

OCR ADVANCED SUBSIDIARY GCE IN BUSINESS STUDIES (3811)

OCR ADVANCED GCE IN BUSINESS STUDIES (7811)

Teacher Support: Notes for Guidance Second Edition

This Teacher Support: Notes for Guidance booklet is designed to accompany the OCR Advanced Subsidiary GCE and Advanced GCE specifications in Business Studies for teaching from September 2002.

The following changes have been made from the original Teacher Support booklet published last year:

- the introduction of detailed notes for guidance on each of the units assessed by written examinations, including examination hints and particular reference to the change in the assessment of AS units from June 2003;
- updated guidance on the coursework unit, the Business Project, and the alternative to the coursework, the Business Thematic Enquiry;
- a guide to levels of response used in the AS/Advanced GCE Business Studies mark schemes.

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1 Module 2871: Businesses, their Objectives and Environment

1.1 General Guidance

Changes to Assessment Format – June 2003 Onwards

The first point to note regarding the changes is that *the specification itself has not changed at all*. The unit has always generated a wide spread of marks and so has clearly been accessible to candidates of all levels of ability. Also, the questions set have discriminated well. The prime objective behind accommodating the changes was that the paper should continue to achieve these.

The first change that needs to be mentioned is that the case study is now to be pre-issued; a change that is to be welcomed as pre-issued material can now be used as a teaching resource (especially for group discussion).

The paper's title remains '*Businesses, their Objectives and Environment*' and this gives a very broad hint as to what candidates will be examined on. They will not need to know any accounting, operations management, 'people' related issues or marketing. Centres may well teach the material in this unit along with these other issues, indeed in many instances it makes sense to do so, but candidates must not be encouraged to write long detailed answers involving concepts that are not on the 2871 specification. Examiners can only reward on the content of the unit being marked.

There will continue to be **two** marks available for the quality of written communication – just under 5% of the paper's (45) total marks – see below for the new mark breakdown. Although it is mentioned in virtually every Principal Examiner's report for 2871 it is important for Centres to realise the importance of answers encouraging the use of clear English, set out in paragraphs using the correct grammar.

The second change that needs to be mentioned is *that it is now likely that instead of just text, the case study will contain tables of data and/or simple graphs*. This new data will not make the paper more 'challenging' – as the specimen paper makes clear. This is *not* an addition to the specification (Section 6, for example, makes reference to demographic change, consumer and employee patterns); rather the opportunity is being taken to vary the presentation of the specification content.

Candidates do not need to be frightened of this! They will *not* need to perform complicated calculations with these data and no new tables or graphs will appear on the day of the examination. Hopefully they will make the case (and questions) more interesting than the newspaper article/thumbnailed sketch of a business to which we have been restricted (due to time pressure) so far. The addition of these data may also help facilitate analysis and evaluation.

The third change is that the time allowed on the paper will now be shortened by 15 minutes *and it will now last one hour*. The requirements of the paper will remain the same. It will neither be easier nor harder in its new shorter format. This is for two reasons. Firstly, as it is issued in advance there is no longer the necessity to spend examination time reading and 'digesting' completely new material. Secondly, there will now be five questions instead of six.

The old paper had two 'lead-in' questions – 1(a) and 2(a) – worth four marks, each requiring application of knowledge. The new paper will also have 'lead-ins' but the format will be slightly different. The first question will now require a straightforward recall of knowledge for two marks, and the second will be as before (i.e. an outline/explain type question) and will still be worth four marks. The third question will require some analysis of the case issues if the candidate wants to access the highest level of the mark scheme. The top mark here will be nine marks. The fourth and fifth questions will be similar in nature to the old questions 1(c) and 2(c). These will be the 'substantial' questions requiring evaluation – i.e. the candidate will need to form a judgement on some aspect(s) of the case material. These questions will now be marked out of 14 and not 15.

This means that the allocation of marks and their breakdown for this paper will now be as follows:

Question 1	Level 1	2 x 1 mark
Question 2	Level 2 Application of knowledge	(4-3)
	Level 1 Recall of knowledge	(2-1)
Question 3	Level 3 Analysis of issue(s)	(9-8)
	Level 2 Application of knowledge	(7-4)
	Level 1 Recall of knowledge	(3-1)
Questions 4 and 5	Level 4 Evaluation of issue(s)	(14-11)
	Level 3 Analysis of issue(s)	(10-7)
	Level 2 Application of knowledge	(6-4)
	Level 1 Recall of knowledge	(3-1)

The paper is now marked out of 45 not 60 but the percentage of the marks available for each assessment objective has of course remained the same.

The nature of the questions will not change either. The sorts of questions that have been asked in previous sessions will continue to be set. So from Section 1 of the specification there might be a question involving the consideration of a particular business decision from the point of view of (say) employees, customers, or the local community. The possible conflicts between stakeholders might also be examined.

On Section 2 candidates will need to demonstrate understanding of why some businesses are large and why some are small, and how the legal structure and ownership of a business can affect its operation.

Sections 3 and 4 deal with objectives. Candidates might be examined on the nature and importance of setting and reaching of objectives. Also how and why objectives might change.

Sections 5 and 6 are concerned with external influences. Possibilities for examination here are how economic, legal, technological, and demographic factors affect business operations. The significance of ethical (or unethical) behaviour might be considered, as might social costs and benefits.

1.2 Assessment Synopsis

- Assessment Format: Case Study (Pre-issued)
- Availability: January and June
- Value: 30% of AS, 15% of A Level
- Time: 1 hour
- Maximum Mark: 43 + 2 (Quality of Written Communication)
- Questions: 5 questions

A typical question pattern may be as below.

	SKILL REQUIRED	MARK ALLOCATION
1(a)	Knowledge	2
2	Application	4
3	Analysis	9
4	Evaluation	14
5	Evaluation	14
	QWC	2
	TOTAL	45

1.3 Notes for Guidance by Topic

The notes for guidance are intended to clarify the specification but Centres should note that they do not replace the specification itself. They do not preclude a question being set on the specification content that is not covered by the guidance given.

1.3.1 The Nature of Business

By the end of the section candidates should be able to:

- demonstrate understanding of the purpose of business activity;
- identify the groups involved in business activity and comment on their roles, note an understanding of the term 'stakeholder' is especially important;
- demonstrate an understanding of the interaction between a business and its stakeholders;
- demonstrate understanding of how a business's actions might affect its stakeholders in a given situation;
- demonstrate understanding of how and why a business needs to be accountable to its stakeholders;
- demonstrate an understanding of the interdependence and interactions between businesses;
- demonstrate understanding of how and why a business needs to be accountable to its stakeholders;
- demonstrate an understanding of what businesses need to succeed, e.g. finance, customers, suppliers, co-ordination of activities etc.;
- demonstrate an understanding that the business environment is dynamic and the effects of this on business behaviour;
- define and explain the difference between internal and external sources of finance;
- identify and explain sources of short, medium and long term finance that a business might use;
- discuss and justify the use of different sources of finance in a given situation;
- demonstrate an understanding of the relationship between the legal structure of a business and its sources of finance;
- demonstrate how changes in the business environment can affect the attractiveness of different sources of finance.

'Sources of finance' is only mentioned briefly in Section 1 but Centres need to be aware of it.

1.3.2 The Classification of Business

By the end of the section candidates should be able to:

- understand, explain and exemplify the different methods of classifying businesses, i.e. primary, secondary and tertiary sector; public and private sector; also by legal structure;
- explain and be able to comment on the different measures of business size;
- show an understanding of the way in which the legal structure of the business affects the relationship between ownership and control;
- show how the legal structure of a business affects its operation;
- demonstrate an understanding of how different types of ownership are related to control, sources of finance, objectives and distribution of profits;
- select and justify an appropriate legal structure in a given situation.

1.3.3 Objectives

By the end of the section candidates should be able to:

- demonstrate an understanding of the nature and importance of objectives at corporate and departmental level;
- show an understanding of how objectives may vary between different types of business;
- understand and be able to comment on how and why a business's objectives may change;
- identify and comment upon the sort of objectives which a business may pursue in the short, medium, and long term;
- demonstrate understanding that a business's strategy arises from its objectives;
- show an understanding of how objectives may be used as the criteria for judging business success;
- demonstrate an awareness of the relationship between risk and reward;
- demonstrate an awareness of different types of risk which a business may face in order to meet its objectives.

1.3.4 Objectives and Strategy

By the end of the section candidates should be able to:

- understand and be able to use a simple SWOT and PEST analysis as an aid to setting objectives and planning;
- demonstrate understanding of the nature of a business plan and the reasons for producing one;
- explain the difference between tactical and strategic objectives;
- show awareness that a business may have several objectives and that some of these may at various times conflict;
- demonstrate understanding that a business's behaviour reflects objectives at both tactical and strategic level;

- comment on the reason(s) for a business pursuing a particular objective;
- comment on how appropriate a business's objective(s) or/and strategy are in a given situation;
- explain and be able to comment upon the factors that may cause a business to change its objectives;
- comment on how a business's objective(s) might affect its stakeholders;
- suggest changes to a business's objectives that might be appropriate in a given situation.

1.3.5 External influences

By the end of the section candidates should be able to:

- demonstrate awareness of the major macro-economic objectives a government might pursue;
- demonstrate awareness that government may place different emphasis upon these macro-economic objectives from time to time;
- define and describe the business cycle; demonstrate awareness of the criteria that could be used to assess the economy's position in the cycle, e.g. output and employment;
- demonstrate understanding of how business behaviour is affected by the business cycle at local, national, and international levels;
- demonstrate understanding of why the state may seek to regulate the economy;
- demonstrate awareness of the policy instruments used to achieve macro-economic objectives, e.g. monetary policy, fiscal policy, exchange rate policy;
- define and explain the different types of tax that might affect a business's operation;
- demonstrate understanding of how changes in interest rates, tax rates (direct and indirect) and exchange rates may affect business behaviour;
- discuss and comment on how and why a business might react to changes in levels of interest, tax and exchange rates;
- demonstrate understanding of the nature of public expenditure;
- discuss why and how the state acts as a provider and supporter of business activity (e.g. through regional policy, provision of education and health) and be able to comment on how this affects business operation;
- demonstrate understanding of how changes in public expenditure may affect business behaviour;
- demonstrate understanding, and be able to comment upon, the factors that influence a business's supply of products, and the demand for its products in a given situation;
- demonstrate understanding of the interaction of supply and demand;
- discuss and justify how a business may react to changes in the factors that influence supply and demand in a given situation;
- demonstrate understanding and be able to comment upon the implications for a business of excess supply and excess demand in a particular market;
- demonstrate understanding of how changes in the nature of a business's competition may influence its operation.

Note: the teaching of 'exchange rates' should, with the possibility of the UK joining the Euro, also include the business implications of this. Many Centres do this already, but it is now a factor that cannot be ignored. Academic economic questions will not be asked!

1.3.6 Other influences

By the end of the section candidates should be able to:

- demonstrate an awareness of demographic trends within the UK and how these may affect business activity;
- discuss and justify how a business may react to a given demographic change;
- identify and exemplify customer needs and understand that these needs are dynamic;
- show understanding that changes in consumer and employee patterns may affect a business; discuss and justify how a business may react to a given change in these;
- demonstrate awareness of the opportunities and threats that technology presents to businesses;
- discuss and justify how a business may react to a given technological change;
- exemplify the concepts of culture and ethics;
- demonstrate understanding that businesses are not in an isolated environment but must react to external influences such as the culture and ethics of their stakeholders and community;
- comment upon the implications of a business acting in an ethical and/or unethical manner;
- demonstrate awareness that businesses operate in an environment in which law is a significant influence both as a constraint and an enabler;
- identify and comment upon legislation that impacts upon business behaviour – candidates will need to demonstrate awareness of the nature of the legislation relating to employment, organisation, and marketing but a detailed understanding is not required;
- define and explain the external (social) costs and benefits that might arise from business activity;
- discuss how these costs and benefits might affect the stakeholders of a business in a given situation.

In essence, by the end of Sections 5 and 6 candidates should be able to discuss the influences that are likely to affect the operation of businesses of all types and sizes.

2 Module 2872: Business Decisions Module 2873: Business Behaviour

2.1 Topics

2.1.1 Marketing

The study should focus on the process of finding and satisfying customers with an emphasis on marketing objectives, strategy and tactics.

The Market, its Definition and Structure

- Definition and importance of the marketing process.
- Marketing's relationship with other business activities.
- Marketing objectives and behaviour as a means of achieving corporate objectives.
- Customer versus product orientation.
- Marketing and overall objectives.
- Market segmentation: reasons and methods.
- *Define marketing and explain its importance in terms of meeting customers needs and meeting the objectives of the business.*
- *Show understanding of how marketing interrelates with other areas of business activity, e.g. finance, operations management, human resources etc.*
- *Show understanding of how marketing objectives are converted into marketing strategies.*
- *Consider strategies such as mass versus niche marketing, product differentiation and portfolio analysis as a ways of achieving marketing objectives.*
- *How these link with the corporate objectives of the business.*
- *Define and explain the difference between customer and product orientation and be able to justify the appropriate approach in a given situation.*
- *How marketing objectives are set within the context of the organisation, its current position and its external constraints.*
- *Define and explain the role and importance of market segmentation.*
- *Identify appropriate ways to segment a market in a given context.*
- *Calculate and comment on the sizes of different market segments.*

- Defining and measuring market share and market growth.
- *Define and explain the role and importance of market share and market growth.*
- *Understand the factors that will influence the size of the market.*
- *Calculate market share and market growth and changes in market share and market growth.*
- *Comment on the implications of these changes in a given situation.*
- *Understand the problems associated with measuring market share and market growth.*

Market Research and Analysis

- Sources and methods of data collection: primary and secondary.
- *Define market research and marketing research and their purpose as a way of determining customer characteristics and wants and needs.*
- *Define field and desk research as methods of collecting primary and secondary data.*
- *Identify the main sources of primary and secondary data (internal and external).*
- *Select appropriate methods of market research in a given situation.*
- *Analyse the results obtained from market research.*
- *Comment on the limitations of the selected methods.*
- Reasons for, methods of, and limitations of sampling.
- *Define and explain the reasons for sampling.*
- *Identify different methods of sampling and select an appropriate sample in a given situation.*
- *Explain the limitations of sampling.*

Market Planning

- Formulation of marketing objectives, strategy and plans.
 - The integrative elements of a marketing plan:
 - Product: the role of product development, product life cycle and portfolio analysis.
 - Price: based on cost, competition, customer.
 - Place: channels of distribution.
 - Promotion: above and below the line.
 - Calculation and interpretation for decision-making of price elasticity.
- *Show understanding that marketing behaviour reflects business objectives, resources and the characteristics of the customer.*
 - *Show how a marketing plan includes the elements of the marketing mix working together in order to meet marketing objectives in a given situation:*
 - *Product development of goods and services in order to meet customers needs within constraints such as availability of resources etc.*
 - *Understand the stages of the product life cycle and explain how the stage on the life cycle will influence the marketing activities undertaken by the business.*
 - *Use the Boston Matrix to analyse the product portfolio of a business.*
 - *Identify and explain the different pricing strategies, e.g. cost plus, contribution pricing, price discrimination, promotional pricing, psychological pricing, skimming, penetration pricing, predatory pricing.*
 - *Select the most appropriate strategy in a given situation.*
 - *Carry out calculation in order to determine suitable prices.*
 - *Identify and explain the different distribution channels.*
 - *Select the most appropriate channel of distribution in a given situation.*
 - *Define and explain the difference between above and below the line promotion.*
 - *Select and justify the choice of appropriate promotional methods in a given situation.*
 - *Define and explain the factors that influence price elasticity.*
 - *Calculate and interpret price elasticity of demand in a given situation.*

2.1.2 Accounting and Finance

The emphasis should be on the use of accounting and financial information as an aid to decision-making and financial control.

