

7811 Business Studies



RECOGNISING ACHIEVEMENT

2879 The Business Thematic Enquiry

Theme for 2008

The theme for January 2008 and June 2008 is **long term survival**

The markets in which most businesses operate are constantly changing. From time to time, this requires that organisations take appropriate measures to help ensure survival. This may mean a complete transition into an entirely different market or it may require a new approach to meeting the needs of the same market. In either case the change is long term and is likely to require careful consideration of marketing, financial, operations management and human resource factors.

The cases for 2008 will outline situations in which a business has to make a choice between two or more strategies for dealing with the need for a fundamental change. In each case study there will be scope to consider the problem from several different aspects and to prioritise relevant items of evidence. There will be a specific focus in the title chosen for the report and an expectation that the report will be written in a way which answers the question posed in the title.

It is impossible to consider all the facets of such problems in the time available. Good answers are likely to see the problem from one or two perspectives; those which the candidate considers the most significant. To give focus to study, and to assist candidates' preparation for the examination, candidates should be aware that the central focus for each of the examinations in 2008 will be:

January 2008: A small public limited company struggling to survive in the increasingly competitive market for copying machines and associated consumables. Like most of its competitors, the business both provides and services the necessary equipment. Candidates will be asked to choose between three possible options for long term survival.

June 2008: A partnership has been successfully operating as an Internet café for several years. It meets the needs of both the professional and the leisure user. The market, however, is rapidly declining and the partners must make radical changes if their business is to remain successful in the long term. The partners are investigating two options for change. In both

options there are many issues to resolve. Each option carries considerable risks of failure, but also potentially high profits.

Notes to assist Preparation

There are no 'right' answers in this unit. Instead, the examiners are looking for candidates to demonstrate the same skills as those which are assessed in the work of candidates taking the alternative Business Project unit. The notes which follow give guidance on how these skills are demonstrated.

Assessment will be by OCR examiners using the criteria set out in the specification for unit 2879. **Each of these criteria will be applied to the work as a whole.** Candidates may demonstrate the skills being assessed in any part of the report.

There are nine criteria and four of them, criterion 1, 2, 8, and 9, set out the kind of approach to the unit which will earn high marks.

Criterion 1. This is entirely satisfied by a good plan; Task 1 on the paper. Candidates should follow the requirements of the four sub-tasks as detailed. Writing a good plan will establish a firm foundation for the report. Good preparation might include writing such plans for past paper cases.

Criterion 2. This is about the objectives stated in the plan and then followed in the report. Candidates should be aware that it is the objectives they choose to follow in writing the report which should be stated. To get a good mark in this respect, it is expected that sensible objectives, clearly related to the case, will be stated in the plan and then effectively used within the structure of the report.

Criterion 8. The requirement of this unit is that a **report** should be written. The style of the report is not important and a variation of style is often best; with bullet points for things such as stating objectives and continuous narrative to evaluate and make decisions. This criterion also requires that diagrams be well labelled and that information used should be sourced. There is no need to spend time explaining the elements of a report structure.

Criterion 9. Business studies has an extensive language of its own and it should be used where appropriate. To do so shows a good understanding and is usually much more concise and focussed than non-specialist language would be. Candidates should use subject language with confidence but use it correctly. It is just as important to show good general written communication skills.

Criteria 3 and 4. These criteria relate to research. What the examiners are testing is an understanding of information, outside research, and theory which might be helpful in defining and solving the problem as set out in the case. That data is there to be used and both theory and outside research should help

in that process. The mere statement of data from any source is **never rewarded**. Data has to be associated with the purpose of the report in some way. Good outside research is rarer than it should be and its effective use is even more uncommon. Those candidates who do use it almost always do very well. Candidates are not expected to use all the data in their report. However, nothing which is crucial to either side of the argument which a candidate has chosen to present should be ignored.

Whilst many candidates will approach a report from a particular viewpoint such as marketing, finance, operations management or human relations, a good mark will depend on focussing the data to answer the question set. It will never be true that the answer lies entirely within one aspect of the specification but it is not expected that every issue will be tackled.

Criterion 5. The report should make it clear that a candidate has studied the subject and can use the theory, concepts and techniques in ways which are appropriate to the question asked. The requirement here is **use** and the mere presentation of either business studies knowledge or external research will gain no marks at all. To gain marks on this criterion there must be some explicit way in which the knowledge has contributed to the response to the question set.

Criterion 6. In order to answer questions and make decisions, data, from whatever source, has to be turned into evidence by the support of a theory, by relating it to other elements/aspects of data, by argument, by calculation or by applying a known technique. Mere presentation of information (from the case, or elsewhere) or indeed explanation or further description of this information, may show understanding but it is not analysis because, in those processes, there is no attempt to apply.

