

BUSINESS AND MANAGEMENT

Paper 9771/01
Business Concepts

Key messages

- Candidates should be instructed to never leave a 'blank' for multiple choice questions. If a candidate does not know the answer then they should make their best guess.
- Application was better demonstrated in answers to the case study material this year.
- Choice of essay title to be answered should partly depend on the candidate's awareness of relevant business examples to use to illustrate the points to be made. Candidates need to learn about a variety of real businesses, rather than try to adapt one company to all the questions set.

Section A

The mean result on this section was 13.4. The highest score was 19 (one candidate) and the lowest was 6 (one candidate). The questions producing the highest proportion of correct answers were **Question 9** and **Question 16**. The lowest proportions of correct responses were recorded by **Question 3** and **Question 20**.

In general, there appears to have been an improvement in the ability of many candidates to deal successfully with the challenging quantitative questions on this section. For **Question 15** it was decided to accept both options B and C as valid answers because gearing can be calculated using either debt divided by equity plus debt (answer B) or debt divided by just equity (answer C).

A few candidates left blank spaces instead of an answer. This might have been because they intended to return to these questions at the end of the paper but found themselves short of time. There is no penalty for putting an incorrect answer, so as exam technique a 'last minute best guess' is preferable to a blank space.

Section B

Question 21

- (a) (i) This caused very few problems for the majority of candidates. This investment appraisal measure appears to be well taught and thoroughly understood.
- (ii) This calculation was correctly undertaken by the majority of candidates. The most common error was to omit to subtract the original capital cost when calculating the net present value. It was surprising to see how many candidates did not include any working in their answer. The correct answer was awarded full marks whether working was shown or not. In a few cases, however, when the final result was incorrect, zero credit could be given for the process as the method used to arrive at this result had not been demonstrated.
- (b) There were many well-argued answers to this question. They showed an understanding of the results gained – the 'own figure rule' was applied by examiners – as well as an appreciation of the other quantitative data. The significance of the investment appraisal results and the other data were usually examined in the context of SWL. Most candidates were able to give a recommendation with some justification to support it.

Question 22

This was answered well by most candidates. The question gave them the opportunity to demonstrate an understanding of financial and non-financial methods of motivation and most answers made effective references to selected motivational theorists. The best answers related this understanding closely to the case study business, the type of problems that existed at W3 and the nature of the work undertaken in warehouses. To gain full marks for evaluation candidates were expected not only to evaluate the most effective methods of motivation in this case but also to make a judgement about their likely 'cost effectiveness'. Some candidates did this very effectively by attempting to weigh up the likely costs – if any – of their motivational suggestions against the likely productivity and efficiency gains from implementing them.

Question 23

Some answers to this question tended to repeat material that had been examined in answer to **Question 22**. The purpose and scope of 'change management' was not fully understood by some candidates. Others appreciated the nature of the change being proposed and the anxiety this could cause the workforce – especially given the way in which communication with the employees was being handled by SWL management. The best answers considered in detail the various approaches to change management that could be applied in this case. Good evaluation was sometimes demonstrated by considering the likelihood of some of these measures being adopted by the SWL management team, such as employee involvement in 'owning and managing change'. Some candidates, quite legitimately, questioned the importance of change management to reduce resistance in this case and suggested that, apart from a few key workers, the loss of employees would not be a problem as they might be easy to replace. A few answers then went on to question this approach by suggesting that it could sour long term relations with employees and damage any future attempts to encourage workforce participation.

Question 24

This question produced a wide range of responses. Some candidates demonstrated some understanding of SWOT but then did not apply this to either SWL or the structuring of a marketing plan. Indeed, an understanding of the potential link between strategic analysis (such as SWOT) and a marketing plan was absent from many answers. The importance of 'knowing where we are now' as a basis for planning a future strategy was not evident in many answers. Better responses did see this relationship and explained how a detailed SWOT could help SWL plan the future marketing of its courier service – to an extent. Once this relationship had been analysed well, the evaluation that followed was often impressive. Some candidates questioned the sufficiency of SWOT and suggested other forms of analysis as being more important such as PEST. The potential subjectivity of SWOT was also raised as a point of evaluation. Finally, some answers made a well-argued judgement that the success of this marketing plan was dependent on much more than a preliminary SWOT analysis.

Section C

Question 25

Not many candidates attempted this question but those who did seemed to grasp at least one of the essential issues it was referring to. 'Good luck' was often considered important when a business was being established at a time of benign external economic conditions. It was often considered to be unfortunate when the prospects of success for a new start up might be damaged by, for example, a recession or a high oil price. 'Hard work' and commitment were often discussed as being important to the success of new enterprises. Most of the examples used made reference to businesses that are now quite large and profitable but candidates attempted to examine the conditions that might have led to their early success. Very few answers discussed some of the other characteristics or qualities of entrepreneurs that might contribute to successful new business launches. By discussing these and comparing them with 'hard work' and 'good luck' further opportunities for effective evaluation would have arisen.