Budgets

- Their nature and purpose as an aid to decision-making and control.
- Comparison of budget and actual achievement.
- *Show understanding of the need of a budget for the purpose of the allocation, control and the monitoring of resources.*
- *How they can be used to control income and expenditure.*
- *The role of budgets in appraising performance.*
- *Manipulate a budget given changes in circumstances.*
- *Compare budget and actual performance (Note: variance analysis is not required).*

Cash Flow

- The importance of cash flow.
- Calculation and interpretation of cash flow forecast, cash budgets.
- *Define cash flow and explain the difference between cash and profit.*
- *Show understanding of the need to hold a suitable level of cash and the implications of not doing so.*
- *Be able to identify methods of securing adequate cash flow in given situations.*
- *Calculate cash flow.*
- *Construct cash flow forecasts and cash budgets.*
- *Interpret cash flow forecasts and cash budgets and explain the implications of this for the business.*

Costs

- Different types of cost: fixed, variable, marginal, direct, indirect and overhead.
- Contribution, its calculation and uses.
- *Define, explain and be able to give examples of the different types of costs.*
- *Understand the difficulties in classifying costs.*
- *Calculate cost information to yield information for decision making purposes, e.g. average unit costs etc.*
- *Understand that costs may change as output changes.*
- *Define and explain the difference between contribution and profit.*
- *Calculate contribution to obtain information for decision making purposes, e.g. make or buy decisions, special orders, product mixes etc.*

- Break even analysis as a decision-making tool.
- *Understand the assumptions and limitations of break even as a decision making model.*
- *Calculate break even levels of output and margin of safety.*
- *Interpret break even charts.*

Investment Decisions

- Reducing risk in circumstances of uncertainty.
- *Understand the differences between risk and uncertainty and the benefits of attempting to reduce risk.*
- Investment appraisal, Pay Back Period and Accounting Rate of Return.
- *Understand why businesses invest and the types of investment undertaken.*
- *Factors that will influence the investment decisions.*
- *How constraints such as availability of technology, stakeholder influences, opportunity costs etc. affect investment decisions.*
- *Define and explain the difference between Payback period and Accounting Rate of Return as a way of making investment decisions.*
- *Calculate Payback period and Accounting Rate of Return and interpret the data generated.*
- *Understand the uses and limitations of Payback period and Accounting Rate of Return.*
- *Select the most suitable technique for assessing an investment opportunity in a given context.*

Final Accounts

- The role, purpose and limitations of the balance sheet and the profit/loss account.
- *Understand the components of the balance sheet and profit and loss account.*
- *Define and understand the purpose of the balance sheet and profit and loss account.*
- *Show understanding of the uses to which the account may be put by various stakeholders.*
- *Interpret the balance sheet and profit and loss account through simple comparison (Note: ratio analysis is not required).*
- *Explain the limitations of the balance sheet and profit and loss accounts in terms of how they are compiled and how they are used.*

2.1.3 People in Organisations

Candidates are required to understand the significance of various management and organisation structures for a business and its employees. Candidates should recognise the opportunities and constraints, in relation to people in organisations, created by the business/legal environment and to appreciate the contributions of selected management theories.

Human Resource Planning

- The relationship between organisation objectives and human resources.
 - Workforce planning, recruitment, selection, induction, training, severance (a knowledge of the principles of employment law and the rights and duties of employees and employers).
 - Labour turnover: determination and impacts.
- *Show understanding of the importance of human resources in business.*
 - *Show understanding of how human resources objectives reflect overall business objectives.*
 - *Show understanding of the reasons for and role of a workforce plan.*
 - *Comment on and select appropriate recruitment methods in a given situation.*
 - *Identify ways in which selection may take place.*
 - *Show understanding of the role of staff development as a means of securing the required skills as well as in motivating the workforce.*
 - *Consider the appropriateness of different methods of staff development, e.g. 'on the job' or 'off the job' training.*
 - *Show understanding of the different methods of severing the employer/employee relationship, i.e. dismissal, termination by notice, redundancy, retirement.*
 - *Discuss the appropriateness of severing the employer/employee relationship in a given situation.*
 - *Show understanding of the rights and duties of employers and employees, e.g. provision of a contract, implied terms, safety in the workplace, equal opportunities.*
 - *Calculate and comment on labour turnover.*
 - *Identify and discuss the causes of labour turnover.*
 - *Consider the consequences of a high or low labour turnover.*

Motivation and Leadership

- Their role in achieving objectives.
 - Motivation in theory (e.g. Taylor, Mayo, Maslow, Herzberg) and practice; enlargement, enrichment, rotation, team working, participation.
 - Monetary and non-monetary motivation, management by objectives, delegation, empowerment; payment methods, bonuses.
 - The impact of leadership styles on performance: autocratic, democratic and Laissez-faire and McGregor's Theory X and Theory Y.
- *Demonstrate awareness of the need to motivate employees to achieve the objectives of the business.*
 - *Describe and comment on the work of the main motivational theorists.*
 - *Show understanding of the way in which their work can be applied to a business.*
 - *Discuss and justify the relevance of a theory in a given situation.*
 - *Discuss ways in which employees can participate in the management and control of business activity.*
 - *Define and comment on the principal means of remunerating employees, i.e. piece rate, time-based, salary, commission, fringe benefits etc.*
 - *Show understanding of the role of money as a means of motivating employees.*
 - *Describe and comment on the principal means of rewarding employees through non-monetary methods.*
 - *Justify appropriate ways of motivating employees in a given situation.*
 - *Show understanding of formal and informal leadership styles.*
 - *Comment on how leadership is important in the achievement of business objectives.*
 - *Justify appropriate leadership styles in a given situation.*

Management Structure and Design

- Principles of structure, span of control, hierarchy.
 - *Define, explain and use the concepts relating to the formal structure of organisations – chain of command, hierarchy, span of control, delegation, responsibility, accountability.*
 - *Define and discuss the main tasks of management.*
 - *Differentiate between line and staff functions in a formal organisation.*
 - *Justify the appropriateness of particular structures in given situations, e.g. hierarchical, flat, narrow etc.*
- Types of structure: centralised and decentralised.
 - *Discuss the reasons why some organisations specialise by products and others by systems.*
 - *Define centralisation and discuss the reasons why businesses or functions should be centralised or decentralised.*
 - *Justify the appropriateness of either type of organisation in given situations.*
- Effect on organisational performance.
 - *Understand that the way individuals operate within a business is often different to that suggested by formal organisation charts.*
 - *Justify methods by which a business can improve its organisational performance.*

2.1.4 Operations Management

The study of operations management should focus upon the way in which organisations use inputs and manage business processes efficiently in order to satisfy customers.

Operational Efficiency

- Scale: Factors affecting choice of operational scale.
 - *Show understanding of the factors that influence the scale of operation.*
- Tactics for short run over capacity production and impacts of operating under capacity.
 - *Define and calculate capacity and capacity utilisation.*
 - *Comment on and justify the reasons why a business may choose to operate under or over maximum capacity.*
 - *Understand the implications for the business of operating under or over maximum capacity.*
 - *Justify possible reasons for choosing not to produce at maximum capacity all the time.*
 - *Understand why the management and control of capacity is important.*

- Economies and diseconomies of scale.
 - *Understand the link between economies of scale and unit costs of production.*
 - *Identify and explain the different causes of internal and external economies of scale.*
 - *Show understanding of the reasons why diseconomies of scale occur.*

Organising Production

- Approaches to operation.
 - *Show understanding of the added value nature of operations.*
 - *Distinguish between production and productivity.*
- Job, batch, flow, cell and lean: Reasons for choice and effects on efficiency.
 - *Identify and explain the different types of production methods including job, batch, flow and cell production.*
 - *Describe and discuss lean production.*
 - *Understand that lean production has an impact on stock control, quality, capacity management and efficiency.*
 - *Justify how a business might decide to organise its production in a given situation.*
 - *Show understanding that a business might use several types of production method within a single facility.*

Quality

- Importance.
 - *Define and discuss quality in terms of what the customer demands.*
 - *Justify how a business might seek to improve quality in a given situation.*
- Methods of ensuring quality; built in versus inspected quality.
 - *Identify different approaches to monitoring quality.*
 - *Understand the difference between traditional quality control techniques and modern methods of quality assurance.*
 - *Evaluate the benefits to efficiency of using continuous built-in quality techniques.*
- Interrelationship between motivation, training and quality.
 - *Show understanding of the role of training and employee development in achieving quality objectives.*
 - *Discuss the impact on motivation of different quality approaches.*
- Approaches to quality; quality assurance, TQM and continuous improvement.
 - *Discuss quality initiatives including Total Quality Management and Kaizen (continuous improvement).*
 - *Justify the use of these initiatives, recognising the impact on other areas of operations.*

- Establishing quality standards; bench marking.
- *Show understanding of the different ways of measuring quality standards, including benchmarking, ISO standards and UK/EU legislation.*

Stock Control

- Purpose and costs of stock.
- *Define and discuss the role and purpose of stock (raw materials, work in progress and finished goods).*
- *Show understanding of the costs and benefits of holding stock and the need to control stock levels.*
- Determination of buffer stock, reorder level and quantities, lead time.
- *Define buffer stock, reorder level and lead time.*
- *Calculate and comment on lead time required in given situations.*
- Construction and interpretation of stock control charts.
- *Construct and interpret stock control charts showing maximum stock level, buffer stock level, reorder level and lead time.*
- *State and show understanding of assumptions made when drawing these diagrams.*
- JIT as a means of controlling stock and improving quality.
- *Show understanding of JIT and its role in controlling stocks as well as its role in promoting quality.*
- *Justify the use of JIT in given situations.*
- *Identify the implications of adopting a JIT approach to stock control.*
- Reducing waste.
- *Identify methods of reducing waste in all aspects of operations and the benefits to business efficiency.*

2.2 Assessment Synopsis for 2872 Business Decisions

- Assessment Format: Data Response (Unseen).
- Availability: January and June.
- Value: 30% of AS, 15% of A Level.
- Time: 45 minutes.
- Maximum Mark: 43 + 2 (Quality of Written Communication).
- Questions: 4 questions with subdivisions – 6 answers required in all.

A typical question pattern may be as below.

	SKILL REQUIRED	MARK ALLOCATION
1(a)	Application	4
1(b)	Evaluation	8
2	Analysis	7
3	Evaluation	12
4	Evaluation	12
	QWC	2
	TOTAL	45

NOTE:

- There will always be a numerical element in this paper. This may be examined in those questions which require the skills of application or analysis.
- The order of the questions may change.
- The marks allocated to a question may vary slightly but the pattern of skills will remain the same i.e. one response requiring application, one requiring analysis and three responses requiring evaluation.

2.3 Assessment Synopsis for 2873 Business Behaviour

- Assessment Format: Case Study (Pre-issued)
- Availability: January and June
- Value: 40% of AS, 20% of A Level
- Time: 1 hour 15 minutes
- Maximum Mark: 58 + 2 (Quality of Written Communication)
- Questions: 4 questions with 1 subdivided – 5 answers required in all

A typical question pattern may be as below.

	SKILL REQUIRED	MARK ALLOCATION
1(a)	Application	6
1(b)	Evaluation	10
2	Analysis	16
3	Evaluation	16
4	Evaluation	10
	QWC	2
	TOTAL	60

NOTE:

- There will always be a numerical element in this paper. This will be examined in question 1(a) using skills of application.
- The order of the questions may change.
- The marks allocated to a question may vary slightly but the pattern of skills will remain the same i.e. one response requiring application and the other four requiring evaluation.

