

BUSINESS AND MANAGEMENT

Paper 9771/01
Business Concepts

Key messages

- Candidates are encouraged to prepare for the exam by reading and discussing current economic and business issues – focusing on how they impact differently on different types of businesses.
- Candidates are advised to practise writing extended essay answers and should use paragraphs to clearly develop each point.
- Candidates would benefit from learning definitions of the key terms within the specification.
- Essays should include evaluative points throughout the answer, not just in the final paragraph.

General comments

Candidates gained marks on most questions in **Section 2**, and knowledge and application were particularly strong. This paper was a good test of candidates' ability to handle numerate data, apply Business and Management concepts to a particular business scenario, and write a balanced and well-supported essay.

Section 1 – Multiple-choice

Marks ranged from 9 to 19. The overall mean mark was 13.9 – a significant improvement on previous years.

Question 1 (96%), **Question 10** (88%) and **Question 16** (87%) were well-answered. **Question 2** (40%) and **Question 4** (17%) had the lowest success rate. The low score on **Question 4** suggests that some candidates might benefit from more practice in tackling questions on the marginal cost concept.

Section 2 – Case Study

The case study material proved to be accessible, and there was a marked improvement in the ability of candidates to apply their answers. This is one of the key assessment skills when answering case study tasks, as knowledge or analysis which lacks context does not root the answer in the business scenario.

Comments on specific questions

Question 21

- (a) Many candidates accurately calculated seasonal variation and average seasonal variation values.
- (b) Most candidates demonstrated some knowledge of seasonal forecasting using moving averages and were aware of the limitations of forecasts based on past sales data.

Question 22

Most candidates understood the underlying requirements of the question. Increasing motivation levels by "higher pay" might lead to higher unit costs, unless the increase in the rate of productivity is greater than the proportionate increase in wages. Many answers focused on non-financial methods of motivation, focusing on the "clues" contained in the case study regarding lack of job variety and job enrichment. Some candidates suggested that profit sharing schemes might also be effective as a share of profits does not increase costs of production. The best answers focused on just two or three possible approaches, which were fully analysed and evaluated.

Question 23

This question produced some very effective answers, and all candidates demonstrated some knowledge and application skills. Many candidates recognised that the data gave opportunities for relevant calculations such as the break-even levels of output in both locations. The best answers recognised the potential benefits of both locations and compared them, together with the potential limitations. Answers with a clear and supported recommendation gained high evaluation marks.

Question 24

Most candidates identified and explained some suitable sources of finance for this relocation and the better responses analysed and explained the quantitative data presented in the case. Many answers concluded that a combination of borrowing and equity capital might be the most suitable source of finance to use in this case.

Section 3 – Essay

Question 25

This was a popular option, and was generally well-answered. The potential conflict between the need to reign in costs during a recession and the importance of environmental policies to build stakeholder confidence in the business was often effectively examined. There was good use of business examples. Evaluation could have focused more on the short term nature of (most) recessions and the risk that focusing on short term cost cutting through less environmentally friendly policies might put at risk the long term ethical/environmental credentials of a business.

Question 26

The response to this question sometimes spurned the opportunity to demonstrate evaluation that was contained in the wording of the question i.e. that technology can be very important for many businesses but that it is not the only factor that determines long run success. Many answers tended to just debate the potential benefits and limitations of introducing technology to a business rather than judge that despite the successful application of new technology, a business could still fail to thrive if, for example, its market research or human resource management was inappropriate.

Question 27

Many candidates attempted this question as it was, perhaps, slightly less accessible than others. Several answers clearly analysed the importance of planning in general and financial planning in particular. Opportunities to discuss the nature of decision making – either based on instinct or scientific reasoning – were not taken advantage of. A few candidates were less able to select relevant business examples, and this illustrates the importance of candidates assessing their ability to discuss relevant business case studies in answer to the essay question they choose.

Question 28

Candidates generally understood the nature of culture conflicts that could result from integration between two businesses. There were some effective references to both recent and more historic examples of mergers and takeovers. Evaluation was often based on the extent to which cultures differed or, perhaps more interestingly, on the ability of the two sets of managers to resolve these differences quickly and effectively.

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Paper 9771/02
Strategic Decisions

Key messages

All the key messages from the last Examiner Report still stand but it is pleasing that progress is being made in some areas. The areas of particular progress are:

- Candidate use of paragraphs
- Candidate use of business formulae
- Demonstration of the skill of application.