Criterion 7. To satisfy this criterion the candidate is expected to make judgements, i.e. use the evidence created by analysis to answer the question through a logical and sustained argument. To count as evaluation this process must be sufficient to convince and must have a clear relationship to the decision made. It is not sufficient to simply state a choice or select an option. The crucial question is **why?** The task is simplified by offering choices of strategy or options. **There is no reward for going outside those options** and suggesting a different one. The crucial requirement for success is not the decision made; there is always evidence enough to support any of the possible choices. What is looked for is a logical and reasonably complete thread of argument from the evidence through to the decision. There should also be a realisation that businesses will not make decisions where the benefits of making them are less than the costs.

The Requirements as stated on the Paper

The instructions on the paper require two tasks to be completed. The purpose of Task 1 is to enable the candidate to meet the assessment requirements of Criterion 1 and to set report related objectives. This includes the opportunity to make assumptions which might limit the focus of Task 2. For example: "I assume the necessary finance is available" would be a sensible assumption in a situation where there is no evidence to suggest problems in raising finance.

Task 1: Write a plan for your report in which you make clear: (10)

- (i) the problem as you see it and the need to solve it;
- (ii) the context in which this problem must be solved;
- (iii) your objectives in your approach to the problem;
- (iv) any assumptions you make and the reasons for them.

You are advised to spend between 10 and 15 minutes on this task.

Task 2: Write your report. (80)

In your report you must satisfy the criteria on which this assessment is based, and therefore, should ensure that you:

- (i) provide terms of reference for the report;
- (ii) select appropriate evidence for this task. You should use evidence from the case, from business theory and from the work you have done in preparation;
- (iii) present and analyse the evidence logically in line with the objectives you set and the assumptions you made in the plan;
- (iv) consider the situation and arrive at a supported recommendation.

Completing These Tasks

Task 1: The Plan

The plan carries only 10 of the 90 available marks. These are the five marks available within Criterion 1 and five of the available marks from Criterion 2. Its value lies in the thought and structure which goes into the process and the positive effect this then has on the report itself. To gain the marks, it is essential that the candidate completes the first three sub-tasks and includes any assumptions being made in the fourth sub-task; these will indicate the perspective from which the candidate is writing the report. Examples of what is meant by this can be seen in previous Principal Examiner's reports for unit 2879.

In the January 2007 examination, for example, many candidates did not keep strictly to the four sub-tasks set out in Task 1. The consequence was often a confusion of problem definition and the context in which the problem needed to be solved. As a result, the foundation the candidates had set was often weak.

Candidates are advised to look for the real problem and not just factors which have created it, or indeed, features of it. For example, in January 2006 the problem was not the absenteeism or the lateness but the threat to survival which was being posed by the likelihood of losing a major customer. Similarly, the real problem in January 2007, for example, was that total annual revenue was insufficient and the business did not have a cash balance sufficient to see it through the winter.

Task 2: The Report

There is no house style for this but there should be a logical separation into sections which are appropriately headed and a clear conclusion which addresses the issue(s) included in the title.

'Right' answers are not assumed. Any answer which follows a logical and supported argument in line with a selected perspective is sufficient. However, the connection between the perspective being developed and the nature of the question posed must be clear. Evidence to support the chosen perspective must be offered from the case and interpreted and analysed correctly.

Example

The case **might** contain a financial constraint or an issue relating to external pressures. It could be that these matters must be addressed before any planned introduction of strategies to ensure long term survival can be introduced and carried out. The candidate may argue that such issues are crucial to the intended outcome. A report which focused entirely on the selected issue(s) and did not relate it back to the question posed would not have answered the question.

It is good to see that most Centres encourage research around the topic area and that good evidence is often found from local business behaviour, the Internet and other secondary sources. But, the mere inclusion of such evidence is a pointless exercise. The main evidence should come from the case provided and external evidence should be **used** to reinforce, explain or enrich evidence taken from the case.

Candidates should be encouraged to use personal experience provided it can be used to support an issue arising from the case or to advance a relevant argument. For example, in January 2007 candidates who worked in a garden centre often failed to develop and use this experience.

The requirement of the unit is to provide an answer(s) to a problem which is presented in the form of a well structured report. The report should proceed logically from the presentation and, where necessary, explanation of evidence, through selectivity to analysis, evaluation and final recommendation(s).

Over-prepared structuring makes poor use of the limited time available. It is much

better that a candidate understands the framework of a report and writes a response within that framework.

Time Management

The report is expected to be short. It should be capable of being written in not more than 50 minutes. This is because candidates will need at least:

- 10+ minutes to read the case;
- 10+ minutes to prepare the plan (Task 1);
- 10+ minutes to read through and amend the work.

