

Level 3 Certificate in Principles and Practice of Management



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INTRODUCTION

The annual qualification review provides qualification–specific support and guidance to centres. This information is designed to help teachers preparing to teach the subject and to help candidates preparing to take the examination.

The reviews are published in September and take into account candidate performance, demonstrated in both on demand and series examinations, over the preceding 12 months. Global pass rates are published so you can measure the performance of your centre against these.

The review identifies candidate strengths and weaknesses by syllabus topic area and provides examples of good and poorer candidate responses. It should therefore be read in conjunction with details of the structure and learning objectives contained within the syllabus for this qualification found on the website.

The review also identifies any actual or proposed changes to the syllabus or question types together with their implications.

PASS RATE STATISTICS

The following statistics are based on the performance of candidates who took this qualification between 1 October 2008 and 30 September 2009.

Global pass rate 53.30%

Grade distributions

Pass 27.66%

Credit 19.60%

Distinction 6.04%

GENERAL STRENGTHS AND WEAKNESSES

Strengths

- Candidates have a good understanding of theory of management and are increasingly able to show how these relate to management practice
- The link between the planning process and management functions is generally well-understood particularly
- Well-prepared candidates understand the need to define specialist terms and provide relevant examples of their application in management practice
- Candidates are confident in their understanding of the work of the main management theorists

Weaknesses

- The concept of risk management is not understood in the context of management functions
- Candidates are not able to use management terminology in a variety of contexts
- Current examples of management practice from the world of work are not used to enhance candidate responses
- Emerging external influences on organisations and the role of management do not figure highly in candidate responses e.g., globalisation, social responsibility, the stakeholder concept, shareholder value, customer loyalty

TEACHING POINTS BY SYLLABUS TOPIC

Syllabus Topic Area 1: Management Development

This section of the syllabus combines a knowledge of the works of important writers in the field of management with the application of their ideas in identifying the role and functions of management.

Specific recommendations are that candidates need to:

- have a good grasp of the work of the main writers identified in this section of the syllabus
- identify how these writers have influenced an understanding of the role of management
- understand the roles and functions of each level of the management hierarchy
- relate management processes and functions to each level of the management hierarchy.

Syllabus Topic Area 2: Management Functions

Although most candidates tend to exhibit a good understanding of the main functional areas, they are generally less clear about how these areas relate to each other with regards to such activities as planning, producing and selling.

Specific recommendations focus upon:

- the need to understand the inter-relationship between the main functional areas
- the influence of the external environment upon business functions
- the increasing importance and influence of the global economy on organisational activity.

Syllabus Topic Area 3: Management Structure

Candidates are generally able to explain the main types of organisational structure and the advantages and disadvantages of each. They tend to be less confident in applying organisational structures to specific case studies.

In teaching this part of the syllabus, teachers are advised to:

- use a range of case studies to compare and contrast the structure of a range of organisations characterised by size, product base and location
- provide the students with real life case studies of centralised and decentralised organisations
- identify the importance of multi-national corporations in the global economy.

Syllabus Topic Area 4: Managing People

Candidates generally have a good grasp of the work of the main writers in the field of management development. In particular, the works of the motivational theorists are well-covered. Management styles and empowerment strategies are understood although contingency theory is less well-developed.

The teaching points are:

- allocate teaching time equitably across this aspect of the syllabus in order to ensure that contingency theory is covered and understood
- ensure that the main stages involved in human resource planning are linked to specific strategic objectives such as expansion/contraction, re-location, new product development.

Syllabus Topic Area 5: Managing Performance

Quality systems are generally understood by candidates, although best practice and benchmarking tend to be confused with each other. Although candidates are confident in explaining the budget-setting process, budgetary control and the implications of such control mechanisms are less well-developed.

Financial performance objectives are generally understood but the importance of service standards, customer feedback and customer loyalty in a market-driven environment are rarely mentioned in candidate responses.

In teaching this part of the syllabus, teachers are advised to:

- compare and contrast the performance of different organisations engaged in the same or similar activities
- establish an on-going set of individual case studies based upon share price valuations to identify the influences on organisational performance over time.

Syllabus Topic Area 6: Managing Communication

The stages in the communication process along with identifying the barriers to effective communication are often the best answered questions. Candidates are less confident in the role of new technology in improving the effectiveness of business communications. In particular, the importance of management information systems is not understood specifically with regards to the decision-making function and risk management.

The teaching points are:

- understand the importance of risk management in the planning process
- explain how an effective management information system can contribute to identifying, evaluating, managing and controlling risks.

Syllabus Topic Area 7: Managing Change

This is a popular question with candidates and is generally well-understood. In particular candidates are able to write with confidence about the various approaches to the management of change with specific reference to those techniques for reducing resistance to change.

Candidates are less clear regarding the implementation of cultural change and the current issues and challenges to management.