3 Module 2874: Further Marketing

3.1 Notes for Guidance

The Market

- The role of marketing and the achievement of business objectives.
 - The need to consider marketing in relation to other factors and other decisions.
- *Define marketing.*
 - *Demonstrate understanding of the role of marketing within an organisation and within the operation of a business.*
 - *Demonstrate understanding of how marketing assists in the achievement of business objectives.*
 - *Demonstrate understanding of how marketing activities are often constrained by other functional areas within the organisation.*
 - *Demonstrate understanding of how cooperation with other areas can enhance the achievement of business objectives.*

Market Planning

- Market segmentation and aggregation.
 - Market share and market growth.
 - Factors influencing buyer behaviour.
- *Define market segmentation and market aggregation.*
 - *Differentiate between both approaches and consider the advantages and disadvantages of employing each approach.*
 - *Demonstrate understanding of different methods of segmentation such as geographic, demographic and psychographic.*
 - *Discuss the appropriateness of using methods of segmentation in given circumstances.*
 - *Define market share and market growth.*
 - *Calculate market share and market growth from a given set of data.*
 - *Demonstrate understanding of the application of market share and market growth in business situations.*
 - *Discuss the factors that might cause consumers to purchase products and/or services. The role of price, income, advertising, etc.*

- Marketing and the Law
 - *Demonstrate an awareness of the external influence of the law when making marketing decisions.*
 - *Identify and describe legislation that could act as a constraint upon marketing decisions in terms of Fair Trading, Sale of Goods, and Contract. This legislation could involve aspects of EU law.*

Market Research

- The nature, purpose and methods of research.
 - *Define market research.*
 - *Demonstrate awareness of the importance of market research.*
- The sources of information.
 - *Define, exemplify and differentiate primary and secondary sources of data.*
 - *Consider the appropriateness of different sources in given situations.*
 - *Demonstrate possible advantages and disadvantages of both sources in given situations.*
- Sampling methods: random, stratified, cluster, systematic, quota, and convenience.
 - *Define sampling.*
 - *Consider the need to sample in given situations.*
 - *Define and differentiate sampling methods.*
 - *Consider the appropriateness of different sampling methods in given situations.*
 - *Consider the methods of gaining information, e.g. interviews, surveys, questionnaires, consumer panels etc.*
 - *Consider the appropriateness of different methods of gaining information.*
 - *Comment on the validity of different questionnaires.*
 - *Describe and explain why different questions/types of question might be used in a questionnaire.*
- Costs and benefits.
 - *Demonstrate understanding of the costs and benefits of market research.*
 - *Demonstrate the ability to compare the costs and benefits in a given situation.*
- Quantitative understanding of sampling; use of normal distribution.
 - *Demonstrate a quantitative understanding of sampling to include the use of confidence limits and the role of standard deviation.*
 - *Consider the use of the normal distribution to assist in the assessment of sampling.*
 - *Discuss the role of normal distribution in aiding market research.*
- Sampling Error.
 - *Demonstrate an understanding of sampling error.*

- Methods of forecasting: time series analysis; trends, cyclical variation.
 - *Demonstrate understanding of the uses of quantitative and qualitative forecasting techniques within business.*
 - *Demonstrate the role of forecasting in reducing risk.*
 - *Demonstrate understanding of the uses and limitations of time series analysis as a forecasting tool.*
 - *Calculate moving averages, trends, cyclical variation to forecast future behaviour.*

Marketing Planning

- The market plan.
 - *Demonstrate understanding that marketing behaviour reflects objectives, resources and the characteristics of the consumer.*
 - *Demonstrate understanding of the way in which marketing planning needs to vary in different types of markets, e.g. consumer vs. industrial goods, marketing of goods vs. services.*
 - *Describe the nature of the marketing process.*
 - *Discuss and justify a marketing plan in a given situation.*
- Marketing objectives.
 - *Demonstrate understanding of possible marketing objectives.*
 - *Make decisions about the appropriateness of marketing objectives in given situations.*
 - *Demonstrate understanding of the concept of a strategy as distinct from a series of stand-alone actions.*
 - *Make decisions about the use of marketing objectives and strategies in given situations.*

Models of Marketing

- AIDA, DAGMAR, SWOT and Ansoff's Matrix.
 - *Define, exemplify and explain models of marketing.*
 - *Make decisions about the appropriate use of these models in given situations.*
- International marketing.
 - *Demonstrate an awareness of how marketing activities change when a firm is involved in international as well as domestic marketing.*
- The role of the EU.
 - *Demonstrate an understanding of the impact of the EU in terms of domestic and international marketing.*
 - *Make decisions about the appropriateness of marketing plans in domestic and international markets.*

The Marketing Mix

- Elements of the mix.
 - *Demonstrate understanding of the elements of the marketing mix.*
 - *Define, exemplify and differentiate between goods and services.*
- Product: value analysis, the product life cycle.
 - *Explain the different requirements of a 'good' product using value analysis.*
 - *Demonstrate understanding of the advantages and disadvantages of using value analysis in given situations.*
 - *Demonstrate understanding of how the life of a product might be measured.*
 - *Describe, exemplify and differentiate between the product life cycle and the Boston Matrix.*
 - *Discuss methods that could be used to extend the life of a product.*
 - *Make decisions about the appropriateness of extension strategies in given situations.*
- Pricing: elasticity, pricing strategies.
 - *Define price.*
 - *Demonstrate influences upon price.*
 - *Demonstrate understanding of the relationship between price and demand.*
 - *Define and discuss elasticity.*
 - *Calculate and interpret various elasticities including price, advertising and income.*
 - *Demonstrate the factors that determine the price elasticity for certain products.*
 - *Demonstrate understanding of the importance of knowledge of elasticity to an organisation in a given situation.*
 - *Define and discuss the concepts of demand-based and cost-based pricing.*
 - *Demonstrate understanding of the different ways of setting prices.*
 - *Demonstrate understanding of the advantages and disadvantages of different pricing methods and strategies to include mark-up, cost-plus, target, absorption, full-cost, marginal, contribution, psychological, competition-based and price discrimination.*
 - *Demonstrate understanding of methods of pricing new products, e.g. price skimming and price penetration.*

- *Make decisions about the appropriateness of different methods of pricing in given situations.*
 - *Demonstrate understanding that pricing strategies may need review over time.*
- Promotion: advertising, sales promotion, personal selling, branding.
 - *Define promotion.*
 - *Demonstrate awareness of the role of the elements of a promotion mix.*
 - *Define, exemplify and distinguish between above-the-line promotion and below-the-line promotion.*
 - *Define, exemplify and explain the concepts of advertising, sales promotion, personal selling and branding.*
 - *Demonstrate understanding of the advantages and disadvantages of each concept.*
 - *Demonstrate an awareness of different methods of advertising, sales promotion, personal selling and branding.*
 - *Make decisions about the appropriateness of different types of promotion activities in given situations.*
 - *Consider the cost implications of various forms of promotion activities.*
- Distribution: location, patterns of distribution.
 - *Demonstrate understanding of the factors relating to the location of production and distribution facilities.*
 - *Demonstrate understanding of different methods of transport in the physical distribution of goods.*
 - *Define, exemplify and differentiate between different distribution channels.*
 - *Make decisions about the appropriateness of different channels in given situations.*
 - *Consider different ways in which goods may be sold.*
 - *Consider the use of different types of retailers and the use of technology in the sale of goods.*
 - *Distinguish between the sale of goods and the provision of services in relation to distribution issues.*
- Blending of the mix.
 - *Demonstrate an awareness that the mix does not operate as individual elements of price, product, distribution and promotion.*
 - *Discuss the blending of the elements into a coordinated strategy in a given situation.*
 - *Demonstrate an understanding of the appropriateness of the strategy in that situation.*

4 Module 2875: Further Accounting and Finance

4.1 The Subject Content

The specification states that candidates are expected 'to show critical awareness of the performance measures, criteria, concepts, theories and decision making tools and to use them to solve problems and to make decisions'. The emphasis is clearly on problem solving and decision making. Further more the specifications state that candidates are expected to 'explain, analyse, evaluate and use information relating to accounting and finance in ways that take into account considerations relating to the organisation as a whole'. Finally the specification makes it clear that an 'ability to discuss and evaluate accounting and financial procedures is as important as the ability to use numerical data accurately'. The message that comes over from these extracts is that this module is concerned with developing an understanding of accounting concepts and on critically appreciating their use in evaluating the performance of a business and in making decisions. The module is not a narrow accounting one but is concerned with developing financial understanding in the broader context of business. The emphasis lies not on pure numerical calculation but upon the interpretation of such results and upon the making of evaluative judgements on the basis of such information. Having said that candidates will be required to demonstrate an ability to carry out quantitative analysis of financial data. The module builds upon the knowledge and skills acquired in the AS modules.

Accounting Concepts

The initial part of the specification relating to accounting concepts is essentially important background information. These conventions are the basis upon which the accounts are constructed. In effect they represent the established rules of the game. Candidates need to be aware of these underlying assumptions and to be able to critically appreciate their significance. For example they need to understand the concept of prudence or perhaps a going concern and why they are applied. How might the accounts be affected if different conventions were used?

Sources of Finance

Sources of finance need to be taught in an applied context. Candidates need to be aware of the options of raising capital but at A2 the questions will focus on the sources that are appropriate to the business in the case study. Thus the questions will require candidates to assess the needs of the business (fixed and working) to analyse its existing financial position (structure of its balance sheet) and to formulate a strategy for raising capital that is appropriate given the company's needs, position and objectives (subject to any given constraints). The majority of the marks will be awarded for the evaluative judgement reached, i.e. the weighing up of the evidence.

Budgets

Budgets need to be considered largely in relation to their role in financial planning and control. Candidates can be expected to calculate positive and negative variances and to comment upon their significance. Their role as an aid to decision making needs to be covered along with different methods of constructing budgets such as zero budgeting.

Costs and Costing

The costs section of the specification builds heavily on concepts taught at AS. Candidates need to be fully aware of the different types of cost categories. In particular the distinction between contribution and profit needs to be understood. Again the focus of the questions here will be on the use of this understanding in making decisions. For example in what way can the use of cost centres better enable management to understand the performance of a business and to enable them to decide if an activity is worth retaining.

Final Accounts

The accounting part of the specification can be thought of as comprising of two elements:

- (i) Financial accounting, i.e. the structure of the accounts
- (ii) Management accounting, i.e. making interpretative use of accounting data in the decision process.

It is unlikely that detailed construction of accounts questions will be asked. However knowledge of the basis of their construction is required, e.g. valuation placed on stock items; impact of depreciation on fixed asset valuation; inclusion of retained profits in the reserves. Awareness of the distinction between capital and revenue expenditure and its implications for the Profit/Loss account and Balance Sheet is expected. Nevertheless the emphasis of the assessment will lie in the interpretation of the accounts. Candidates need to be able to use and comment upon accounting ratios like profitability, liquidity and efficiency. They should be able to appreciate the significance of changes in financial statements, e.g. increase in gearing ratio; fall in net profit margins; increased provision for bad debt; new share issue; rise in current ratio. Inferences that demonstrate a mature understanding need to be drawn. Frequently candidates exaggerate the significance of such movements; e.g. a fall in the current ratio below the textbook ideal is often interpreted as a sign of imminent bankruptcy. Such irrational conclusions must be resisted. All such changes should be interpreted from the viewpoint of the different stakeholders in the business.

Accounting for Decisions

The decision making theme is continued in the final part of the specification. Candidates need to be able to calculate and understand concepts such as complex break even charts (non-linear) and investment appraisal and the criteria for decision making (pay back; rates of return, discounted and non-discounted, including NPR and IRR). Often questions will require candidates to make judgements on the basis of results that have already been calculated. The skill being assessed is an interpretative one along with a critical awareness of the assumptions and limitation of certain techniques.

4.2 Resources

All of the standard A-level Business Studies textbooks have substantial sections dealing with accounting and financial principles. The following are particularly recommended for candidates:

<i>Business Studies</i>	Marcouse et al	Units 14-29	Hodder & Stoughton
<i>Business Studies</i>	Hall, Raffo & Jones	Chapters 52-69	Causeway Press
<i>Business Studies</i>	Barratt & Mottershead	Chapters 33-45	Longman
<i>An integrated approach to business studies</i>	Jewell	Chapters 27-35	Longman
<i>Philip Allen updates.</i>			

Teachers might find the following of use:

<i>The Essence of Management Accounting</i>	Chadwick	Prentice Hall
<i>How to Understand and Use Company Accounts</i>	Warren	Century Business
<i>How to Read a Balance Sheet</i>	An ILO programmed book	International Labour Office
<i>Business Basics Accounting</i>		BPP publishing
<i>Understanding Accounting</i>	Hitching and Stone	Pitman
<i>Accounting for Management Decisions</i>	Arnold and Hope	Prentice Hall
<i>The Art of Managing Finance</i>	Davies	McGraw Hill
<i>Management and Cost Accounting</i>	Drury Business Press	Thomson Learning

Both teachers and candidates will find the regular articles in Business Review valuable.

Websites of particular use are:

www.Bized.ac.uk

www.tutor2u.net

www.ft.com

www.uk.finance.yahoo.com

www.aloa.co.uk

Use of the links in the above sites will provide access to a whole range of information. The *tutor2u* site has an extensive range of fact sheets, case studies, update articles and examination tips.

4.3 How to Succeed in the Exam

The established format of the examination is two structured questions based on an unseen case study. The first question carries more marks (currently 34) and the second 24. Quality of Written Communication carries 2 marks. The case study information will typically take the form of a text of approximately 750 words, along with some numerical data presented in the form of tables, financial statements or diagrams. The numerical data will supplement the information provided in the text. A combination of questions will be set testing calculation skills, analytical skills and powers of application and evaluation. Questions will also be set that assess critical appreciation of techniques, e.g. discussion of the role of budgetary procedures in the management of a company. Candidates need to identify the key trigger word in the question if they are to score highly. Thus if a question asks for a recommended way of raising finance then a strategy needs to be developed and justified. If an evaluation of the performance of a company is asked for then a high level response would identify performance criteria and use them to assess the results of a company. The answer would arrive at a conclusion based upon the outcome of the quantitative analysis. Vague statements like “the company is performing quite well” should be discouraged. What does this mean? On what basis can such judgement be made? Some quantitative skills have to be displayed. Analysis of accounts cannot be undertaken descriptively. Neither can an investigation into the cost structure of a business. Candidates should refer to the mark schemes for details of what is required. An appreciation of the levels of response marking criteria is also needed if top levels are to be reached.

Candidates need to give some thought to the following if they are to increase their chances of gaining a high grade:

- detailed subject knowledge is essential;
- technical terms and concepts have to be understood and their significance appreciated;
- practise answering questions under timed conditions;

- practise the quantitative techniques and assess their use as aids to decision making;
- use the mark schemes from the specimen past papers to better understand how answers will be assessed;
- show understanding in a wider context – decisions are rarely made purely on financial grounds;
- make sure that the answer given is always in the context of the case study;
- use accurate financial and accounting terminology and theory to analyse problems;
- avoid lists;
- evaluative judgements must be based upon sustained logical reasoning that is rooted in evidence and data – unsubstantiated views are of little value – the strength of the argument is a key factor in determining the quality of an answer;
- it should be remembered that the weighting of the assessment objectives for this module are:
 - knowledge and understanding 19%
 - application of knowledge 24%
 - analysis of problems 28%
 - evaluation 29%;
- thought should be given to the nature of the business in the case, is it a plc or another type of business structure? (highly relevant to financial questions); is it a manufacturing business or is it more service orientated? (highly relevant if looking at efficiency measures like stock turnover); thought should be given to the usefulness of the information given to the candidate (one year's accounts are of much less use than data over a number of years where trends can be identified); what else would the candidate like to know in order to be more confident of their assessment? (data concerning another similar business perhaps?); what use would this be in helping the candidate to be more secure in their judgement? (if they don't know then their understanding is flawed); what are the limitations of what the candidates is told? (accounts for example can be subject to window dressing);
- above all, candidates need to develop a thinking, critical approach to their learning as this will help deepen their understanding – learning facts and ratios are a necessary means to an end.