Question 26

This was the most popular question in this section of the paper. Many answers gave a very comprehensive explanation of the factors that can determine overseas investment decisions by multinational companies. Government support, interest rates, exchange rates, market conditions and the need to secure raw material supplies were just some of the issues that were discussed and, usually, illustrated with appropriate references to 'real business' examples. Most candidates seemed to have a very good grasp of how to analyse these issues – for example, the understanding of the potential impact of exchange rate changes was impressive. Perhaps, given the major news story of June 2016, more candidates could have analysed the political and economic uncertainties caused by a potential BREXIT and discussed whether this would have any short or long term consequences for business investment in the UK by multinationals. There was sometimes scope for more detailed evaluation of the issues raised, especially a consideration of which factors might be considered the most important in different business situations.

Question 27

A few candidates attempted this question with varying degrees of success. More could have been made of certain key words in the quotation in all of these answers. For example, 'window dressed', 'annual' and 'snapshot' could all be taken to be essential criticisms of companies' published accounts, yet some candidates did not pursue these lines of debate. Some candidates were struggling for relevant examples to use, but recent problems experienced by some UK and European companies (e.g. for accounts not accurately reflecting potential litigation and PR damage costs caused by product misrepresentation) were both used effectively by some candidates. There was more scope for candidates to consider how the accounts could be made more useful – with specific reference to 'investors' and 'creditors'.

Question 28

This was the second most popular essay title. The question was answered effectively by several candidates. They understood many of the potential business issues that could result from an ageing population and proceeded to discuss different strategies that could be adopted to address these issues. These strategies usually included redesigned products, promotion methods in tune with 'older consumers' and even exporting products that are more geared towards youthful customers. These – and other relevant strategies – were often analysed by use of tools of strategic analysis and evaluated in the context of some well-chosen businesses. Relatively few answers gave much attention to the impact of an ageing population on Human Resource management issues and this tended to make some answers rather unbalanced. It is rare for a major external environmental change to impact on just one business function and candidates are advised, where the question allows it, to consider the impact on more than just the obvious department of a business following an important external change.

BUSINESS AND MANAGEMENT

<p>Paper 9771/02 Strategic Decisions</p>
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Key messages

All the key messages from previous Examiners Reports still stand but it is pleasing that progress is being made in some areas. These include:

- Demonstration of the skill of application
- Improved quantitative skills
- Answering the particular question set
- Time management.

General comments

It is clear that centres are informing candidates of the importance of addressing the particular assessment objectives within each question.

Candidates can make further progress with extensive supported evaluation either at the end or preferably throughout the answer.

It may be useful for centres to give pupils the Examiners Reports in conjunction with the relevant mark schemes.

Comments on specific questions

Section 1

Question 1

- (a) (i) The majority of candidates answered this question well. Some candidates copied out the entire network but did not make it clear which activities lay on the critical path.
- (ii) This was a straightforward question which was well answered by most candidates.
- (iii) This question caused a problem for a significant number of candidates. Candidates should write out the formula in full and show all working.
- (iv) This question also caused a problem for a significant minority of candidates. Candidates are expected to know the key formulas and be able to use them with case data.
- (b) Candidates generally had good knowledge of CPA but application of knowledge was largely generic. The best way to achieve application marks on this question was to engage with Figure 1. Candidates need to be aware that 4 marks from a possible 6 are awarded for application. This question still causes significant problems.
- (c) This question was very good for differentiation and led to a large spread of marks. The best candidates calculated appropriate profitability ratios and then analysed them in case context. Very few candidates used ROCE, yet this is an important profitability ratio.

Section 2

Question 2

This question was generally well answered. It was pleasing to see that a majority of answers looked at potential reasons for and against buying shares in the company. Many answers also considered the view that investing depended on the objectives of a potential investor as they are not a homogenous group. The use of case context was particularly pleasing.

Question 3

The best answers to this question used relevant business theory to support their answers. The use of the Sharesave scheme could be said to be an example of Whitbread meeting its responsibilities to its employees and is supported by the work of Taylor. Alternatively the leadership scheme is an example of job enrichment. The very best answers tended to cover between two and four points in detail.

Question 4

This answer provided a mixed range of responses. The best answers used a strategic model to scaffold their answer. Unfortunately some candidates realised the importance of strategic models but purely wrote out Ansoff's Matrix or Porter's 5 forces model. This only addresses the knowledge assessment objective. Important and relevant concepts such as income elasticity of demand were often ignored or incorrectly applied.