Good teaching practice points include:

- the use of case studies contained within relevant periodicals which deal with organisational culture and contemporary issues in management
- focussing teaching practice on current management issues in such areas as the impact of the global economy, quality, sustainability, consumer loyalty, skills shortages and the impact of developments in information technology and telecommunications.

FURTHER GUIDANCE

Before the examination

This is an examination about 'management' so your students should approach their studies with reference to the same principles of management that they have studied throughout their course:

- planning: they must **plan** their studies effectively, particularly with reference to the Extended Syllabus
- organising: they should organise their studies in such a way that their notes, essays and revision plans are easy to follow
- co-ordinating: they should make sure that they co-ordinate their studies in such a way that different aspects of the syllabus are cross-referenced
- directing: they should understand the role of their teacher in directing the focus of their studies
- controlling: they should set themselves specific targets relating to essay grades and progress reports which will allow them to control the overall timescale for successfully completing their course of study

It is very important for students to keep up-to-date with contemporary issues which influence organisations and the ability of managers to understand the influences of the external environment and to cope with change.

Case studies can be a useful tool for relating the principles of management to the practice of management. Teachers may find it useful to allocate to their students a particular business organisation at the start of the course and to monitor its progress over the period of the course. Students could feedback to their colleagues any current issues and challenges which are being faced by management including:

- market changes
- new product developments
- impact of Government policies
- reasons for share price fluctuations including financial performance indicators
- impact of stakeholders.

Examination technique – some useful tips

The following list is by no means exhaustive, but many candidates fail to remember some elementary rules when sitting the examination. In some instances this can lead to failure in the final examination even though the candidate may have sufficient knowledge of the subject matter to obtain a pass mark.

In preparing their students for the examination, teachers should make sure that they familiarise their students with the following best practice approach to examination technique:

- read through the examination instructions before attempting to answer any questions
- read through all the questions on the examination paper
- circle those questions you feel confident about attempting. Do not worry at this stage if you can only attempt one or 2 of the questions. You will find that once you start writing the answers to these questions, your thoughts will begin to flow more freely
- the question with which you feel the most confident should be the first question you attempt
- a preliminary list of main points should be drawn up for each question. This may not be a formal 'plan' of the answer but will be a useful reference.
- do not concentrate on one or 2 words in the question – make sure you fully understand what the question is asking.
- time should be allocated efficiently for each question (with reference to the allocation of marks) and across the examination paper as a whole. In other words, do not spend half the examination answering just one question
- always keep a check on the time
- make sure you answer the required number of question. Even if you can only answer a part of a question make sure you write down everything you know – it could make the difference between passing and failing.

Organising information

In addition to the general approach to examination technique given above, it is also helpful for candidates to remember that most answers to examination questions benefit from having:

- a beginning in which some form of introduction is given
- a logically ordered middle section that gives the details of the information clearly and concisely
- an ending that closes the message by summing up the message very precisely or in some other way 'rounds off' the communication.

EXAMPLES OF CANDIDATE RESPONSES

The examples are taken from the Series 3 2009 question paper. The question is as follows:

- (a) Why is control an important management function?
(5 marks)
- (b) Describe the stages involved in the control process with reference to the production process
(10 marks)
- (c) Explain the use of budgets and benchmarking in establishing effective controls.
(10 marks)

The following answers were written by three candidates in response to this question.

Answer (a) shows a fail response

Answer (b) shows a pass response

Answer (c) shows a distinction response

Answer (a) – Fail response

- (a) Control is an important management function because it regulates the activities within the organisation so that the actual performance conforms to planned standards. It avoids misuse, theft, poor record-keeping etc.
- (b) The stages involved in the control process are as follows:
- (i) setting standards
 - (ii) record performance
 - (iii) indicate variances
 - (iv) feedback
- (c) Budgets and benchmarking are useful in control in the following ways:

Budgets will help an organisation to control expenditure by limiting it. This is known as budgetary control. It also involves cost control.

Benchmarking is an approach by an organisation to examine and compare its products in terms of quality, performance and production process with other organisations. This will influence their control process either to maintain or increase their production techniques.

Chief Examiner's comments

The answer falls below the expected standards:

- There is a lack of detail in all the sections
- Part (a) provides only a general overview of the need for management control
- Part (b) omits the need to identify the actions required to deal with variances. Additionally there is no mention of monitoring systems
- Part (c) focuses upon budgetary control simply as a means of reducing expenditure, rather than as a tool of management control. Similarly, benchmarking omits any references to efficiency and effectiveness and best practice.

