Cambridge Assessment International Education

# Cambridge International AS & A Level

**BUSINESS** **9609/31**

Paper 3 Business Decision-Making **May/June 2025**

INSERT **1 hour 45 minutes**

*6693211598-I*

**INFORMATION**

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **4** pages.


© UCLES 2025

## Wisdom Shoes (WS)

WS is a public limited company. WS manufactures leather shoes for adults. It sells to major shoe retailers and to small independent shoe shops. WS products are targeted at three constantly changing markets: fashion, leisure and work. Its sales employees are reporting that small independent shoe shops have experienced an increasing demand for non-leather and recyclable shoes. There is a growing consumer awareness that resources used in production need to be sustainable. Jon, the Marketing Director, is very keen for WS to carry out an environmental audit.

### Enterprise resource planning (ERP)

WS uses different IT systems for managing production, marketing and human resources. Keri, the Operations Director, thinks that the processes needed to produce and market shoes could be more integrated. Greater integration could help to improve the efficiency of WS. Keri has begun to research ERP as a means of achieving this integration. She knows that ERP is very expensive and takes time to implement but she is convinced that it could offer WS substantial efficiency benefits.

### Employee performance

WS uses batch production to produce different styles of shoes. The production employees at WS are:

- paid wages which are 10% more than the industry average
- increasingly complaining to their managers about production targets
- expected to train on-the-job
- expected to follow strict instructions
- given only limited opportunities for career progression.

Milo, the Human Resources Director, and Keri are concerned that the performance of production employees is declining. Table 1.1 gives data about production and production employees.

**Table 1.1: Data about production and production employees**

| | 2024 | 2025 (January – May) |
|---|---|---|
| Average monthly output (000s units) | 120 | 90 |
| Average monthly number of units failing to meet quality standards (000s units) | 14 | 15 |
| Average number of production employees | 480 | 480 |
| Number of production employees who left WS | 56 | 72 |
| Number of work accidents in production | 26 | 35 |

### Marketing

WS sells its shoes into three markets: fashion, leisure and work. Each market has its own characteristics. WS shoes are medium to high price in each market. Research shows that consumers consider WS shoes are good quality for the prices charged.

Jon is preparing a marketing plan with the objective of increasing annual sales by 5% without entering any new markets. Table 1.2 shows time series analysis sales data Jon is using. Jon considers that time series analysis will help him make decisions to achieve WS's marketing objective. Table 1.3 gives additional information about the markets WS sells to.

© UCLES 2025

**Table 1.2: WS time series analysis sales data ($m)**

| | Revenue | Trend (four period centred moving average) | Seasonal variation | Average seasonal variation |
|---|---|---|---|---|
| 2021 Quarter 3 | 20.0 | | | |
| 4 | 20.1 | | | |
| 2022 Quarter 1 | 18.2 | 19.54 | –1.34 | –1.66 |
| 2 | 19.2 | 19.81 | –0.61 | –0.44 |
| 3 | 21.3 | 19.91 | 1.39 | 1.60 |
| 4 | 21.0 | 19.98 | 1.02 | **See Q4(a)(i)** |
| 2023 Quarter 1 | 18.1 | 20.14 | –2.04 | –1.66 |
| 2 | 19.8 | 20.20 | –0.40 | –0.44 |
| 3 | 22.0 | 20.29 | 1.71 | 1.60 |
| 4 | 20.8 | 20.48 | 0.32 | **See Q4(a)(i)** |
| 2024 Quarter 1 | 19.0 | 20.61 | –1.61 | –1.66 |
| 2 | 20.4 | 20.70 | –0.30 | –0.44 |
| 3 | 22.5 | 20.79 | 1.71 | 1.60 |
| 4 | 21.0 | | | |
| 2025 Quarter 1 | 19.5 | | | |

**Table 1.3: Information about the markets WS sells to**

| Market | Percentage of WS revenue | WS level of research and development (R&D) | Forecast market growth | Strength of competition |
|---|---|---|---|---|
| Fashion | 20 | High | Medium | High |
| Leisure | 48 | Low | High | High |
| Work | 32 | Low | Low | Medium |

**Investor return**

In recent years, the directors of WS have made long-term investment a priority rather than short-term increases in dividends.

The main shareholders in WS take an active interest in the business. At the next company Annual General Meeting (AGM) these shareholders intend to ask the directors to explain their method to increase investor returns. These shareholders will be looking for an effective method to achieve an increase in their return. Table 1.4 shows changes in key investment indicators and ratios.

**Table 1.4: Change between May 2023 and May 2025**

| | |
|---|---|
| Operating profit | +10% |
| Earnings per share | +5% |
| Dividend per share | 0% |
| Share price | +7% |
| Price/earnings ratio | +0.5 |

*80*

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2025