BUSINESS AND MANAGEMENT

Paper 9771/03
Personal Investigation

Key messages

- To score high level marks in the 'Problem definition' section, the business problem must be clear and outlined in detail and linked with title, including which stakeholders are affected and future implication of failure to solve the problem. The research question must be clearly reflected in the research objectives.
- To score high level marks in the 'Secondary research' section, sources should be clearly outlined and include good reliable sources, such as academic articles and trade magazines. All sources must be cited and different perspectives should be compared.
- To score high level marks in the 'Primary research design' section, a good range of different primary sources should be identified and appropriately selected. There should also be a clear account of other primary sources which were considered and rejected.
- To score high level marks in the 'Carry out primary research' section, enough data must be collected from a range of sources. The meaning of the data should be clear and relevant to the question and possible solutions. Issues and critique of the data collection must be discussed.
- To score high level marks in the 'Discussion and use of data' section, relevant business theory concepts should be used accurately. Analysis must use both written and numerate techniques, with any figures fully supported by research results. Analysis should be finely focused on the business problem and proposed solutions.
- To score high level marks in the 'Conclusions and recommendations' section, a range of solutions (realistically two or three) should be evaluated and recommendations should be offered, with 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. A good example of this would be technological changes, such as online selling.
- The 'Communication of business research' section assesses how the report communicates the problem, research, conclusion and recommendations. High levels may be gained by submitting a fully ICT based report which includes different sections, following the norms for academic research, including an abstract. Also, complex argument must be well organised and relevant to the investigation. There should be a detailed Harvard referenced 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 has a logical structure and hangs together as a whole. The report should be logical in order and fully focused on the investigation, containing little irrelevant information.

General comments

This session was the first using revised assessment criteria. The Personal Investigation produced, once again, a very varied selection of titles and overall responses to the task. The best investigations focused on a clearly identified problem and discussed a range of solutions, rather than just a yes/no as a suggested possible single solution for a business. The better candidates had also clearly studied the new marking criteria and therefore included an abstract, a detailed Harvard referenced bibliography, critique of research methods and overall evaluation of the investigation and solutions offered. However, in a very small number of cases, reports were quite descriptive, lacking detailed analysis and sometimes opportunities for numerical analysis were missed. Where candidates were unable to obtain financial data from the business investigated, this sometimes limited their analysis and evaluation marks. 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 unduly constrained by the 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
- had set clear objectives, linked to the investigation title
- used a wide selection of primary and secondary sources, including some critique of actual methods used
- had access to and used detailed information from the business concerned
- used a wide range of Business 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 report sections

Title submissions and quality

Most candidates chose appropriate businesses, submitted titles in time and made some use of Examiner feedback, which made the 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 few other cases the 'problem' was not clear or the proposed solutions investigated were not appropriate, for instance very costly developments for a small business. A few investigations clearly had a 'foregone' conclusion, for instance the replacement of outdated or inefficient capital equipment. The importance of a title which is fine enough in focus, but offers enough breadth for substantial supported financial analysis, is an important key to success, as evidenced by many of the better reports.

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, however, identified the business problem or issue clearly, and many also outlined who was affected and the future implications of not solving the problem. This helped to 'set the scene' in many reports.

Research methodology

Most candidates attempted to use primary and secondary sources and included a clear account of these. However, some failed to include critique of their own research methods and sources. It was pleasing to see, in some cases an account of methods rejected and reasons for this. A clearly set out range of research objectives helped and good use was made of company information and accounts where available. However, wider secondary research, more important under the new criteria, was often limited. Candidates often missed the opportunity to use academic sources, 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 some cases, to see use of relevant magazine articles, population data and Internet articles.

Analysis and use of business theory

Most candidates made good use of the theory knowledge from the course and applied this appropriately to their investigation; although, in a few cases, the use of very broad theory knowledge across different areas of the syllabus actually detracted from the focus of the report. Occasionally, candidates attempted to use theory concepts inaccurately or inappropriately and missed out on marks in this section.

'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. The best investigations included a financial or numerical 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. However, a common reason for lower level marks in this section was unsupported figures used in analytical techniques and also inappropriate use of numerical methods. Due to the complexity of some of the numerical analysis, it was a sensible approach to include some of the calculations in appendices. Accounts which contain figures used should be included, as these can support the analysis. In a very few cases, the numerical analysis seemed to have been provided by the business investigated, rather than the candidate.

In a very few cases, where candidates had not managed to access any financial information or figures, or just quoted figures without use of analytical techniques this limited marks for analysis. It is highly recommended that candidates make sure that financial or other numerical data is 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, recommendations and evaluation

All candidates drew conclusions and recommendations from their investigations, but the degree of support for these from the research 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 very few cases, where the conclusions were brief and no recommendations were offered, candidates did not score well in this section. Likewise, where no evaluation was offered, either of the investigation or the solutions offered, there were significant lost opportunities. In the best reports, the range of possible solutions and recommendations were realistic and detailed, critical evaluation was applied to research and analysis methods.

Communication

This has fewer marks than under the old marking criteria. Once again, most candidates scored relatively well. It was encouraging to see evidence that some candidates had studied the criteria carefully, for example the suggested inclusion of an abstract. All candidates included a bibliography, with most attempting to use the Harvard referencing system. All reports were ICT based and generally the standard of presentation was high, including tables and graphs. The best reports used numbered sections and headings, 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 you progress.
- 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 or issue.
- 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 trade magazine articles, national statistics, population figures and economic trend data.
- Start by analysing financial or numerical 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 numerical techniques, such as investment appraisal. Do not include financial analysis for which you cannot explain its use or relevance to the analysis.
- 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. Do not limit yourself to a single yes/no solution.
- Make sure that you include your recommendations and critical evaluation in a separate section.
- Make good use of appendices, especially where you can support figures used in numerical analysis.
- Include a fully referenced bibliography; Harvard referencing system is best practice.