Writing the report in the time available requires practice and puts a premium on the conciseness and preciseness of the candidate's written style. Good use of past papers can help to ensure this.

Use of Evidence

The Business Thematic Enquiry is an alternative to the Business Project (unit 2878) which is based on the study of a specific problem. To ensure that unit 2879 is a real alternative, candidates are expected to make use of appropriate knowledge and understanding drawn from their study of business situations in preparation for the examination. Most of the evidence will come from the unseen case itself, but there will be many opportunities to support the points made with knowledge (both theoretical and practical) drawn from previous study. To gain the marks available, there must be genuine **use of** such knowledge and not its mere presentation.

Example

For example, candidates may be aware of an instance in which a business was faced with a problem of long term survival and found a strategy which has worked. On the other hand, another business may have failed to survive. There may be lessons in either of these situations which could be applied to the case. The details must be sufficient to make the example real and the evidence offered must be used and not just written about.

In the case itself, there will be a variety of ways to proceed and it is the *logic* of the answer which will earn the marks, not how 'correct' is the solution. In the case there will be some information which is not relevant. This is to allow the candidate to show selectivity by using only the information which can be effectively used in supporting the candidate's argument.

The most common weakness is to note, but not to really use, numerate evidence. All business action carries with it a cost and, more often than not, there is evidence about the extent and nature of such costs in the case. Poor answers ignore this, the moderate ones acknowledge it, but a really good answer will make some effective use of it. In dealing with such evidence, business theory is often useful and should be used.

Example:

In the January 2006 case there were certain monetary costs involved in setting up a crèche. There was also a massive financial advantage to workers with young children built into this situation. Most candidates saw the negative motivational effects on those without young children but many shied away from the simple proposition of a charge to those who benefited which at least produced break even. Even fewer saw the opportunities provided to market the facility so that it might produce a profit for the firm.

To support a particular approach, the candidate may wish to make assumptions. This will be rewarded provided each assumption made:

- is clearly stated (this should be in the plan);
- is supported by argument;
- clearly assists the candidate's report;
- does not distort or neglect the evidence.

Long Term Survival in the OCR A-level Specification

Owners of business will strive to survive above all else and will take considerable risks in order to do so. They have to respond to changes and pressures from both inside and outside the business and this may mean finding entirely different sources of income as consumer needs and methods of production change. This is always more than just a marketing problem and may involve most aspects of business studies. In some cases new approaches to production centred on new recruitment and training supported by capital investment might be the core of the answer. An entirely different approach is to diversify into different products and different markets. This requires flexible resources, training and often multi-skilling, as well as effective marketing to successfully target new consumer groups.

Entering new markets and or finding different strategies for current ones, is not devoid of risks, and ways of reducing risks to manageable proportions such as break even analysis, decision tree analysis and forecasting techniques all play their part in this process. Most strategies will require investment and there is a need to ensure that such investment is going to be worthwhile.

Every community is a changing one and within it there are ways of dealing with change which threatens survival and which can be observed and analysed as an excellent preparation for the January and June 2008 series examinations.

Sources of Information

- Standard textbooks. It is important that the ones used are of A Level standard. The text endorsed by OCR and published by CUP provides a sufficient foundation and leads into the synoptic and strategic approach required to demonstrate problem-solving skills in unit 2879. At A2,

strategies for coping with survival threats should be considered holistically and effective strategies must be planned, executed, reviewed and modified.

- Past papers, mark schemes and examiner reports on unit 2879.
- The strategy questions which are asked within Further A2 units and particularly unit 2880.
- Articles in Business Review.
- The Internet and reference libraries.
- News sources of all kinds and the activities of individual businesses or business groups such as the Chamber of Commerce, The Rotary Club or the British Institute of Management can all be of considerable use in preparation.
- Looking at the local community, and often, particularly at small businesses. Observe which local businesses have remained largely as they are for the last five or ten years, those which have changed in significant ways and those which are no longer there. Try to find out the major reasons why.

Finally

Experience has shown that it is not wise to over-structure what candidates might do in the examination. The danger is that the eventual report, though well structured, will not focus effectively on the actual problem posed, will present too much theory and will make insufficient use of the case material in developing an argument. Practise in using the skills as assessed in the criteria is, however, essential to success.

It is also advised that practice in writing a report plan in the form of the four tasks presented in the case is advisable. However, plans which are not based on a case are content free and, therefore, it is difficult to provide a definition of a problem, a context in which it exists and objectives in solving it. Any plan writing experience, therefore, should always be based on an actual case. However, virtually any past case can provide such a scenario.