

BUSINESS AND MANAGEMENT

Paper 9771/01
Business Concepts

Key Messages

- Give extensive practice at all quantitative techniques
- Encourage wide reading and discussion of current economic and business issues – focusing on how they impact differently on different types of businesses
- Encourage candidates to write extended essay answers frequently and encourage the use of paragraphs to allow for clear development of each point
- Learn definitions of the many key terms within the specification
- Focus strategic decisions on the objectives of the business under consideration

General Comments

There was clear evidence that Centres are preparing candidates more effectively for **Section 2** case study questions and encouraging them to use a wide range of business examples in their answers to the essay questions in **Section 3**. There were very few candidates who were not able to score marks on nearly every question in **Section 2**, particularly in terms of knowledge and application. This paper proved to be a very good test of candidates' abilities in handling numerical data, applying important Business and Management concepts to a particular business scenario and writing a balanced and well supported essay.

Section 1

Multiple-choice

Marks ranged from 4 to 18. The overall mean result was 10.7 - slightly down on previous years.

The questions with the lowest success rate were **3, 8, 11, 15** and **16** – suggesting that some candidates might benefit from more frequent practice in tackling questions on certain key quantitative concepts. Contribution costing (**Question 8**) should be much better understood by Pre-U Business and Management candidates. Centres are advised that approximately 8 multiple choices questions will involve the need for some calculations. The questions that led to the most successful outcomes were **1, 9, 13** and **18**.

Section 2

Case Study

The case study material proved to be accessible and the ability of candidates to apply their answers was markedly improved from previous sessions. This is one of the key assessment skills when answering case study tasks as mere knowledge or even analysis which is not in context, is not rooting the answer in the context of the business scenario.

Question 21

- (a) Most candidates were able to calculate the Payback Period and ARR accurately.
- (b) This question was asking candidates to explain and compare investment appraisal results. It is not analytical to state that 'Location X has a higher ARR than Location Y'. It is more effective if candidates calculate the difference between the two results and comment on this magnitude and its significance for such an investment decision. This applies to the payback calculation as well. A point that was well raised by one candidate was to ask whether 3 years as a payback period is too long for a retail investment given the impact that both GDP fluctuations and online shopping might have on shop sales. Evaluation often took the form of justifying one location rather than the other

but some candidates combined this with a more questioning approach. For example, querying the accuracy of the investment appraisal results as well as giving a reasoned justification for the need for other data and for qualitative information before the business would be able to take an overall decision.

Question 22

Most candidates spotted the twist in this question. Many explained that target setting – with reasonable and measurable objectives to aim for – can indeed encourage improvements in employee performance. However, in this case, the poor employee performance data was unlikely to have been the result of ‘no targets’. The clues were relatively easy to spot and the best answers examined in detail how relatively untrained employees on part-time contracts and with below median earnings were most unlikely to respond positively to even the ‘smartest’ of objectives.

Question 23

This question led to some surprisingly limited responses. Most candidates would have benefited from giving a clear definition of a marketing strategy and this might then have encouraged many of them to develop an answer around a realistic marketing objective, appropriate budget and an integrated marketing mix. The best answers picked up on the pointers contained in the case study and debated the pros and cons of selling this range of clothing through existing retail outlets and questioned whether in-store promotions would be sufficient to generate consumer interest and high-end brand image. A few candidates gave a very thorough explanation of a well-argued and balanced marketing mix that was integrated with a realistic marketing objective and supported by an appropriate promotion budget.

Question 24

There was so much information available in the case study that it was difficult for candidates not to gain application marks as long as they showed an awareness of how the many legal issues mentioned affected AF directly. Some candidates just analysed the potential negative effects such as higher costs and ‘older workers selling fashion clothing’. However, most candidates understood that the question gave them the opportunity to examine and assess the relative negative and positive effects of these employment and consumer law changes. The evaluation of the overall impact of these changes was often quite effective as when statements such as: ‘by being forced to offer workers these pay increases and improved contract conditions, AF might at last be able to start improving its poor employee performance which could help to balance the overall cost of the measures’. Answers to this question in particular, indicated that candidates are becoming better able to apply their responses effectively and also that this case study was particularly accessible.

Section 3

Essay

Question 25

This was not very popular and some candidates who answered it focused on the question and not on the opening quote. This quote was provided as stimulus material for candidates as a means of evaluating the actual question but some candidates missed this point entirely. Drucker seems to be implying that good knowledge of consumer needs can result in products that require little in the way of promotion. It was this assertion that candidates could have questioned when discussing specific promotion campaigns and products.

Question 26

Again, this was not a popular option. The scope for suitable business examples to use was, perhaps, more limited than for the other questions. The few candidates who attempted this question often struggled to explain how the way in which a crisis is handled can result in positive outcomes for a business which then forms the opportunity for rebuilding stakeholder confidence.