5 Module 2876: Further People in Organisations

5.1 Overview

The study of *People in Organisations* is a potentially complex aspect of business activity, which can have a dramatic impact on the performance of any business. The relationship between people in businesses and the way the businesses operate must be carefully considered.

Many candidates view this aspect of Business Studies as requiring little more than the knowledge of a few key motivation theories, and a modicum of common sense. Regardless of the scenario, the nature of the business, and the type of people working for the business, many candidates simplistically seem to be convinced that every problem would be inherently easy to deal with if every conceivable effort is made to motivate the workforce and the managers are encouraged to utilise a democratic management style.

5.2 The New Programme

This A2 module is designed to build upon and complement the 'people' content of the AS modules. The emphasis of the module is upon problem-solving and decision-making by the appropriate application of relevant theory and concepts. There is no one right answer to problems involving people in business – candidates would be well advised to consider that for every possible solution there may well be pitfalls which could have repercussions on the organisation in the short, medium or long-term. This means that the key approach to success in this module will involve the justification of suggestions made, and an evaluation of the possible outcome(s).

In order to prepare effectively for the examination candidates will need to ensure that they are confident that they have covered all the subject content as outlined in the specification. They will also need to make sure that they have not just studied all the necessary topics in isolation – they will need to fully understand the interaction of the topic areas in a variety of different scenarios and different types of business. It is as though they are constructing a tool-kit which could help solve any potential problem, from which they must choose the relevant tool(s) to solve the particular problem or problems in a specific business scenario.

In order to be able to do this effectively candidates must have a broad base of knowledge. A close inspection of the specification would suggest that some key core areas will be particularly important. For example, workforce planning, motivation theory, an appreciation of relevant legislation, management/leadership styles, and methods of remuneration are particular themes which candidates need to be fully confident that they understand. Management of change and the processes involved in change are an overarching theme which candidates need to be able to understand and apply to a variety of different business scenarios.

Some of these topics will have been covered to some extent at AS level. AS level knowledge and application will need to be built upon, and revisited, in order for candidates to be able to develop the necessary knowledge at the appropriate level to be able to cope with the rigours of an A2 level assessment.

Because there are many possible approaches to deal with 'people problems' candidates may find that the questions on the examination paper do not point them in a particular direction, or require them to use a certain concept. They should have the knowledge and confidence to introduce and use concepts which they feel are particularly appropriate in a certain set of circumstances. Their ability to analyse these situations and come to appropriate conclusions, followed by an ability to evaluate their suggestions will be particularly vital skills. The higher marks, and consequently the higher grades in the examination, will always go to candidates who can use their knowledge in this way. Randomly introduced concepts in poorly organised answers will not impress examiners.

One excellent way to test their ability to use and apply the knowledge they have built up in the study of this module is to encourage them to apply their knowledge in a variety of different scenarios. Try to find newspaper or magazine articles focusing on people-related issues, and challenge them to *evaluate* how the problems or issues might be best addressed. Another good way is to practise with old case studies from the fore-runner to this module – Module 4373: *Human Resource Management*. Teachers need to bear in mind that these case studies were pre-released, and are therefore longer, and the scenarios more complex, than those on the current specification.

It is vitally important that candidates always consider the nature and size of the business being focused on. For example, in one past examination candidates were asked to suggest how cleaners working in a shopping mall could be better motivated. Examiners were not impressed by suggestions that the cleaners should all be given company cars, or the suggestion that their employers should build them a canteen – somewhere in the shopping mall!

5.3 The Examination

Further People in Organisations is available for assessment in both January and June. In each of these examinations candidates will be given a case study of approximately one page of A4, loosely based on a 'real-world' business. Candidates will only have 90 minutes to acquaint themselves with the scenario, consider the questions, plan and write their answers. This will mean that their time management skills in the examination room have to be of the highest order. They must remember to read the questions carefully, think about what they are required to do, and organise their answers. They must not rush into an answer to the question they would like to have been asked, rather than the one they have been asked.

Candidates should be prepared for the examination by looking at the format of the past papers for the module. You will see that there are **two** questions, one of which has numerical aspects. All A2 option module examinations are required to test some aspect of numeracy, which means that candidates will need to practise their numeracy skills on aspects of the *People in Organisations* specification. There is a limited range of possibilities for numerical questions in this module, however candidates may wish to practise calculating some of the following:

- labour turnover;
- lateness;
- absenteeism;
- the effect of changes in remuneration (particularly performance related pay);
- reject levels;
- changes in expenditure on training.

You should be confident that candidates can master the technique required to calculate percentages, and percentage changes. When assumptions may need to be made, candidates should always remember to state their assumptions clearly as they may get credit for doing this.

The answers to the numerical aspects of the paper are not necessarily 'stand-alone' questions. Candidates will probably find a way to use the answer to the calculations questions as a means of helping them illustrate a point they are trying to make in another question. By using the answer appropriately, and drawing a conclusion from it they will be beginning to show analytical skills. They may also be given other data and tables about which they are not directly asked a question. They should have the confidence to carry out some relevant calculations, and try to use the answers to these calculations to come to some conclusion about the nature of the problem, or maybe as an indicator of the severity of the problem or issue. This may help them to prioritise an aspect of an appropriate strategy they might want to recommend.

5.4 A Strategic Approach to People in Organisations

You will see from the specimen paper, and recent past papers that some of the questions either directly ask for, or imply a need to formulate, a strategy. Even in a question which asks candidates to evaluate or discuss without directly asking for a strategy, they would be wise to take an approach which suggests to the examiner that they are able to prioritise and take a strategic view of the issue questioned. For example, a question is unlikely to focus on all aspects of a workforce plan because of time constraints. It could, however, focus on one element of workforce planning, maybe recruitment or motivation. Candidates should remember that their strategy should relate to the business in the case study, and be able to be recognised as realistic or achievable for that size or type of business.

A common mistake made by candidates in examination conditions is to forget to link their answers to the case study material. The case study is written to create a contextual situation in which all candidates should be able to use and apply their knowledge effectively. It is often very disappointing to have to award quite low level marks to a candidate who obviously has a very sound knowledge base, but fails to utilise this knowledge to answer a question which clearly requires consideration of the business in the case study, and to focus on the issues which are presented in it.

This can be highlighted if we consider typical marking criteria given to examiners for the assessment of a 15 mark question. Examiners are instructed to use a 'levels of response marking criteria'. This can be best understood by the following example:

Question:

Justify a strategy which Erica could recommend to the Board of Directors to reduce the high levels of current labour turnover. (15 marks)

Marking Criteria:

- Level 4: Clear evidence of an appropriate strategy which Erica could recommend to reduce levels of labour turnover within the context of XYZ Ltd. (15 - 11 marks)
- Level 3: Elements of a strategy which Erica could recommend to reduce levels of labour turnover within the context of XYZ Ltd. (10 - 8 marks)
- Level 2: Some explanation of relevant issues which might affect labour turnover at XYZ Ltd. (7 - 4 marks)
- Level 1: Theoretical consideration of issues which might affect labour turnover in any business. (3 - 1 marks)

The most important message to come from the above should be that the need to evaluate and formulate an appropriate strategy within the context of XYZ Ltd. is paramount. A knowledgeable candidate who only tells the examiner all they know about ways to combat high levels of labour turnover in any business, anywhere, with no focus on XYZ Ltd. will only achieve a maximum of 3 marks in Level 1.

5.5 Subject Content

- Communication.
 - *Types and methods.*
 - *Barriers to communication and impact of barriers.*
 - *Formal/informal.*
 - *Consultation with the workforce.*
 - *Role of Human Resources Dept. as facilitators.*
- Organising and controlling activities of people.
 - *Line/staff relationships, and the interface between functional areas.*
 - *Fayol's principles/functions of management.*
 - *The application of motivation theory to problems with morale and motivation (Maslow, Herzberg, McGregor, etc.).*
 - *The positive and negative impact of differing management/leadership styles, relating to the nature, size and culture of a business.*
- Management of change.
 - *The process and impact of change on people in organisations – morale, motivation, diseconomies of scale, performance etc.*
 - *Enforcing change as opposed to consultation with workforce.*
 - *Timescales and prioritisation of strategies for the successful management of change.*
 - *The role of external consultants/external agencies in the process of change.*
 - *Workforce planning as a means of facilitating change, (e.g. Training Needs Analysis, Work Study, Job Analysis and Job Design etc.).*
- Employer/employee relations.
 - *The importance of consultation with the workforce.*
 - *The role of Trades Unions and the potential impact of Trades Unions on business activity and relationships with the workforce.*
 - *Examples of Trades Union activities and their potential impact on business activity and performance.*
 - *Role of Trades Unions in collective bargaining.*
 - *Levels of Trades Union membership, the process of recognition, and the role(s) of Trades Union officials within workplaces.*

- *Works Councils/Works Committees and their contribution to Industrial Relations, communication and motivation.*
- *Legislation governing employer/employee relationships (Contract, Discrimination, Redundancy, etc.).*
- *Disciplinary and Grievance procedures – benefits to business and employees.*
- *Legal constraints on Union activity and the impact of this legislation on the business, the workforce and their representatives.*
- *The role of ACAS and the potential contribution made by ACAS to the resolution of conflict in a workplace.*
- *The impact of membership of the European Union and the potential impact on the activities of a business.*
- *The potential impact of United Kingdom/EU law and/or directives on the activities of a business.*
- *The external influence of the government/state on the HR activities of business.*
- *The factors affecting the labour market – locally, regionally, and nationally, (e.g. skills shortages, mobility of labour, rates of pay offered by competitors etc.).*
- *The importance of training as a means of compliance with the law/as a motivator/as a means of meeting current/future skills needs.*
- *The contribution of team-working/autonomous work groups to a positive working environment.*
- *The potential contribution of a whole organisation approach to HR issues rather than a hierarchical approach.*
- Employee participation.
 - *Methods of dealing with disputes and the value of employee participation.*
 - *Methods of achieving industrial democracy – collective bargaining, empowerment of employees, employees share ownership, Works Committees/works Councils.*
- Methods of remuneration.
 - *Different types of payment methods.*
 - *What alternatives there are – the advantages and disadvantages of each.*
 - *The potential impact on the performance of a business by using the various different methods of payment.*
 - *Potential impact on workforce performance of the application of the various methods of remuneration.*
 - *Advantages/disadvantages of different methods of payment in different circumstances.*
 - *Calculate the likely outcome to the firm and/or the employees of a change in the method of remuneration.*

5.6 The Examination

Candidates should allocate 10-15 minutes to read the case study carefully.

Candidates need to feel confident that they are aware of the nature of the business, the problems or issues that they are trying to deal with (or should be aware of) and the factors which might be contributing to these issues.

Who are the key characters? What are they like? How might this affect the issues?

What are the issues/themes affecting the business? Why have they occurred?

Plan their answer before they start writing. Delve into their 'tool-kit'.

Ask themselves – what does the question ask me to do – discuss, evaluate, analyse?

Plan their time – they will probably find that they are working to a formula which gives them approximately 1 mark for 1 minute (if you discount reading and planning time).

6 Module 2877: Further Operations Management

6.1 Prior Learning

Like all the other options this module builds on the core covered in the AS Modules 2872 and 2873. Candidates therefore would be assumed to have covered:

- operational efficiency – the factors affecting the choice of operational scale; tactics for short run over-capacity production, e.g. sub-contracting and the implications of running under capacity; economies and diseconomies of scale;
- organising production – approaches to operation; job, batch and flow production; reasons for choice and effects on efficiency;
- quality – importance: the methods of measuring quality; 'Built in' versus inspected quality; the interrelationship between motivation, training and quality; approaches to quality; quality assurance, TQM and continuous improvement (Kaizen); establishing quality standards; bench marking;
- stock control – types, purpose and costs of stock; determination of buffer stock, reorder level and quantities, lead time: construction and interpretation of stock control charts; JIT as a means of controlling stock and improving quality, reducing waste.

Many of these topics are re-visited in the *Further Operations Management* module.

6.2 The Specification at A2

6.2.1 Management and Production Process

This section of the specification explores how operations management fits into the whole business operation. It begins by looking at how the aims and objectives of a business impact on production planning and how operations are affected by and affect other functional areas of business. For example the links with marketing, the need for labour resources and training, motivating workers to raise productivity, the financial constraints on operations etc.

Factors influencing the location of a business's operations should be analysed, as should the methods of production appropriate to a business. There should be an emphasis on the reasons for choosing one method over another and also the potential implications of change, e.g. from batch to flow.

The size of the business or its plant and the impact this has on the costs of its operations should be explored together with an analysis of the impact on size of unit cost. In this section the types and benefits of economies of scale (both internal and external) should be described and analysed along with specialisation and division of labour.

Finally candidates should be aware of the importance of information in the smooth running of business operations. ICT can play a key role in providing this information and helping in the organisation and control aspects of business operations. Management Information Systems (MIS) play a key role in the efficient running of a business's operations.

6.2.2 Constraints on Production

This section of the specification contains some areas that are new to *operations management* and it looks at the internal and external factors that act as a constraint on the production process. Internally businesses might be faced with problems such as shortages of resources, e.g. materials, labour with suitable skills or production capacity. Candidates should know how a business might deal with such problems, e.g. sub-contracting and what difficulties this might also create, e.g. loss of control over quality. Of growing importance are issues such as waste management and pollution control. These impose costs on a business, e.g. waste of materials, disposal, pollution control equipment etc., as well as bringing both monetary and non-monetary benefits. There are also legal issues to be addressed by businesses where production is concerned. Candidates should have a broad understanding of laws concerning health and safety within the workplace, vicarious liability, food safety and other laws concerning the manufacture of products, pollution control, e.g. emissions into the air, discharging waste into waterways, storing hazardous materials etc. They should also appreciate the links between business ethics and business operations.