General Comments

It is pleasing to see that there were a number of candidates who wrote excellent answers. The best candidates seem to be equally comfortable with the quantitative and essay questions.

Comments on specific questions

Section 1

Question 1

- (a) (i) This ratio question was not particularly well answered. This style of question has been a feature of this paper since the start. The data required was clearly available in the case study. Candidates should show all their working. The following steps are an ideal structure:
- Write out the formula
 - Show all working
 - Complete the answer remembering to include any relevant signs such as % or £m.
- (a) (ii) This acid test ratio was generally well answered. Some candidates lost a mark for indicating that the value was negative (-).
- (b) This question proved to be quite accessible and some candidates produced excellent answers. The question was slightly different in style because candidates only needed to use one of the previously calculated ratios. The marking structure means that it is essential that candidates demonstrate the skill of application. The best candidates tended to clearly define the ratio and followed this with 2 clear contextual points in 2 distinct paragraphs. One approach that worked effectively was to compare the value of the chosen ratio to the year before and explain why this was useful to HRG in terms of trend and potential action required.
- (c) This question was generally well answered. Most candidates were able to use two elements of Porter's Five Forces model and apply them to HRG. Candidates are reminded that a concise and correct definition of the key term(s) in the question can be an effective opening statement.

Section 2

Question 2

This question proved to be problematic to many candidates. Questions on issues such as exchange rates are a feature of this particular paper and candidates need to practise writing 25 mark answers to the Business Environment section of the syllabus. Candidates need to use the data provided in the case study to fully support their answers. Some candidates suggested that HRG may not need to react and this was acceptable if supported with strong application and analysis.

Question 3

This topical question was generally well answered with candidates offering a balanced view with a reasoned judgement. Candidates are reminded that evaluation can appear in the answer at many different points and not just as a final reasoned judgement at the end. Candidates should be reminded of the weighting of 8 marks for evaluation and the top Assessment Objective 4 descriptor states 'extensive reasoned judgement in answer and conclusion'.

Question 4

Unfortunately due to possible timing issues this question sometimes attracted very short answers. Some candidates saw the key word 'strategy' and tried to frame their answer around a model such as the Ansoff Matrix. This approach can work but the strategic model needs to be chosen carefully. It was pleasing to see that some candidates used business formulae to review the accounts and other quantitative data. The best candidates tended to present a coherent and ordered set of analysed points that had a logical sequence.

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Paper 9771/03
Personal Investigation

Key messages

- The Knowledge section should include a clear and detailed outline of the business problem, including which stakeholders are affected and future implication of failure to solve the problem.
- The Methodology section should include an outline of the research methods, with evidence of the research and its use. Critique of candidate's actual research undertaken should also be included.
- The Analysis and use of Business Studies Theory section should include relevant and accurately applied business theory concepts. Analysis should use both written and numerate techniques, with fully supported figures. Analysis should be finely focused on the business problem and proposed solutions.
- The Conclusions and Evaluation section should include a range of realistic and evaluated solutions, with recommendations, and a separate section evaluating the strengths and weaknesses of data, solutions and investigation. Wider issues should also be considered, for instance, external factors affecting the business's future success.
- The Communication section has the highest proportion of marks, and high level marks may be gained by submitting a fully ICT-based report, which includes the sections outlined above, as well as a detailed bibliography. The marks in this section depend directly on the quality of the previous sections, and the way that the report is structured as a whole. The report should be logically structured and fully focused on the investigation, and all information should be relevant to the report.
- The marking criteria should be referred to at the beginning of the investigation process, and should be returned to frequently as the investigation progresses.

General comments

This session of PI reports produced a varied selection of titles and overall responses to the Investigation Report. The higher-scoring investigations focused on a clearly identified problem, and discussed a range of solutions, rather than just answering with yes/no to a suggested possible single solution for a business. The better answers tailored their responses to the marking criteria, and therefore included a detailed bibliography, critique of research methods and overall evaluation of the investigation and solutions offered. A few reports were largely descriptive, and would have benefitted from a more detailed analysis and more use of business theory concepts to support their analysis. Reports that attempted to address a wide range of syllabus areas also tended to lack sufficient depth. The word limit was generally adhered to and helped to keep most reports focused and concise. There was little evidence to suggest that candidates felt constrained by the 3500 word limit, and many included substantial information in the appendix, including financial analysis.