Question 27

The most popular question by far as it seemed, to many, to be more accessible and easier to apply actual business examples to support lines of reasoning. Where would candidates be without John Lewis to use as an example when answering questions such as this! Most answers contained three or more relevant business examples and this aspect of essay writing technique has improved in recent years. Some candidates' answers over-focused on motivation methods and theories and under-focused on how these might lead to 'competitiveness' and on what other business strategies can lead to competitiveness. The danger is that some candidates recognise a question as being about 'people' and then write a pre-prepared response rather than gearing it directly to the specific needs of the question.

Question 28

This was the second most popular essay and given the level of coverage of economic conditions in recent years, this was not a surprise. Very often the only external factor that was referred to was the state of the UK economy and there was scope for other issues to be discussed too. The main focus of the question was to discuss how some business decisions can lead to successful outcomes despite adverse external conditions and, in reverse, how poor decisions can damage business prospects even if economic and other conditions are supportive.

BUSINESS AND MANAGEMENT

Paper 9771/02
Strategic Decisions

Key messages

The following advice is given to Centres preparing candidates for Paper 2.

- Candidates need to be able to use business formulas
- Candidates need to be able to interpret business formulas
- Candidates need to revise all topics because questions may ask for specific knowledge
- Candidates should use paragraphs
- Candidates need to use the terminology and theories of the subject
- Candidates need to evaluate throughout their answers in **Section 2**
- Candidates need to be aware of the assessment objective (AO) weightings
- On this paper, the use of real world business examples to support points will generally only be awarded knowledge marks
- Precise definitions are a useful starting point for most questions
- Answers should ideally be planned, concise and legible
- Candidates need to be aware of the particular demands of some questions. This is especially true of the strategy question.
- Candidates need to develop their ideas fully before moving on to the next point. Three well explained points are far better than five brief statements.

General Comments

There was a wide range of marks on this paper and some variability between Centres. The best candidates tended to perform consistently well across all sections of the paper. Weaker candidates tended to struggle with the 3 mark calculations and the rest of **Section 1**. The best candidates were clearly aware of the assessment objectives and the proportion of marks allocated to each of these. The ability to engage with the quantitative elements of the case has improved.

Comments on specific questions

Section 1

Question 1

- (a) This question required candidates to calculate the asset turnover ratio. The best candidates tend to write the formula, show all working and clearly identify the answer. Unfortunately a significant minority of candidates did not get full marks on this question. Marks were awarded for correct formulas and working. Candidates should regularly revise the calculations in this subject and be familiar with manipulating financial data.
- (b) This question also required the calculation of a widely used ratio. The Examiners are aware that some textbooks offer different variants of this formula and thus these answers were rewarded fully. This question was generally not well answered and many candidates did not get full marks for this question. The use of calculations for the opening six marks is likely to continue.
- (c) It is clear that some candidates are equally able to calculate ratios and interpret the data. Candidates can prepare for this question by ensuring they can interpret quantitative data and apply the results to specific businesses.

- (d) This question area is clearly on the syllabus (see 4.2). Unfortunately some candidates had little idea of specific internal economies of scale. On the other hand, this question was very well answered by some candidates who clearly defined what internal economies of scale are, identified two specific internal economies of scale, reviewed them in context and then analysed them. The final question on **Section 1** of Paper 2 will often refer to a specific body of knowledge within the syllabus. Candidates should also be aware that there is no need to evaluate on this question and no marks will be awarded for this content.

Section 2

Question 2

This question was accessible to a vast majority of candidates. Centres had clearly reviewed this topic in detail. Most candidates produced a balanced answer with good use of case context. The best candidates manipulated the case data to support their ideas. Candidates should be encouraged to evaluate throughout the answer and not just at the end.

Question 3

This question was not particularly well answered. Many candidates produced a list of ideas that Halfords could adopt but this had no clear sequence or priority. Better candidates tended to use a strategic model such as Porter or Ansoff to frame their strategic response. Strategy questions are a common feature of this paper and will continue to be so. It is vital that candidates are prepared for the particular demands of this style of question.

Question 4

This question produced a wide variation in the quality of responses. It is clear that some candidates are not fully aware of how dividends work. Better candidates calculated ratios such as dividend yield or profitability ratios to justify whether the dividend was likely to change. Questions about shareholder interests are a feature of this paper.

BUSINESS AND MANAGEMENT

Paper 9771/03

Personal Investigation

Key Messages

- To score full marks in the Knowledge section, the business problem must be outlined in detail, including who is affected and the implication of failure to solve the problem for the business and the stakeholders.
- To score full marks in the Application section, research methods should be outlined and there must be evidence of the research and its use. Critique of the actual research undertaken should also be included.
- To score high level marks in the Analysis section, relevant business theory concepts should be used accurately. Analysis should include numerical techniques, with any figures fully supported. Analysis should be finely focused on the business problem and proposed solutions.
- To score high level marks in the Evaluation section, realistic conclusions and recommendations should be offered, with a separate section evaluating the strengths and weaknesses of solutions and investigation. Wider issues should also be considered, for instance external factors affecting the business's future success.
- Communication is the biggest section in terms of marks. High levels may be gained by submitting a fully ICT-based report, which includes different sections as outlined above, as well as a detailed bibliography. It should be noted that the marks in this section also depend directly on the quality of the previous sections and the way that the report is presented as a whole.