6.2.3 Costs and Costings

Candidates need to have a good understanding of the different types of costs a business incurs in its operations. They should know the various costing methods that are used by businesses and their uses, e.g. when tendering for a contract or as a method of internal financial control. Also included in this section is breakeven analysis. Candidates should be able to carry out the basic calculations to determine the breakeven output and also the margin of safety and also appreciate what the effect would be on the breakeven output of changes in costs or revenues. The strengths and weaknesses of this important technique should also be taught.

6.2.4 Productive Efficiency

A number of key concepts are tested through this section of the specification, such as quality control, stock control, capacity utilisation and planning, productivity, work study and value analysis. A number of these concepts involve numerical analysis and this can be an area of weakness (or fear) for candidates. It is important to emphasise the point that calculations themselves **only test Level 2 skills of application**. What is far more important at A2 level is the ability to analyse the usefulness and weaknesses of a business technique, such as critical path, or to analyse and evaluate the numerical implications of a set of calculations, e.g. changes in productivity.

6.2.5 Technology and Research and Development.

These final sections of the specification cover the role of technology and its impact on the operations of a business. Candidates should understand what operational areas use new technology and the benefits and problems it can bring, e.g. significant gains in efficiency and cost savings, weighed against the need for additional training of personnel and possible job losses. This could be linked into research and development and taught from a case study viewpoint, e.g. car manufacturing. This section of the specification would prove an ideal opportunity for a visit to a manufacturing business where these developments can be seen at first hand.

6.3 Resource Materials

Most teachers would probably start with the basic textbooks and much of the specification can be quite adequately covered using the basic Advanced level texts such as:

<i>Business Studies</i>	Hall, Jones & Raffa Section 6 – Operations Management	Causeway Press.
<i>Business Studies</i>	Marcouse, Gillespie, Martin, Surridge & Wall Section 4 – Units 46-59	Hodder & Stoughton
<i>Business Studies</i>	Mottershead & Barratt Section 3 – Operations Management	Longman

There are also two shorter books that might prove useful:

<i>Operations Management</i>	Chris Vidler	Heinemann
<i>Operations Management</i>	Harrison, Swift & Gillespie	Hodder & Stoughton

(this book does not cover the numerical techniques such as stock control, critical path analysis or the section on costs and costings in the specification)

Websites are always developing and it is a good idea for teachers to check frequently what is on offer. Simply typing 'Operations Management' into an advanced search in *Google* will yield lots of potential areas that can be investigated, though often they are American. The website *tutor2u* now has an extensive area on business studies and there is a link for operations management. This has hyperlinks to sites such as:

- Brunel University – an article providing an overview of production organisation and management, (*this site is an outstanding source of information for Business Studies teachers – it is run by the Business department at Brunel University as the Business Open Learning Archive or BOLA – the section on operations management is particularly good*);
- The Institute of Operations Management;
- TOMI – an Operations Management portal;

Some other specific sites mentioned by the Guardian's Learn.co.uk are:

- for Just-in-Time production methods – members.tripod.com.tejc/jit.htm;
- Kanban production system from Japan – www.geocities.com/TimesSquare/1848/japan21.html;
- introduction to capacity management www.smthacker.co.uk/capacity_management.htm;
- product development and management association site www.pdma.org/;
- quality control management within production
sol.brunel.ac.uk/%7ejarvis/bola/quality/iso9000.html;
- types of production systems www.britannica.com/bcom/eb/article/2/0,5716,109272+3,00.html.

All these sites can be accessed through www.learn.co.uk.

There are also TV and video programmes available. The company *TV Choice* has a range of commercially produced videos that cover the whole subject area. Of particular use for Operations Management are:

- Systems in a Cinema (2001) – this looks at how ICT is used in a small cinema and a multiplex chain;
- Systems for Leisure (1993) – demonstrates information systems in action;
- How a Factory Works (2001);
- Computers In Manufacturing (1994);
- The Green Challenge (1995) – explores the environmental issues facing manufacturers;
- A Quality Revolution (1992);
- Total Control (1991) – looks at Project Management and explains the importance of critical path.

Also recommended for teachers who wish to build up a video resource library is a regular look at the BBC's *Learning Zone* section on business through the Internet. This lists the forthcoming programmes for the subject. It is also possible to be e-mailed on a weekly basis with listings of business related programmes on BBC TV and radio. The BBC series *Back to the Floor* and *Trouble at the Top* may also provide programmes that are useful for this module.

The Times newspapers also produce a series of 100 case studies. These are free to teachers and there is also support material available through the Internet. Many of the case studies look at issues and problems of an operations management nature and would be useful for either assessment or class discussion. Recently Nestlé also published support material on production, which is available from the company for a small charge.

6.4 The Examination at A2

The first examinations at A2 have now been completed and candidates and teachers should have begun to get a feel for the style and demands of the questions set at this level. Examination papers that will be taken in the future will be very similar in format to those of the specimen paper. However in future years they may vary slightly in that the mark allocations for each section may differ from that in the specimen. What will remain is the emphasis on evaluative questions. It is vital that candidates are clear in their understanding of what is demanded from them in an evaluative answer. The questions have **four** levels of marking as the following example drawn from the January 2002 paper shows:

- (c) **Evaluate whether batch production is the most appropriate method of production for this bakery.** [14 marks]

Issues for consideration:

There are other methods of production – *job* and *flow* as well as *batch*. These may be appropriate in certain contexts, e.g. *job* for special cakes (wedding cakes), *flow* for rolls.

Batch is appropriate because:

- there are a number of products;
- machinery can only produce certain numbers at a time;
- it is a flexible system of production – machines can be switched from one product to another;
- employees can specialise but the job is not too highly skilled.

Batch production has drawbacks because:

- careful planning of production is needed;
- more maintenance, cleaning etc. – time consuming;
- might demotivate some workers and the job is repetitive;
- difficult to respond to large changes in demand, e.g. the possible new order from *Tasty Catering*.

L4 For an evaluation of whether batch production is the most appropriate form of production for the bakery business. [14-10]

L3 For an analysis of the benefits and drawbacks using batch production, comparing with other methods of production, in the context of the case study. [9-6]

L2 For an understanding of why batch production is appropriate in the context of this business. [5-3]

L1 For a list of points on batch production not in the context of the case study. [2-1]

From this mark scheme it is clear that only a relatively small proportion of the marks (5/14) are available for knowledge and understanding in the context of the case study. The majority of the marks are gained by analysing the benefits and drawbacks to provide a balanced answer. Examiners will also be looking for evidence of weighted analysis. This means that not every benefit or drawback is of equal importance and if a candidate can highlight the key points then this will lift their marks to the top of the level. A further point worth emphasising is that answers do not have to be excessively long to gain good marks. This and the other optional module papers are very demanding for candidates. They have to read a case study and assimilate the key points (a highlighter pen is a very useful tool to take into the examination!) and they then have to plan and answer five questions, all in ninety minutes. They are working to gain 60 marks in this time, i.e. one mark every one and a half minutes. They should spend no more than about 20 minutes on a question such as the one above.

Below are two candidates' responses to the above questions. They show the importance of the quality of response in gaining marks.

Firstly a Level 4 answer to the question (above) is illustrated below. This answer gained 12 out of a possible 14 marks:

'Batch production is currently being used by the bakery (*already Level 2!*). On the information given, if 500 rolls are produced in each oven each hour it would take just 20 hours to complete the week's quota of 20 000 rolls (*a Level 2 calculation*). Batch production therefore seems like the most efficient way of producing rolls in this sort of quantity. Batch production is also what all the current staff are familiar with and trained for. The case study points out that a lot of the staff have worked for the firm for many years, so a change in the production methods to say *flow*, might result in inefficiency and loss of production, at least in the short run (*evidence of Level 3 analysis*).

However batch production is not very flexible and as the case study points out the eight hour rotational shifts are becoming increasingly difficult to staff as people do not like working the night shift (*drawbacks highlighted with an explanation – Level 3*).

The company's output as it stands, would not justify the implementation of a different production system such as *flow*. (*This candidate is offering a judgement backed up with logical reasoning – Level 4*) The automated roll plant would produce 5 000 rolls per hour, far more than is needed at present even if *Country Bakers* wins the contract to supply *Tasty Catering*. Also the number of stages in the production process would not be in such quantity to warrant such a changeover.

Other production methods, like *job* production, could be used on occasions. For example the customisation of a wedding cake.

For the size of the firm and its output and its relatively low percentage of waste, I think that *batch* production is the most appropriate method open to *Country Bakers*.

This answer is less than 300 words in length but shows all the skills to achieve a very good mark on this question.

The following example, from another candidate's script does not show the same quality of response or level of skills evident in the previous answer.

'Batch production is when you produce a small amount of a product. As shown in the table, the company produces a reasonable amount of each product. It mentions staff are working 8 hour night shifts to complete the next days orders. It may be worthwhile the company turning to *flow* production, but with this method you need to make sure the orders for your product are still there because you have bought this new machinery and it is doing nothing. *(This paragraph is really quite vague but there is some context and it just gets into Level 2.)*

A good way the company could see if *batch* production was appropriate could be to use a CPA (critical path analysis). This will allow the company to look at the earliest and latest start and finishing times. By knowing when your product will be finished you are able to dispatch it on time. *(This paragraph seems confusing and is not really appropriate in the context of this question.)*

Country Bakers Ltd has competition in the area from *Tasty Catering* *(more confusion)* so the company must make sure that it keeps up with its competition otherwise it could lose some of its customer base.

Batch production is a skilled method of producing a good. The company has built up a reputation for the quality of its products. By changing your production methods you may lose this quality and some of your customers. *(This paragraph rescues an otherwise poor quality response – it makes a valid point and also explores a possible implication of the change on sales – this just brings the answer into Level 3.)*

For the company to succeed it needs to keep up-to-date in everything it does. It is up to the company to decide whether continuing with *batch* production can sustain the needs of the market. If demand was to change it would need to reconsider its options.'

This answer gained 6 marks out of a possible 14.

7 Module 2878: Business Project

7.1 Introduction

There is no discrete subject content associated with unit 2878. Assessment of the unit requires the submission of an assignment, of about 4000 words, which relates to a specific and defined business problem and which draws upon, and demonstrates, the subject knowledge and the skills acquired in the study of the course as a whole. The unit is part of the A2 submission and draws from all learning for AS plus appropriate parts of the synoptic unit. It is assessed at A2.

These Notes for Guidance are intended to assist those delivering the specification in ensuring that candidates submit assignments that both satisfy the conditions outlined in the specification and meet the criteria by which the work will be assessed.

7.2 The Objective

The Business Project focuses on the identification, investigation and resolution of a defined business problem located in the context of a specific business or organisation. Candidates are not, however, assessed with regard to their ability to provide a 'right' answer.

Assessment relates to the extent to which the candidate is able to identify a **relevant** problem and formulate a strategy for approaching this. The skills utilised in the collection and presentation of appropriate research data are then an appropriate base for good analysis of such data; and the evaluation of evidence. The overall aim is to attempt a resolution of the problem drawing upon the knowledge, understanding and skills acquired during study of the course.

7.3 The Host Organisation

This is best found by the candidate through any relevant contact and can be any kind of organisation, either profit-making or non-profit making, (such as a charity or club), where a suitable problem can be defined. There are often problems of communication within very large firms and these make contacts for the information needed difficult to develop. Experience shows that contacts made within a context familiar to the candidate lead to better results. Projects which are problem-solving and business orientated, but not within the framework of a single organization, are permitted but should not be encouraged. Working within one organization, particularly one known to the candidate, provides a framework for advice and support, which most find invaluable. Beware of projects considering businesses owned or run by family members, where it may prove difficult to be objective.

7.4 The Problem

The aim is to find a problem which can be clearly defined and stated so that what has to be achieved is evident and feasible. The choice of problem should be negotiated between teachers, the candidate and the organisation. It must be such as to enable the candidate to produce a project which is investigative rather than merely descriptive. This is why most are phrased as a question since a question must be answered. However candidates should avoid problems which have been solved and are related to questions like:

How did.....? or Why did.....?

Such approaches invariably lead to long descriptions of how and why things happened rather than to analysis of the problem which existed at the time of the decision.

The great weakness of many projects is that the problem has not been well defined or that it is far too big for the effective analysis and evaluation which is associated with high marks. Keep the problem simple or focus on a discrete element of it.

It is essential that the title reflects the problem the candidate has tried to solve and the work done to achieve that. Very often the nature of a problem becomes clearer and changes as the candidate works with it but no corresponding change is made to the title. Unsuitable or carelessly worded titles can create problems in meeting the assessment criteria. Four very common instances of unsuitable titles are:

- Titles which are vague or which have not been considered at all. This includes situations in which no title at all is given. For example,

"Marks and Spencer"
"Easthampton Leisure Centre"

In each of these cases it is possible to define an aspect and hit upon an analytical and evaluative approach but it doesn't happen very often. Most often it leads to a descriptive project and a low grade.

- Titles which are descriptive and lead to projects which do not meet the assessment criteria. Having no decision-making focus, such titles ensure that the scope for rewarding higher skills is very little. Examples of such titles are:

"How did Brent Engineering decide upon its new location?"
"Was it wise to open a café at thesupermarket?"

Both decisions have already been made and the likelihood is that what happened would simply be described. In the first there is no stated intention to analyse the problem(s) and very little analysis is likely to result. In the second the candidate could redeem the situation by comparing the objectives in opening the café with the actual result, but in practice, this does not happen.

- Titles centred on problems which are far too large. If the problem has too many facets, the work is never at A2 standard. The candidate tends to produce simplistic evidence and analysis or an approach which is glaringly incomplete. Such work will merit very few marks on most criteria. Examples include:

"Should John Brown open a new fish and chip shop?"
"Can ICI increase its market share?"

The first of these is quite common, and thought by many to be a good title. However, opening a business is about almost every aspect of Business Studies and difficult to complete except on a very superficial level. Better to look at a part of the problem e.g.

"Is there a sufficient market to sustain a new shop?" or
"Where should the new shop be located?"

The second of the two examples is impossible, ICI has many branches and many products - choose one product in one market and analyse the situation in relation to this. Alternatively examine the turnover of one small branch with relation to a defined, small and coherent section of its stock.