The higher-scoring answers:

- Incorporated feedback from the original title
- Had a clear, logical structure
- Had a question as a title, which was clearly answered in the conclusion
- Set clear objectives, in terms of what needed to be investigated
- Used a wide selection of primary and secondary sources, including critiques of methods used
- Had access to and used detailed information from the business concerned
- Used a wide range of Business Studies Theory in context
- Included detailed financial analysis, with figures clearly drawn from research
- Suggested and evaluated a range of solutions

- Evaluated the strengths and weaknesses of methods and solutions
- Included footnote references and a comprehensive bibliography
- Made good use of appendices, staying within prescribed limit.

Comments on specific sections and skills

Title Submissions and Appropriateness

Most candidates chose appropriate businesses, submitted titles in time and made use of the feedback, which suggests that the submission in advance was useful. Titles were occasionally not submitted, or comments and advice were not applied to the report. In other instances, the aim of the report was unclear or the investigation appeared to have 'foregone' a conclusion, for instance, the replacement of outdated or inefficient machinery. The benefits of a focused title which also offers enough breadth for substantial supported financial analysis, as evidenced by many of the better reports, cannot be underestimated.

Knowledge – The Problem in Context

This should always be the starting point of a report, and a 'realistic' problem was a feature of better investigations. Most candidates clearly identified the business issue, and many also outlined who was affected and the implications of not solving the problem. This helped to 'set the scene' in many reports.

Methodology – Research Methods

Most candidates used and discussed their primary and secondary sources, but many would have benefitted from the inclusion of a critique of their own research methods and sources. Better answers set out a clear range of research objectives, and used many of company accounts where available. However, wider secondary research was often limited and some candidates could have used national statistics and news or other reports, which would have been directly relevant to their investigation. Better answers widened the scope of research beyond the identified business, and a small number of answers used a variety of relevant magazine, population data and Internet articles.

Analysis and use of Business Studies Theory

Most candidates made good use of the theory knowledge from the course and applied this appropriately to their investigation. Some investigations would have benefitted from less use of theory knowledge across different areas of the syllabus, as it detracted from the overall focus of the report. In a few cases, answers used theory concepts less accurately, and therefore did not achieve the higher marks for this section. In a very few cases, business concepts were outlined in theory, but not used, thus 'using up' words without gaining any benefit.

'Fine focus' was the key to higher level marks here, for instance, applying investment appraisal techniques and concepts such as break-even to one or two possible business solutions. In terms of numerate analysis, the best investigations included a financial or numerate analysis of the problem or issue and projections for suggested solutions. Some investigations contained full support for figures, and accounts of 'assumptions' made to arrive at results. The use of unsupported figures used in analysis techniques and the inappropriate use of numerate methods often received lower marks. Due to the complexity of some of the numerate analysis, it was a sensible approach to include some of the calculations in appendices. Certainly, accounts which contain figures used should be included, as these figures support the analysis. In a very few cases, the numerate analysis methods seemed to be applied 'mechanically', and suggested a limited understanding of the concepts.

In a few cases, answers did not include financial information or figures, or quoted figures without the use of analysis techniques, which therefore limited the number of marks which could be awarded. It is recommended that candidates ensure that figures are available before embarking on an investigation. These will probably include financial accounts and projections, but may also include Human Resource related statistics such as staff turnover or absenteeism.

Conclusions and Evaluation

Most candidates outlined some supported conclusions and recommendations from their investigations, but the standard of evaluation was variable. More successful conclusions were often drawn directly from research, even if these occasionally led to a negative response to the original proposition. Better answers separated the investigation conclusions from their recommendations, and produced realistic and well-considered ideas to help take the business forward. Fewer marks were awarded to brief conclusions which included no recommendations. Fewer marks were also awarded to conclusions which did not contain an evaluation of either the investigation or the solutions. Better reports included a range of realistic solutions and recommendations, and excellent critical evaluation was applied to research and analysis methods.

Communication

Most candidates scored relatively well here, and in some cases their good performance in this section significantly improved their overall marks. There is a detailed published 'grid' with the requirements for each level, as well as the overall criteria statements. It was encouraging to see evidence that some candidates had studied this information carefully. All candidates this year included a bibliography, with the best ones using the Harvard referencing system. All reports were ICT based, and the standard of presentation was generally high, and included tables and graphs. The best reports had a logical structure and focused clearly on the investigation objectives, ending with realistic conclusions and recommendations.

Appendices

In most cases candidates adhered to the 6 page limit, and in some cases this section was effectively used to include accounts, calculations, survey results and so forth. In the better investigations, the appendices were referenced within the report, often with the use of footnotes.