

# BUSINESS AND MANAGEMENT

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Paper 9771/01  
Business Concepts

## Key messages

- Very few candidates appeared to be under a severe time constraint.
- Some evidence of weak content knowledge e.g. interest cover ratio and workforce planning.
- Some candidates left 'blanks' instead of answering all multiple-choice questions.
- Application of answers to the case study material provided shows some improvement.
- 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. Apple Corp is frequently referred to but this business cannot provide examples adaptable to all of the questions set!

## Comments on specific questions

### **Section A**

The mean result on this section was 12.6. The highest score was 20 (one candidate) and the lowest was 5 (one candidate). The questions producing the highest proportion of correct answers were 3, 11, 16 and 19. The lowest proportion of correct responses were recorded by **Questions 7, 10 and 20**. 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, of course, no penalty for putting an incorrect answer so even a 'last minute guess' is preferable to a blank space. For the first time since the inception of this qualification, one candidate scored maximum marks.

### **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 completed by a 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, no 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' applied – as well as an appreciation of the other quantitative data that would be useful before taking a final decision. The accuracy of the net cash flows was often questioned and data from Table A was also frequently referred to as being important to the final decision. The significance of the investment appraisal results and the other data were usually examined in the context of CRH.

### Question 22

This was answered well by those candidates who understood that a marketing plan is more than just one element of the marketing mix. The best answers analysed the key features of a marketing plan in this case and considered the need for a marketing budget to inform the public about the new ride and discussed the pricing strategy that was most likely to lead to a successful launch of the new ride. A few answers based their marketing plan around the likely intended target market and these were often well focused and appropriate answers. The weaker answers tended to just highlight one aspect of the marketing mix and made no effort to develop an integrated plan.

### Question 23

The best answers started with an accurate explanation of workforce planning. However, it was disappointing to see so many answers that failed to demonstrate – explicitly or implicitly – an understanding of workforce planning. Many answers referred to workforce related issues in a general sense, often revolving around the issue of motivation. Others tried to explain workforce planning by turning the term round and stating that ‘planning the workforce is very important for CRH’. The age-old advice to candidates to start answers with an accurate definition of any key terms in the question would have paid dividends here as it should have provided the essential focus on assessing numbers and skills of the workforce required for the success of the theme park.

### Question 24

This question produced a wide range of responses. The better responses clearly understood the concept and techniques of lean production and made determined, and largely successful, attempts to apply them to a service business. The relevant issues that the business faced were considered and the ways in which ‘lean’ approaches to resource management were evaluated. Weaker responses often shows some understanding of lean production but were limited in their awareness of how it could be applied to CRH, despite the references to resource management issues.

## Section C

### Question 25

Not many candidates attempted this question but those that did sensibly adopted a ‘stakeholder’ framework. That is, they considered the ways in which several business stakeholders might make use of the published accounts of public limited companies. This aspect of the responses was invariably well done showing effective understanding of how an analysis of published accounts can aid stakeholder decision making. Less effective was the application and evaluation evident in most answers. Candidates seemed not to have been aware of recent publicity regarding the inaccuracy or insufficiency of published accounts. The limitations of these accounts could also have been considered in greater detail especially regarding the information that is not included or which, when it is, is often of doubtful objectivity.

### Question 26

This was the least popular essay question. Competitive advantage was generally well understood and references were often made to the Porter model. Surprisingly, the specific nature of ‘Operations Management’ was often not so well understood and some answers lacked focus on the ‘efficient resource management’ aspect of the work of this functional department. The best answers linked competitive advantage either to low costs – and explained how effective Operations Management could contribute to this objective – or differentiation – and examined the role of R and D in developing successful new products. In other words, these few candidates really understood the focus of the question and most of them were also able to suggest why other factors, such as CRM, might be important contributory factors to competitiveness.

### Question 27

This was the most popular question by quite a large margin. There were some very comprehensive answers with excellent application to a wide range of businesses. There is, of course, no single factor that can lead to customer satisfaction and the variety of approaches adopted by candidates was interesting. There were no really weak answers to this question but the best ones stood out because they were able to evaluate not just the factors that can drive customer satisfaction but also the importance of constant communication with customers e.g. through social media, to ensure that they were (or were not) ‘being satisfied’. This feedback could then prove to be the basis for variations in the offerings of a business to improve satisfaction ratings.

### Question 28

With a very few exceptions, the candidates who answered this question had a very sound grasp of current economic events and the role of the government's fiscal policy in influencing the level of GDP. Some of the economic theory presented by a few candidates about macro-economic forces was not always necessary but these responses often went on to consider in detail how several UK businesses might be affected by reduced tax rates on low paid workers and on corporate profits. There were some convincing arguments put forward about how lower direct taxes on the low paid might have a positive motivational effect and on how lower corporation tax could stimulate business investment. Some of the analysis was of a very high order and often supported by an evaluative consideration of why some businesses might not be affected that much – at least in the short term – by these fiscal policy changes.