- Titles which do not pose the real question. Examples of such titles are:

"Can Brentford Textiles improve its marketing mix?"
"Can Tavistock Engineering improve its Communications?"

The real questions are, why are these changes necessary? Presumably marketing mix needs improvement to increase net turnover whilst there may be no need at all to improve communications. If there is, then that is the problem and improvement of communications is a potential solution.

The role of the teacher is to:

- help candidates keep the titles short, sharp and pertinent;
- help them to be sure that they know what must be investigated and how;
- help them to be sure that they can do it. This is a very individual support, for example, it is not wise for candidates whose numerate abilities are weak to tackle a problem involving investment appraisal or trend analysis even though the Project could be a good one.

7.5 The Framework

The project should have a framework which includes the following:

- *A title which accurately reflects the work undertaken*
The original title may not do this. Often the focus of investigation changes with increasing knowledge and the original title is no longer appropriate. The candidate must change the title so that it accurately represents the work. Once a Project is finalized the title should be checked for its relevance to the problem tackled.
- *A setting for the problem*
This is one purpose of the *introduction*. Problems that are not explained in context are never properly understood or solved. Candidates should not waste the introduction on unnecessary information about the firm. It should be used wisely to introduce aspects which are relevant to the problem and to present a framework for its resolution. The criteria reflect the importance of this and provide for careful presentation of the context.
- *A clear definition of the problem*
This is always necessary and often crucial. By setting out to define the problem clearly, the candidate discovers what the problem is and its important elements. Often the focus of the title is a symptom or an effect and the real problem is something different. Better to find this out at the start. A clear understanding of the problem is the basis of a good methodology for tackling it.

Examples are:

“How can.....improve its promotion strategy ?”

This title assumes that there is a need to increase net marketing turnover and that the only important element in the mix for the marketing plan, is promotion. The problem is to increase net sales revenue. It may well be that the best solution involves a new promotion strategy but this has to be demonstrated before it can become the focus.

“How can motivation be improved at.....?”

Here again the same problem. Does the writer know there is a motivation problem and what has caused it? Is the writer aware that motivation needs to be improved? Until these central issues are tackled there is little point in looking at how.

- *The candidate's objectives in relation to the problem*

It is the objectives that the candidate has which are important. This requires knowledge of the effects of the problem and its causes. Objectives are the skeleton of the work since they define the outcomes the candidate has decided to pursue. They are the parameters within which the candidate works and writes the report. They are not simply an exercise to satisfy the examiners. However, examiners have consistently noted that many candidates do not really understand what objectives are. They consistently write down lists of methods of approach or they allude to the objectives of the firm rather than those in structuring the report. Example:

Objective: To design and use a questionnaire.

This is a clear method of approach and may well be the best approach but it is not an objective. The objective related to this method would be:

To collect sufficient, relevant, accurate information to enable the definition, analysis and solution of the problem.

- *Relevant information collected in a suitable manner*

There is no required information and no prescribed manner. The candidate must decide what primary and secondary information will be both sufficient and appropriate and how best to collect it. It is expected that the candidate will argue these issues and not simply perform the tasks. It is also expected that projects will have both information which is unique to the problem and its setting, and secondary information drawn from both public sources and the specification.

Experience shows that candidates normally attach too little importance to secondary information and do nothing to find it. In fact secondary information can help to determine the primary information it is necessary to seek and the form in which it should be obtained. It also provides a comparator against which primary information can be analysed.

In the A2 component the mere provision of information can only be rewarded if use is made of it or its relevance to the problem is discussed. Unused information should be ruthlessly discarded and not left as part of the final project report.

- *Appropriate criteria for evaluation*

Concepts such as labour turnover, efficiency, motivation, productivity and so on, have no meaning until they are defined in the context of the problem, together with the yardsticks by which they are to be measured. This gives the work form and logic. The *reasoning* on which the particular meanings and yardsticks are based is the essential requirement, not the particular choices made.

Experience shows that candidates do not often bother to define terms. This is particularly true of “motivation”. They normally assume that motivation needs to be improved and look at theorists rather than at the indicators within the context of the problem. In defining productivity they frequently confuse it with production. In defining labour turnover they are content with the textbook general definition which is far too general to assist with later analysis. They write of efficiency in rather vague and general terms and normally without reference to the effects of improving efficiency in one respect.

- *The use of theory as required, e.g. to support criteria, to argue the use of given techniques, to evaluate the information*

The operative word is **use**. The mere presentation of theory, even if it is appropriate and relevant, will not be rewarded. The skill required is effective and correct use. It may be in defining the problem, the setting of objectives or any and every stage of the whole process. It is best to present and explain the theory where it is used and not in separate chapters. The most frequent ways in which valuable words are wasted in this respect relate to long reproduction of the work of human relations theorists or the writing up of SWOT analysis. A similar problem relates to the endless presentation of analysis of every conceivable ratio relating to final accounts. Such sections of a project are useless.

- *The use of appropriate techniques of evaluation*

Again the word "appropriate" appears. Break even is of no value without a need to forecast; ratio analysis will not help if financial factors are unimportant; theories of motivation will not support a project which does not need them. Explaining how a technique might be used might be of some value but the purpose is to use data unique to the problem and improve evaluation as a consequence. Reasoning behind choice of technique should be shared with the examiner. The uncritical use of techniques is the most common error. Most techniques have assumptions which underpin them or limitations either in general use or in their use in the context of the candidate's chosen problem or in the method of solving it. Candidates should show awareness of these limitations and their effect on the judgments which can be made.

- *Analysis, evaluation or synthesis in the light of objectives set and information gathered*

At this stage the candidate is using evidence and deciding on the relative merits of various pieces of this. This process is almost meaningless unless undertaken in the light of the objectives set. The purpose is to analyse and evaluate in a problem solving way, to achieve objectives or to know and explain why these have not been achieved.

Example:

In a labour turnover problem unless the candidate has analysed the data to determine who has left and why, the real problem cannot be determined let alone solved. If the pattern shows a large proportion who leave within three months the problem probably relates to recruitment or training. If those who are leaving are to a large extent from a particular area of the work of the business the problem is probably one of management style, leadership or conditions of work. If the leavers are largely from one sex the causes must be sought elsewhere.

- *The development of conclusions which are valid in the light of the objectives set and the information gathered*

This does not mean "right answers". In most cases these are beyond the scope of the exercise and the experience of the candidate. It means conclusions supported by the evidence collected and analysed, and the logic of the arguments. Often candidates' conclusions are invalid because evidence is insufficient (too small a sample) or unreliable (a biased sample or a poor questionnaire) or because the analysis or evaluation is flawed. The position can be improved by acknowledging and explaining weaknesses and considering how these might have been avoided.

Weaknesses in evidence collected are by far the greatest problem. Samples often are too small. Of large populations the sample should never be less than 50. The sampling method chosen is often not discussed and not in accordance with any of the accepted sampling methods. Candidates seem to think this does not matter and they can ask anybody. Some think random *means* anybody. Often the problem is even more basic, lying in the faults of a poor and unpiloted questionnaire. Candidates need to remember that evidence has to be capable of aggregation and that time periods like "lots of times", "occasionally" and "rarely" are subjective and incapable of aggregation.

- *A recommendation/recommendations*
These must flow from reflections on the purpose in trying to solve the problem, the conclusions reached and the priorities the organisation might have. Candidates should not simply make recommendations but should reflect upon their realism and practicality in a business context.

Too often recommendations are merely a list of ill developed ideas which have costs and consequences which are often ignored. In some cases the candidate rightly imposes a particular format upon the report. Many seek a strategy or plan, and the recommendations should not be a list of unconnected ideas but an overall plan which has been argued and justified.
- *A general framework of communication which makes it easy for the reader to absorb the main features of the report and to refer backwards and forwards as necessary.*
Reports are meant to be read and must be easy to read. In part this is quality of written communication, but in part it is also the general structure of the report. A clear and accurate title is a good starting point. After the problem has been presented in context there should be a concise and logical statement of objectives and a clear presentation of methods of enquiry. Pages should also be numbered and a simple but effective method of presenting the sections should be found. Diagrams should be properly labelled and effective, information should have an indicated source. Any quoted material should be properly attributed. Information and theory which is not used should be removed and the appendix should be used wisely to include things which are relevant to the report but not specifically used in one place. Word-processed reports will gain no extra marks but the operational advantages to the candidate are enormous. Work should be within the word limit. Candidates who have written too much are strongly advised to read and shorten their work without taking away any vital elements. Concise and precise presentation is a rewarded skill.

There are 10 marks out of 90 for these skills. Many of them are lost by a combination of lack of care and failure to check work effectively. There are sections to a good report, which are clearly designated in the work and there is a use of English which is not just accurate but easily readable. This requires the use of varied sentence length, of genuine paragraphs and logical structuring. Candidates are advised to get their work proof read and then corrected. The mere use of a spelling and grammar computer check will leave many errors and weaknesses undetected.

7.6 Necessary Reading

The Business Project is a Business Studies examination component. In it, therefore, there must be appropriate theory which is understood, used and of A Level standard. This requires some reading focused on elements central to the problem. Experience shows that, in many instances, no reading is done and theory is weak or absent. In many other cases bibliographies at the back (a good thing) reveal that the level of reading has been too low - often from GCSE books or from A Level general texts. The book list in the specification gives help - if the assignment is largely about marketing, books listed for the marketing option are likely to be helpful. Don't determine candidates' reading but do guide it. They may well find considerable help in the pages of current or previous copies of Business Review.

7.7 Submission of titles/outlines

The optional service of approval of outlines for the assignment is useful but can only be of service if outlines have been completed with care and in accordance with the directions on the form. This begins with a well considered title and continues with two or three paragraphs in which the core of the problem and a proposed method of solving it are presented. This might refer to techniques to be employed but these should be an integral part of the explanation of the method. A mere list of all of these things is not sufficient and will not be approved. It is essential to take the examiner into the problem and the approach if real help is to be given.

Outline summaries which are incomplete, lack logic, or miss out an essential element will have that weakness explained and will be approved only if and when the comments made and the advice given are accepted and acted upon. That is what "Accepted with proviso" means. It does not mean that the candidate cannot go ahead but it does mean that an experienced examiner has warned against it. The purpose of approving outlines is to ensure that potentially weak projects are weeded out and others, which could have been difficult, have been identified and appropriate advice given. Incidentally, submission of titles alone is of little value.

The whole process of preparing a submission is an opportunity for focusing clearly and thinking about the task to be undertaken. It should be a stage in the preparation for the Project regardless of whether it is to be submitted. It certainly should not be submitted if it lacks a clear form and focus. Experience has shown that candidates who have been through this process with care and attention to detail are much more likely to do well with the project itself.

7.8 Notes on the marking criteria for 2878: The Business Project

The marking criteria can be found on pages 32-36 of the specification.

The task of writing the report is a unitary one and all criteria are applied to the report as a whole rather than any specific element of it. Each criterion relates to a specific process or skill as demonstrated in the work. Each has four distinct statements and the nature of marking is to find the statement which most approximates to what the candidate has done. It is a positive rather than a negative process.

Criterion 1 – The Problem in Context

[5 marks]

When embarking on a project, candidates often fail to define, explain or contextualise the problem. As a consequence, they often discover too late that there is not really a problem. These five marks are for specifically ensuring that the problem is a real one, that its nature is understood and that it is being solved in context. There should be a clear relationship between the title the candidate has chosen and meeting this criterion. Some examples:

How can.....increase its net turnover ?

This is a good title but the context is vital. In describing it the candidate should provide a target for growth and should show whether the real problem is survival or growth. If it is the former the business is going to be more prepared to take risks and would therefore contemplate a different strategy for success.

How can.....increase the motivation of its workforce?

Here there is a need to demonstrate understanding of the nature of motivation and of evidence which would demonstrate its level. There is also a need to show that motivation is low and that the business seeks to improve it.

How can.....reduce labour turnover?

Here the candidate must show that labour turnover is high or rising by reference to a target or to secondary evidence. Then there is a need to analyse the figures in a way which will highlight where the problem is and what its probable causes are.

How can communication at.....be improved?

The quality of communication only needs to be sufficient to enable the objectives of the business to be achieved. Improving it because it could be better is simply a costly and avoidable exercise. Many candidates who have embarked on this project without proving the contextual need for improvement have often found there is no real problem and ended up with a weak, descriptive project.

In applying this criterion, therefore, we are looking for the laying of a foundation which is appropriate to the problem being addressed.

Criterion 2 – The Objectives

[10 marks]

All candidates manage to state objectives, though many do not know what objectives really are and confuse them with methodology. It is the outcome they seek which constitutes the objective and not the way they go about it. For example, many candidates state "to design a questionnaire". This is not an objective - the real objective is "to seek sufficient, relevant information". There are five marks for realistic objectives, but only one mark is associated with the mere statement. The rest are for the quality of the use of the objectives throughout the project and for their use to reflect upon the success with which the project has been undertaken. Beware of using each objective, one by one, to complete the work. This invariably breaks up the work and takes the focus away from the main purpose.

Objectives are often stated effectively but then ignored. This is no better than Level 1 since the candidate has gone through what has proved to be a meaningless process. Most will be at Level 2 or 3 having made some use of the objectives in that they have attempted to fulfil them. The best will realise that, in coming to a conclusion the success with which objectives have been met will be an issue. Where they have this critical understanding, Level 4 is appropriate.

Criterion 3 – Research Methods

[10 marks]

The marks available here are for the appropriateness and effectiveness of the *methods* used to obtain information. They do not relate to the sufficiency of the data collected. The good candidate will have discussed, not at great length, the information that is needed and its form and best source. There will have been an attempt to find the best way of collecting this and a consideration of the steps of the methodology. Questionnaires will have been well designed and piloted and the sampling method and size will be appropriate and sufficient. The role of secondary information will have been thought about and some use made of it.

Criterion 4 – Appropriate Research Data

[10 marks]

Here, the focus is on the *data* and the candidate's ability to explain why and how it will be relevant. It would include such skills as collecting it in a form which can be aggregated and presented for its actual use. A candidate having data which is not used would show lack of selectivity and/or poor editing of the report.

