set several years ago seem irrelevant.
- ▪
- Are mission statements often little more than vague statements or wish lists that few believe in?
- ▪
- Can mission statements really influence strategic and tactical business decisions when most banks are trying to
- maximise profits?
- ▪

Solution 5

- To what extent might factors such as exceptional leadership in a bank or a carefully crafted bank mission statement affect
- the importance and influence of a bank mission statement?
- ▪
- Mission statements can also have an external impact and allow businesses to be made accountable to stakeholders.
- ▪
- Judgement made on the significance or importance of mission statements.
- Accept all valid responses.
- AO1
- 2

Solution 5

- AO2
- 2
- AO3
- 2
- AO4
- 6
- 9609/01
- For examination
- SPECIMEN
- from 2023

Solution 5

- OR