# BUSINESS AND MANAGEMENT

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

- Candidates must be comfortable with the quantitative elements of the course. They must also be able to correctly interpret the results of calculations and implications for a business.
- Some of the best candidates evaluate throughout the answer and not just at the end.
- Many candidates continue to cover too many points. This leads to superficial analysis.
- Precision of knowledge is still a major issue. This is particularly true in relation to the concept of elasticity.

## General comments

- The legibility of some candidates writing was an issue.
- Quality is more important than quantity.
- Candidates and teachers are clearly responding to the advice given in Examiners reports.
- The strategy **Question (4)** must include a coherent plan of action and use a strategic model to help formulate the plan.
- Candidates should selectively use relevant theory/concepts to support answers.

## Comments on specific questions

### **Section 1**

#### **Question 1**

- (a) The question on RoCE was not well answered. It was encouraging that many candidates knew the correct formula but many could not calculate capital employed. Ratios are a common theme of paper 2 **section 1**.
- (b) This straightforward calculation was correctly answered by a vast majority of candidates. Candidates are reminded to write out the formula and show all working.
- (c) This question was not well answered. Some candidates did not follow the instructions in the question and reviewed both of the ratios in **Questions 1(a)** and **1(b)**. In this case the candidate was awarded the best mark out of the two interpretations.

As a guide to this type of question (only requiring comment on one ratio) a potentially successful answer could include two clear knowledge points and two clear application paragraphs.

When candidates interpreted a ratio in which they calculated the incorrect answer, the OFR rule was followed.

- (d) This question clearly differentiated the quality of candidates understanding of dividends. The best answers expressed a balanced view and used the accounts to support their answer. Whilst many candidates mentioned the raw figures from the accounts, only the very best manipulated the data into relevant ratios. It was particularly pleasing to see some candidates calculate and use dividend cover.

Candidates should be reminded that a reasoned overall judgement (evaluation) is not required on the 13 mark question and is not rewarded.

## **Section 2**

### **Question 2**

This question was very accessible and follows a theme of external environment questions on paper 2. The best candidates had read the question carefully and focused on the word 'should' in the question. It was pleasing to see many candidates engage with the elasticity data but too many candidates show a vague knowledge and application of this area.

Some candidates supported a view that a decrease in UK unemployment should not alter the strategic decisions of TPT. This line of argument is fine as long as the application and analysis is evident to support the view.

### **Question 3**

Many candidates confused profit sharing with share ownership. This was only partially penalised in the assessment objective AO1 knowledge. Many answers gave balanced well supported views as to why profit sharing is/is not useful for TPT. The best answers tended to use motivational theory to support their application and analysis. It is vital that candidates identify relevant business theory/concepts/calculations to support their answers.

### **Question 4**

This answer proved accessible to most but still differentiated the candidates. It has been a theme of past reports to stress the need for a strategic model(s) to support a coherent plan of action. It is important that candidates do not purely mention many strategic models with only superficial use. A better approach would be to use one model throughout the entire answer or two relevant strategic models at the most. The Ansoff Matrix was used effectively by many candidates.

# BUSINESS AND MANAGEMENT

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Paper 9771/03  
Personal Investigation

## Key messages

- To score high level marks in the 'Problem definition' section, the business problem or development decision 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 of problem 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 academic sources, such as 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, (realistically two or three) solutions 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 or business uncertainty, due to 'Brexit'.
- 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

The Personal investigation reports 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 to a suggested possible single solution for a business. The better candidates had also clearly studied the 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 secondary market information and 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 constrained by the word limit and many included substantial information, including financial analysis and critique of research methods, 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 and comments on rejected methods.
- 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**

#### **Title submissions and quality**

Most candidates chose appropriate businesses, submitted titles in time and made some use of my comments, 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' or 'proposal' 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 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. Better investigations also clearly linked the problem with research objectives.

#### **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 many 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 concepts from the course and applied this appropriately to their investigation, although, in a few cases, the amount of theory knowledge across different areas of the syllabus, detracted from the focus of the report. Occasionally, candidates attempted to use theory concepts, such as investment appraisal, 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. 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. However, 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 these support the analysis. In a very few cases, the numerate 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 analysis 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 scored much less well in this section. Likewise, where no evaluation was offered, either of the investigation or the solutions offered, there were significant lost opportunities in some cases. 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**

Once again, most candidates scored relatively well in this section. It was encouraging to see evidence that some candidates had studied the criteria information 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 though 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 research critique. 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 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 or proposal that is relevant to the future performance of the business concerned.
- 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 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.
- 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, realistic conclusions or solutions to the business problem and discuss strengths and weaknesses of each.
- Do not limit yourself to a single yes/no solution. Do not be afraid to conclude with a negative recommendation, this is often the case when entrepreneurs investigate options for growth.
- Make sure that you include your recommendations and critical evaluation in a separate section.
- Make good use of appendices to supplement your report, especially where you can support figures used in numerate analysis.
- Include a fully referenced bibliography, Harvard referencing system is best practice.