At this stage the value, or otherwise, of information is demonstrated. Often data relating to age and sex is of no value whilst at other times it is crucial. At this stage the nature of the problem is likely to be clearer and the candidate may be aware that some information is crucial whilst other information is not. Ability to act on this awareness, to reject some, to prioritise some and to realise the need for information not yet collected will be relevant to the marks earned under this criterion. It is often at this stage that a candidate will decide what the problem is and reject some possible solutions or become aware of others.

Criterion 5 – Business Theory

[15 marks]

It is the use of business theory, concepts and techniques which is crucial and not their mere presentation. A candidate who does not use the knowledge shown will not even merit Level 1. Candidates should be taught to avoid large sections or chapters which are about theory and should instead only explain theoretical ideas in the context of their use. A correctly used technique is by definition understood. One which is merely expressed is of no value at all.

Candidates often over-present wasting valuable word space. Some examples:

The candidate, considering a marketing problem becomes aware that the choice is between an extension strategy for an existing product and the development of a new one. It is sufficient to consider extension strategies in context and it is not necessary to present and explain the whole of product life cycle theory.

The candidate considering motivation should do so contextually. The focus should be the solution of the problem. A particular theoretical approach can be applied to the problem and the candidate can show why it might work. There is no need to write all of that theorist's work out in full nor is there a need to consider other theorists whose work is known.

The *level* at which theory is applied should be that shown in the specification for 2880 and not just that learned as part of the AS specification. This is of especial significance where the project is about investment appraisal, ways in which finance might be raised, or the analysis of the significance of price in a given marketing context.

Criterion 6 – Analysis

[15 Marks]

The essence of analysis is the conversion of information and theory into evidence. It is therefore contextual. Very good analysis, which is not focused on the problem to be solved, is of no value at all, regardless of its quality. Very often good understanding of a technique or concept is considered, by the candidate, to be analysis. This is not the case unless it makes a contribution to the investigation and problem solving required. Candidates begin to analyse as soon as they marshal evidence in any way. This may be in deciding what the problem is, in determining how evidence should be collected or in displaying that evidence in some graphical form. It is not analysis to merely describe in words what has already been shown in a pie chart or a bar graph.

Analysis or techniques for carrying out analysis, are not always totally appropriate to what the candidate is trying to do. At the highest level, candidates will show awareness of limitations. They will also look for patterns in the evidence and reflect on the significance of these patterns. Examples:

- A candidate may observe that there is a similar pattern of responses from people who live in the same area, travel in the same way, work in the same department. This is likely to have some bearing on the problem and its solution and the good candidate will work with this.
- A candidate may observe that there are similar behaviours or responses from people of the same age or of the same sex. This is often the case in human relations problems or in marketing ones and is clearly something to be worked with.
- In marketing problems it is often a good idea to look for a profile for the typical customer or the market segment at which a strategy should be aimed.

Any candidate who does this at anything other than a very superficial level is at Level 4.

Criterion 7 – Evaluation

[15 marks]

The candidate must make well argued and logically developed judgments. This skill will be shown at many stages throughout the project, but will be most obvious when threads are drawn together, the arguments balanced and decisions made. Within this criterion candidates should show an awareness that any solution must cost less than the benefits it provides, if it to be acceptable to a business. Cost, of course, may be opportunity, human, social or environmental as well as money costs.

The purpose of evaluation is to provide a logically argued solution in line with the objectives and the evidence now available. One of the weaknesses of many projects is that candidates do this as a mental decision making process but do not share this thinking in the writing of the report. A decision is not a decision unless the choices open to the decision maker and the reasons for making the decision in a given way are shared with the reader. Only work that can be *seen* to have been carried out can be rewarded – not what we only *think* has been done.

Evaluation must also be focused on the decision and not just on a series of isolated potential recommendations. This is particularly true when the writer has sought a strategy. For even Level 3 on this criterion an attempt must have been made to present and logically argue a plan of action.

It must also be clear that the judgments made here have influenced the recommendations made. There may have been limitations, of which the candidate is aware, which affect the validity of the recommendations which can be made. This must be part of the decision about what recommendations to make. It follows that evaluation which is written about *after* the report is completed, and often highly subjective in nature, is not rewardable.

Criterion 8 – Presentation

[5 marks]

The report should be well written, within a good formal structure, and should be easy for the reader to follow. The starting point for assessment is whether it is a report rather than just an essay. If the work is not a report, it is not worth more than 1 mark on this criterion. We do not stipulate any particular report structure but it must be evident from the structure chosen that this is a report. Although it is acceptable, the bullet point approach to report writing often militates against good marks for evaluation because it is not easy to encompass the kind of sustained logical argument required within the bullet approach.

Clearly numbering pages, tables and sections, and using a contents page are simple ways to improve clarity. Equally diagrams must be to a sensible scale and properly labelled and explained. Data must have a source and the quoting of other people's work must be fully attributed.

Criterion 9 – Written Communication Skills

[5 marks]

Candidates must ensure that their work is proof read to a high standard. Spellings of key business studies terms in particular must be correct. Sentence structure and paragraphing is important.

8 Module 2879: Business Thematic Enquiry

8.1 Introduction

The Thematic Enquiry is an alternative to the Project and is assessed using the same criteria. In essence, therefore, it is a report and, since the criteria will be applied in the same way to either of the two options, it may be useful to read the support material provided for the marking of the Project.

In essence, the Thematic Enquiry continues the idea of using the local environment as a basis for both learning and assessment. The theme will be known to candidates in advance. They will carry out research into the area specified in the same way as they would for the Project. In the examination, candidates will be given a short case study based on the given theme. They are then required to write a report on the basis of the case study and the research they have carried out previously.

- The title of the report will be prescribed in the examination paper. It will provide the focus for the report but will also offer scope for a range of different and equally acceptable answers.
- The evidence presented in the case will not require further calculation or numerical analysis. If, for example, ratios were valuable, they would already be calculated on the paper. However there will be ways of completing the report which enable candidates with good numerate skills to use them in any way they consider appropriate to the solution being pursued.
- Not all the evidence available will necessarily be relevant to the report. One of the skills we are testing is the ability to select relevant data and to ignore that which is not useful for the report requested. Given that there will be a range of potential approaches, the good candidate will select one or, at the most two, and collate evidence which is relevant. Example:
 - In the June 2002 paper, the major thrust of the question was the selection of a new marketing strategy. It was, however, open to candidates to argue that the human problems in the business were so severe and crucial that no marketing strategy would work until they were solved. Many candidates effectively took this approach.
 - In the January 2002 paper, the issue presented could have been seen as one concerned with the need to downsize, the need to find a new market, the need to market more effectively in the present market, or the need to combat the problems of the high value of the pound and low labour costs abroad. In practice the only candidates who suffered were those who identified and tried to tackle all or most of the issues rather than focus on one or two seen as most crucial. As with the Project, right answers are not expected. A logical argument based on evidence sensibly selected is expected.

8.2 Time Management Skills

The paper is only 90 minutes long and the case is unseen. Clearly, it is advisable to practice this kind of task in preparation. The best use of time in the examination is likely to be something like:

10-15 mins:

Read the case, think about the data presented in the light of the question posed. Decide what is thought to be the main problem within the framework of the question asked.

10-15 mins:

Select appropriate evidence from both the case and previous study. Write a short overall **plan** for the report. This will show understanding of the problem and of its contextual significance. It will help to satisfy criteria 1 and 2, and will be marked out of 10.

Examiners have observed that, although there is a clear statement of things to be done as part of the plan many candidates ignore all or some of them. Candidates are strongly advised that they cannot earn the marks available for the plan unless they do exactly what is asked from them for this task. It is designed to require thought and planning before embarking on the report. There is clear evidence that candidates who write a good short plan are far more able to set about the report itself in an effective way.

Within the plan the greatest weakness among those who tried to follow the instructions was an inability to state effective objectives. Some wrote down the objectives of the firm rather than those of the report. Many others confused objectives with methods of enquiry.

45-50 mins:

Write the report using the title given as its ultimate focus. In the report the examiners will look for evidence of:

- Pursuit of objectives (criterion 2). These will have been stated in the plan and there must be evidence in the report that attempts have been made to achieve the outcomes stated. Good candidates will also relate to objectives in evaluating the evidence and progress.
- Good selection of evidence from the case and from previous study during the course. (Criterion 3) In 2002 candidates were able to make very good use of evidence from the Internet and from businesses in their own community. The evidence must of course, be relevant to the focus the candidate has identified.
- Appropriate and accurate evidence. (Criterion 4) This may require interpretation of what is offered in the case and particularly in any visual data presented.
- Good, appropriate and critical use of business studies knowledge. (Criterion 5) There will be no need (or time) to explain theory. Correct *use* will be sufficient evidence of understanding. There are many instances where explanations are too long and some where the theory is presented but not used. This just wastes time and scores no marks.
- Organisation of the evidence and theory in appropriate ways. What ways are appropriate will be determined by the question posed and by the approach the candidate takes.
- Logical argument and the development of sound conclusions.

- This is the common weakness. In general candidates spend too much time presenting the evidence and elaborating points of detail within it, and not enough actually using it to develop an argument.
- Good presentation. The requirement is for a report and therefore for a report structure. Some candidates overdo this with elaborate structuring of memo type starts. Others write an essay rather than a report. Where this happens, they earn a maximum of 1 mark on criterion 8. No special format is required but clear division into the stages of report compilation is expected.
- Good written communication (Criterion 9). Examiners are aware of the pressure of being examined under a time constraint and this is taken into account in determining the mark awarded.

5-10 mins

Check the work. This is a mark-earning activity and should not be ignored. It will enable some errors to be corrected and a realisation that something, like putting in a report structure, has not been done.

8.3 Preparation for the Examination

It is not intended that the Theme should involve specific teaching except that which is associated with preparation for the mode of the exam. Like the Project, the investigative work which supports the Theme should be undertaken by the candidates themselves. The role of the teacher is to monitor and guide as they would with the Project. Much of what will be the focus of the work in the Theme paper will be part of the normal preparation for the other units.

50 minutes is not long to write a report. There is a need for candidates to work out in practice what they can achieve in that time and how they can be concise and precise in their writing style.

Three or four points logically developed effectively using the evidence is all that can be reasonably expected. It is certain that good argument centred around a few points, and supported with evidence, is much better and more likely to show skills of analysis and evaluation than a lot of points rather descriptively presented and with little depth.

In past examinations, there has been evidence of over-preparation in terms of the structure. There is a real sense in which aspects of the structure which should be adopted are clear from the case itself and the question posed. Over formalised approaches led some candidates to disregard this. Over-preparation sometimes involved the structuring and memorizing of a model answer and where this happened candidates sometimes virtually ignored the case itself.

9 Module 2880: Business Strategy

9.1 Topics

Setting Corporate Objectives

- Formation of objectives at tactical and strategic levels.
- Communication of objectives through corporate plans and mission statements.
- The impact differing stakeholder objectives have on the behaviour and decisions of the business.

What it is that the organisation seeks to achieve and how this purpose is decided upon

- *Identify and explain typical organisational objectives.*
- *Understand the difference between tactical (short term, detailed) and strategic (long term, overall intent) objectives.*
- *Recognise the interrelationship between the two.*
- *Comment upon and evaluate the appropriateness of objectives within a given context.*
- *Identify and explain the elements of a mission statement.*
- *Understand why objectives have to be made clear to those charged with their achievement and the role Mission Statements serve in this communication process.*
- *Evaluate the effectiveness and appropriateness of objectives and make decisions as to how objectives could be achieved within a given context.*
- *Identify and exemplify different stakeholder groups and their likely objectives in their relationship with the business organisations.*
- *Understand how the various stakeholder groups influence organisational objectives and that their ability to do so is situational.*
- *Evaluate how stakeholders may view a given business behaviour and then make decisions regarding how the business might best respond so as to achieve its objective.*

Tools for Corporate Planning and Aids to Decision Making

- Ansoff matrix.
- Drawing and evaluating Decision Trees.
- The use of Time Series Analysis to produce forecasts.
- Gathering information and summarising data.

How tools and techniques can assist in decision-making and so achieving objectives

- *Demonstrate an understanding of the two dimensions, products and markets.*
- *Understand the role of the Ansoff matrix in assessing risk and evaluate its appropriateness in a given situation.*
- *Draw a tree, using nodes and branches, from given data.*
- *Understand the difference between event and decision nodes.*
- *Define, calculate and interpret expected monetary values, EMVs and so reach a decision.*
- *Evaluate the appropriateness of Decision Trees in a given situation.*
- *Analyse historic data into its three components, trend, cyclical variation and random component.*
- *Choose an appropriate moving average and so determine a forecast from a given set of data by the extrapolation of the trend and the application of the appropriate seasonal variation.*
- *Critically assess the appropriateness of TSA in a given situation.*
- *Understand the importance of relevant data in decision-making.*
- *Understand sources of data; primary and secondary data.*
- *Evaluate the appropriateness of different methods of data gathering within a given context.*
- *Convert information into data; calculation of averages (mean, median and mode) measures of spread (range, inter-quartile range), percentages (change and proportion).*
- *Verbal understanding of possible causal relationship between two variables (correlation).*
- *Make decisions about the appropriateness of different methods of summarising data in a given situation.*

- Critical Path Analysis as a means of allocating resources; determination of critical path.
- Draw a network, using nodes and activities, from given data.
- Define, calculate and interpret free float and total float.
- Determine the critical path.
- Use the concept of float to make decisions about the allocation of resources to specific activities.
- Evaluate the appropriateness of CPA in a given situation.

External Influences

How external factors influence the way in which the organisation behaves as it strives to achieve its objectives, the decisions that may be required in the light of a dynamic external environment

- The market: market failure; government and other stakeholder responses to it.
 - Demonstrate understanding that businesses operate in markets; both as suppliers and customers for process inputs.
 - Recognise that different market structures exist; a descriptive understanding of perfect competition, oligopoly and monopoly, and the business's response to market pressure will reflect the nature of the market.
 - Identify, exemplify and explain different types of market failure, large groupings of suppliers, customers, externalities.
 - Evaluate the appropriateness of a given strategy in the light of the market conditions and make decisions about what actions might be required to achieve objectives in the light of market conditions.
- Labour markets, impacts of skills shortages and surpluses.
 - Demonstrate understanding that the demand for labour is derived and that changes in market demand will impact upon the quality and quantity of employee skills required and that the price of labour is set within a market.
 - Make decisions about how the business can ensure it has the appropriate skills required, both in the short and long term, in order to achieve its objectives in a given situation.
- Unemployment: types and their impacts on the business.
 - Demonstrate understanding of unemployment and how different types; frictional, structural, cyclical, regional and seasonal, impact upon the organisation both in the selling of its output and in the hiring of labour.
 - Evaluate the appropriateness of a strategy in the light of unemployment within a given situation and suggest how the organisation might change its behaviour to ensure it achieves its objective.