General Comments

There was a very varied selection of titles and overall responses to the Investigation Report. The best investigations focused on a clearly identified problem and discussed a range of solutions, rather than just a yes/no to a suggested possible investment by a business. The better candidates had studied the marking criteria and included a detailed bibliography, critique of research methods and overall evaluation of the investigation and solutions offered. However, in a very small number of cases, reports were largely descriptive, lacking focus and sometimes not actually addressing a business problem. Reports that attempted to address a very wide range of syllabus areas also tended to lack 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, including financial analysis, in the appendix.

The best candidates:

- had taken account of feedback when the original title was submitted.
- 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 some critique of the actual 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 the prescribed limit.

Comments on specific sections and skills

- Title submissions and appropriateness

Most candidates chose appropriate businesses, submitted titles in time and made some use of the feedback given, which made submission in advance a useful exercise. In a few cases, though, titles were not submitted, or comments and advice were not taken into account. In a number of other cases the 'problem' did not seem to exist in the views of business owners, or the investigation had a 'foregone' conclusion, for instance the replacement of outdated or inefficient machinery. The importance of a title which is narrow enough in focus, but offers enough breadth for substantial supported financial analysis cannot be underestimated, as evidenced by many of the better reports.

- Knowledge – the problem in context

This should always be the starting point and a realistic problem was a feature of all the better investigations. Most candidates identified the business problem or issue clearly, 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 attempted to use primary and secondary sources and certainly talked about these, but many failed to include critique of their own research methods and sources. A clearly set out range of research objectives helped here and good use was made of company accounts where available. However, wider secondary research was often limited and some candidates missed the opportunity to use national statistics and news or other reports, which would have been directly relevant to their investigation. Better candidates made attempts to widen the scope of research beyond the identified business and it was impressive, in a small number of cases, to see use of relevant magazine 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, although, in some cases, the amount of theory knowledge across different areas of the syllabus detracted from the focus of the report. In a few cases, candidates attempted to use theory concepts inaccurately or inappropriately and missed out on marks in 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. It was pleasing to see full support for figures in some cases and accounts of 'assumptions' made to arrive at results. A common reason for lower level marks in this section was unsupported figures used in analysis techniques and also inappropriate use of numerate methods. 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 they support the analysis. In a very few cases, the numerate analysis appeared not to be the individual work of the candidate, for instance sales projections. This could only then be credited as research information. It is recommended that where detailed financial analysis is obtained from a business, candidates should then carry out their own further projections, using data supplied.

In a very few cases, where candidates had not managed to access any financial information or figures, or just quoted figures without use of analysis techniques, marks for analysis were limited. It is recommended that candidates make sure that figures are available before deciding 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 drew some supported conclusions and recommendations from their investigations, but the standard of evaluation was variable. It was pleasing to see conclusions drawn directly from research, even if these led to a negative response to the original proposition, which was sometimes the case. The best candidates separated the investigation conclusions from their recommendations and produced realistic, well thought through ideas to take the business forward. In a few cases, where the conclusions were brief and no recommendations were offered, candidates scored much less well in this section. Likewise, where no

evaluation was offered, either of the investigation or of the solutions proposed, there were significant lost opportunities in some cases. In the best reports, solutions and recommendations were realistic and great critical evaluation was applied to research and analysis methods and proposed solutions.

- Communication

There are 40 marks available in this section and most candidates scored relatively well, in some cases increasing their marks significantly. There is a detailed table in the syllabus, with requirements at 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 generally the standard of presentation was high, including 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 used very effectively to include accounts, calculations, survey results and so forth. In the better investigations, the appendices were referenced within the report, often using footnotes.

- Examiner's tips for teachers and candidates

- Before you start, read the marking criteria carefully and return to this often as your investigation progresses.
- Take care with your choice of business and title – make good use of the submissions and approval process.
- Make sure that you can clearly identify a business problem.
- Set clear objectives and return to them in your conclusions.
- Make sure that you use a good range of primary and secondary research sources, including those outside the business, such as national statistics.
- Start by analysing financial or numerate information; this will help you establish the way forward for your investigation.
- Ensure that you understand and can apply theory concepts, before including them in your analysis, especially numerate techniques, such as investment appraisal.
- Focus your results and analysis on the part of the business you are investigating.
- Aim to draw a range of possible conclusions or solutions to the business problem and discuss strengths and weaknesses of each.
- Make sure that you include your recommendations and critical evaluation in a separate section.
- Make good use of appendices to supplement the report, especially where you can support figures used in numerate analysis.
- Include a fully referenced bibliography.