Answer (b) – pass response

- (a) Control is put in place to check and balance organisational operations. Organisational effectiveness (doing the right thing) can only be checked by controlling organisational processes.
- Management is a process which emphasises that managers engage in certain activities in order to achieve the desired organisational goals. The four main activities of management include planning, leading, organising and controlling. Organisations use the control process to ensure that they are making important or relevant progress while ensuring the efficient utilisation of resources. Therefore we can say that control is the process of ensuring that actual activities conform to planned activities. Therefore it is important for the organisation to implement management controls for the following reasons:
- (i) To measure that there is compliance to quality standards
 - (ii) To ensure people get the right job i.e. the right human resources are used for operational activity.
 - (iii) Staff are rewarded accordingly
- (b) The stages involved in the control process with reference to the production process relate to setting production standards and targets i.e. production goals. Standards of performance or targets will be set that will allow achievement of the plans. Actual performance outcomes are then monitored eg sales, costs and production figures. Any significant deviation from plan which has been identified will be addressed. The cause of the deviation will be analysed and evaluated in order to establish the actual cause. Actions will be taken to address the underlying cause of the deviation and the process will be monitored and the plan adjusted until expectations are fulfilled. Effectiveness of the control process might also involve the involvement of those involved in the production process.
- (c) **Budgets** are formal quantitative statements of resources set aside for carrying out planned activities over a given period of time. Budgets are widely used for planning and control activities in all organisations in order to establish clear and unambiguous standards of performance for a set period of time, usually one year. Budgets ensure that resources are not wasted and that expenditure is controlled within agreed budget limits. Budgetary control is the mechanism used to monitor budgets.
- Benchmarking** is a way in which an organisation can compare itself with other organisations. Benchmarking may involve comparing costs of production with other similar organisations in order to see if efficiency is being maximised. Benchmarking is linked to identifying best practice in other organisations in order to improve quality and meet organisational targets

Chief Examiner's comments

This answer is much more detailed compared to answer (a) and although it is a relatively straightforward response it nevertheless shows clearly that the candidate understands the concept of management control

The answer would have been enhanced if the candidate had:

- Expanded on some of the points
- The response to part (a) clearly shows that the candidate understands the subject matter
- Part (b) provides an adequate overview of the control process
- Part (c) could be more detailed particularly in relation to the control process e.g. how can budgetary control be used to regulate the activities of cost centres? What reporting systems are in place to set the master budget and to report on deviancies?

Answer (c) – Distinction response

- (a) Control is the management activity aimed at regulating organisational activities so that actual performance conforms to the expected organisational standards and goals. Control is an important management function because it completes the planning process and provides an insight into effectiveness. Control also provides the necessary feedback on any changes in systems and processes. Control is also required to avoid unnecessary waste in terms of time and resources by ensuring that any deviation is short-lived. Control is also necessary to prevent any dissatisfaction arising from sub-standard quality or services to customers. Such stakeholders are less forgiving nowadays for poor quality standards. Finally, the control function helps to assess progress towards the achievement of planning goals by investigating and acting upon any exceptions.
- (b)
- (c) All organisations must use management control procedures to set performance standards linked to objectives, to obtain information feedback, to compare actual activities of performance with the set standards and to measure the deviations or the degree of sub deviation. The organisation can then take actions to ensure the most efficient and effective way possible to achieve organisational goals. Thus the steps involved in the control process are as follows:
- (i) Establishing performance standards and methods include such elements as sales and production targets, work attendance goals, waste products and recycled and safety records.
 - (ii) Measuring performance is an ongoing process. The frequency of measurement depends on the type of production activities taking place. For example, in a production company, levels of gas particles in the air is continuously monitored and controlled for health reasons.
 - (iii) To determine whether performance matches the standard is probably the easiest step in the control process. This is a matter of comparing measured results with the established targets or standard previously set.
 - (iv) It may be necessary to take corrective action when actual performance falls short of the required standards, for example, when the number of faulty goods produced increases beyond a set limit.
- (c) **Benchmarking:** The process of finding the best available product feature, processes and services and using them as a standard for improving a company's own products, processes and services. By observing the efficient processes of selected competitors operations can be streamlined without compromising service or quality. Benchmarking helps to cut manufacturing costs in half and reduce waste. It reduces service labour costs and substantially increases productivity.

Budgets: The use of budgets in establishing effective controls is a key management function. Budget plans are formulated to cover a specific periods of time and may be stated in financial terms or in units of outputs or revenue. The scarce resources of the organisation are divided into parts or 'cost centres' where the funds are going to be used or the output generated. Functional budgets are coordinated into a master budget and the budget managers must make their plans in order to stay within budget limits. All performance will be monitored and controlled by reference to the budget. The budget defines the desired standard or sales/output expected while the actual expenditure is the measure of performance against standard. Any deviation signals the need for corrective action to restore conformity to the plan. Budgets are always effective where standards are expressed in money or physical terms but less effective in qualitative areas such as measuring commitment. Budget setting needs to be realistic so that the manager will be motivated to make control effective, particularly where rewards are linked to target achievements.

Chief Examiner's comments

This answer identifies a candidate who has prepared for the examination and can write with confidence using business terminology. In particular the following should be noted:

- Part (a) identifies a clear understanding of the purpose of management control
- The main points in the plan are well-laid out, concise and take the form of specific questions which should be asked by potential investors
- Part (b) provides a sound overview of the control process
- The use of budgets as part of the control system is particularly well-developed in part (c), benchmarking less so.

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