- Interest, exchange and taxation rates; strategic implications of changes upon competitiveness, locally, nationally and internationally.
 - Inflation and deflation: causes and cures, impact upon the organisation.
 - Economic growth: effects on business and government behaviour and business activity and strategic decision-making.
 - Technological change: the impact of technological change on business.
 - Social: the role and limits of corporate responsibility in decision-making, the changing pattern of employment.
 - Legal behaviour and decisions.
- *Demonstrate understanding of interest, exchange and taxation rates.*
 - *Evaluate how changes might affect the business and make decision about what actions might be required in the light of any change so as to achieve the strategic objective within a given context.*
 - *Demonstrate understanding of inflation and deflation.*
 - *Evaluate how these might affect the business and make decisions about what actions might be required in the light of any change so as to achieve the strategic objective within a given context.*
 - *Demonstrate understanding of economic growth.*
 - *Evaluate how different levels of growth, and government policies toward growth, might affect the business and make decision about what actions might be required in the light of any change so as to achieve the strategic objective within a given context.*
 - *Demonstrate understanding of the technological environment as it impacts upon the business; communication, organisational structure, productive technology, market technology and product variety, whether from, with or as an external change.*
 - *Evaluate how a given technological change will impact upon a business in a given context and suggest how the business might respond so as to achieve its strategic objectives.*
 - *Demonstrate understanding of the social environment; the importance of corporate responsibility both in terms of vicarious liability and in terms of its impact upon the image of the business.*
 - *Demonstrate understanding that the pattern of employment is derived from a workforce plan which is subject to change.*
 - *Evaluate the appropriateness of a business's social position within a given context and make decisions as to how this might need to be amended to achieve objectives.*
 - *Demonstrate understanding that the behaviour of business is affected by law; vicarious liability, negligence and legislation. Note: Detailed knowledge of business law is not required.*

- Contract law as a basis for employment, occupational safety and marketing law.
 - *Demonstrate understanding of the fundamental aspects of contract; legality, intention to create legal relationships, consideration, agreement, exchange, definite terms.*
 - *Demonstrate understanding that the legal relationship between the business and its stakeholders is contractual.*
 - *Evaluate the appropriateness of business behaviour in a given context in the light of a contract and suggest and justify what might be required to achieve its objective.*

- Political: political changes creating opportunities and threats to corporate success; different styles and degrees of government intervention, nationalisation, privatisation and laissez-faire.
 - *Demonstrate understanding of the political environment as it impacts upon the business, through government policies toward the business sector and as a consumer and provider of business services.*
 - *Demonstrate understanding of different government approaches to the business community, nationalisation, privatisation and laissez-faire.*
 - *Evaluate the appropriateness of a business strategy within a given context and suggest and justify how the business might respond given a change in the political environment in order to achieve its objective.*

- Environmental: environmental audits as a means of reducing process waste.
 - *Demonstrate understanding that all business activity has an environmental impact and that environmental audits represent a means of assessing this impact.*
 - *Demonstrate the costs and benefits of reducing process waste, both in terms of finance, corporate image and competitive advantage.*
 - *Evaluate the appropriateness of a business's policy toward the physical environment in the way in which it impacts upon its ability to achieve its objective.*

- Moral and ethical issues: modification of business behaviour in the light of moral, ethical and spiritual issues.
 - *Demonstrate understanding of the moral and ethical dimension of business behaviour and that the stance adopted by the business will reflect the values and beliefs of its stakeholders.*
 - *Evaluate the appropriateness of a business's ethical stance in a given context and make decisions about what the business might need to do so as to ensure the achievement of objectives.*

Devising and Implementing Strategy

- Communication methodologies and effective consultation, shared values.
- Barriers to effective communication: overload, remoteness from audience, attitudes.
- From corporate plans to target setting, measuring effectiveness.
- Budgets: communication, control and motivation.

Translating objectives into actions.

- *Identify, exemplify and explain different communication methodologies.*
- *Critically assess the appropriateness of different ways of communicating with a given situation.*
- *Demonstrate an understanding of the role that individual and collective values play within communication.*
- *Evaluate, within a given context, how an organisation can ensure it communicates effectively with all stakeholders.*
- *Demonstrate understanding that the message sent is not always the one received.*
- *Identify, exemplify and explain different barriers to communication.*
- *Suggest ways by which an organisation might overcome barriers and so secure effective communication.*
- *Evaluate the appropriateness of the communication within an organisation within a specified context.*
- *Demonstrate understanding that objectives are hierarchical; from global mission statement to individual short-term targets, and that congruence is required between both for the organisation to be effective.*
- *Identify and exemplify means of measuring effectiveness at different levels within the organisation.*
- *Analyse the effectiveness of individuals, groups or the entire organisation within a given context and evaluate how effectiveness might be improved to secure objectives.*
- *Understand the purpose and benefits of budgets in ensuring the effectiveness of the organisation through the allocation and control of resources.*
- *Understand the role of cost and profit centres in allocating, monitoring, controlling and appraising organisational resources.*
- *Recognise the value of setting budgets collaboratively in communicating organisational purpose and enhancing motivation and responsibility.*
- *Critically assess the appropriateness of the basis for setting budgets within a given situation.*

- Calculation and interpretation of adverse and favourable variances.
 - Management of working capital to secure liquidity.
 - The strategic importance of facility location.
- *Define, calculate and interpret both volume and value variances. Demonstrate an understanding of the difference between favourable and adverse variances. Make decisions about what actions might be required in the light of variances within a given situation.*
 - *Define, calculate and interpret working capital.*
 - *Demonstrate an understanding why liquidity is an essential requirement for organisational success and make decisions about how liquidity can be most appropriately secured in a given context.*
 - *Identify factors influencing location, both financial and non-financial.*
 - *Demonstrate understanding of differences in importance of factors through time and between stakeholder groups.*
 - *Understand why an organisation may remain in a non-optimal location and problems associated with multi-location organisations.*
 - *Evaluate the appropriateness of a given location, or a proposed location, within a given context.*

Reviewing Strategy

Tools and techniques by which stakeholders might assess whether the organisation has achieved its stated objectives or is likely to achieve its objectives

- Constant review of market and environmental circumstances.
 - Changes in market demand, R&D and new product development.
- *Demonstrate awareness that the market in which the organisation operates is dynamic.*
 - *Recognise that the appropriateness of any given strategy is contingent upon the environment and as such the organisation has to constantly review the market it operates in, both as a supplier and as a consumer.*
 - *Make decisions about the appropriateness of a strategy within a given context and suggest how the strategy might be adapted if required.*
 - *Exemplify R&D, innovation and imitation.*
 - *Recognise that in the context of a dynamic market the offering of the organisation may need to change.*
 - *Make decisions about R&D behaviour within a given context.*

- Interpretation of performance through ratios, liquidity, solvency activity.
- Investment appraisal.
- Use of accounting information to assess performance.
- Determination of returns of capital and profitability.
- Determination of shareholders rewards, return on investment.
- The use of ICT as an aid to decision-making, Management Information Systems, MIS.
- Determination of employee contribution to objectives; productivity, absenteeism.
- *Define, calculate and interpret liquidity (Current and Acid Test), Solvency (Gearing, Interest Cover), Activity (days Sales in Stock, Debtor collection period, Creditor payment period, Asset utilisation).*
- *Make decisions about what actions might be required in the light of an analysis of ratios within a given situation.*
- *Define, calculate and interpret the attractiveness of an investment opportunity, Pay back period, PBP and Accounting Rate of Return, ARR.*
- *Demonstrate an understanding that investment decisions contain risk.*
- *Recommend whether an investment opportunity will enhance the achievement of corporate objectives within a given context.*
- *Understand the three components of final accounts: balance sheet, profit and loss account, cash flow statement.*
- *Demonstrate an ability to evaluate these accounts from the perspectives of different stakeholders by choosing suitable ratios and other means.*
- *Define, calculate and interpret returns on capital (ROCE/ RONA) and profitability (Profit margins).*
- *Make decisions about what actions might be required in the light of an analysis of ratios within a given situation.*
- *Define, calculate and interpret shareholders' ratios (ROE, EPS, DPS).*
- *Make decisions about what actions might be required in the light of an analysis of ratios within a given situation.*
- *Demonstrate understanding of the use of ICT in formulating, controlling and reviewing strategy through the ability to present stakeholders with current information.*
- *Evaluate the strategic contribution of ICT within a given circumstance.*
- *Define, calculate and interpret measures of employee effectiveness (productivity, absenteeism).*
- *Evaluate measures of employee effectiveness within a given situation and make decisions about how employee effectiveness might be changed so that organisation objectives are met.*

- Assessment of impact on other stakeholders.
- *Demonstrate understanding that the ability of an organisation to reach its objectives is affected by external stakeholder groups.*
- *Evaluate how an organisation might respond to external stakeholders within a given situation so as to achieve its objectives.*

Managing Strategic Change

How the chosen strategy is implemented

- Securing resources, sources of finance and size of organisation.
 - *Exemplify the resources an organisation requires and make decisions about how these might be obtained within a given situation.*
 - *Demonstrate understanding of capital requirement; working capital and investment capital.*
 - *Evaluate the appropriateness of choices of capital in a given situation (purpose, legal identity, cost, amount, time scale, objectives) and make decisions as to how additional capital can be acquired.*
- Incremental versus catastrophic change; crisis and contingency management.
 - *Demonstrate understanding that organisations are subject to various types of change (source, size, predictability) and that the management of change consists of four stages (diagnosis, objective, prognosis and action).*
 - *Analyse the nature of change and make decisions about how change might be managed within a given context in order to deliver the strategic objective.*
- The role of team work, motivation and leadership in achieving goals.
 - *Demonstrate understanding that strategy is devised and delivered through people and that teamwork, motivation and leadership affect the achievement of organisational objectives.*
 - *Evaluate the appropriateness of teamwork, motivation and leadership in a given situation and make decisions as to how these might be changed, if necessary, in order to achieve the stated objective.*
- Organisational culture and employee participation.
 - *Define and exemplify organisational culture.*
 - *Demonstrate understanding of the factors that influence organisational culture.*
 - *Evaluate the appropriateness of an apparent culture in a given situation and make decisions as to how it might be changed, if necessary, in order to achieve the stated objective.*

- Employee relations at the individual and collective level.
 - *Demonstrate understanding of the link between employee relations and the achievement of objectives.*
 - *Demonstrate understanding that relations at the individual level can affect relations at the collective level and that such relations are subject to change.*
 - *Evaluate the appropriateness of employee relations in a given context and make decisions as to how these might be changed so as to facilitate the achievement of objectives.*

- Trades Unions and their role in achieving corporate objectives.
 - *Demonstrate understanding of Trades Unions as an employee representative body and exemplify Trades Union objectives.*
 - *Recognise the symbiotic relationship between organisational and Trades Unions.*
 - *Demonstrate understanding of how Trades Unions seek to exert influence, including industrial action.*
 - *Evaluate the ability of a Trades Union to influence the formulation and delivery of strategy in a given situation, through for example, actual or threatened industrial action.*
 - *Recognise the role, positive as well as negative, Trades Unions can play in the achievement of objectives and make decisions about how this role can be optimised in a given situation.*

- Changes to employment practices and levels, zero hour contracts, sub-contracting.
 - *Demonstrate understanding of zero hour contracts and sub-contracting.*
 - *Evaluate the appropriateness of these approaches to employment practice within a given situation and make decisions about whether they are suitable for a given organisation in pursuit of its objectives.*

- Strategies for avoiding conflict, no strike deals, pendulum arbitration and the role of intermediaries should these fail, ACAS.
 - *Demonstrate understanding of no strike deals and pendulum arbitration as a means of avoiding disruption to the organisation purpose.*
 - *Demonstrate understanding of intermediaries, particularly ACAS, in minimising disruptive employee employer conflict.*
 - *Recognise the preventative role ACAS can play in formulating sound industrial relations as to the achievement of organisational objectives.*
 - *Evaluate the appropriateness of conflict avoidance measures in a given situation.*

10 Guidance to Levels of Response

10.1 Level 4: Evaluation

This involves being able to justify decisions and judgements. The ability to assess information from a variety of sources and then being able to draw a conclusion in context and justify it. Judgements must be underpinned by some analysis of the evidence available. Ways in which evaluation may be shown include:

- where necessary being able to tell **fact from fiction**;
- examining arguments critically, and highlighting **differing opinions**. Being able to distinguish between fact, well-supported argument and opinion;
- questioning the validity of the data or the appropriateness of a technique;
- the ability to **make comparisons** and explain **both sides** before making a judgement about which is the best option;
- **weighing up** the strength of different factors or arguments, in order to show which you believe to be the **most important**, and why;
- showing understanding of the effects of different time spans on the situation or problem i.e. long run/short run;
- considering the influence of wider business, social, political or economic issues;
- looking at feasibility – e.g. in terms of money, time, people, resources available, capacity etc.

Key words used in examination questions include:

Assess

Discuss

Evaluate

Justify

Recommend.

10.2 Level 3: Analysis

Analysis can be of a problem, issue or situation. There are many ways analysis can be shown:

- using, breaking down and/or manipulating information or data for a purpose;
- turning information into evidence that can then be used to justify a judgement;
- how business studies theory is used or carried out within the context of a business to make some relevant point;
- selection i.e. choosing what is relevant and what can be rejected as not being useful;
- how points, issues or factors are drawn together (synthesis);
- how points, issues or factors are broken down – the way in which data is interpreted;
- identifying the implications of actions or situations for the business.

Key words used in examinations include:

Analyse

Consider the implications

Explain why.

10.3 Level 2: Application

- Knowledge and understanding shown of the issues and concepts shown in the context of the business and its situation.

Key words used in examinations include:

Describe

Explain

Outline.

10.4 Level 1: Knowledge

- Use of business studies theories and concepts – no reference to the question or the context of the business and its situation.

Key words used in examinations include:

Define

State.

