



Business and Technology (FBT/BT) September 2022- August 2023 Examiner's report

The examining team share their observations from the marking process to highlight strengths and weaknesses in candidates' performance, and to offer constructive advice for those sitting the exam in the future.

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General Comments

The Business and Technology exam comprises two parts. Section A requires candidates to answer 46 objective test questions drawn from across the whole syllabus. Each of these is worth either 1 mark or 2 marks. Questions worth 1 mark have only one correct answer from three choices, while questions worth 2 marks may have one or more correct answers. There are 6 multi-task questions in Section B of the exam, each worth 4 marks. The exam must be completed in 2 hours.

The exam is computer-based and is available on an 'on demand' basis. All questions are objective: the answer options that the candidate sees will be right or wrong. Candidates are not able to add comments or explanations to justify the answers selected.

The pass rate for the exam has been consistently high since the exam was introduced, with the majority of candidates demonstrating a reasonable command of examined topics. However, as the syllabus is broad, there are inevitably topics which cause more difficulty than others. It is important to note that while some questions may appear to have 'common sense' answers, it is necessary to undertake a course of study to achieve the appropriate standard.

Over time, the syllabus for the exam has evolved to ensure that it remains relevant to professionals working in a contemporary environment. This is reflected in the name 'Business and Technology', which acknowledges the important role that advanced technologies have to play in nearly all working environments. The syllabus includes significant sections relating to technology, including big data, artificial intelligence and cyber security.

Comments on Section A performance

The questions in Section A of the exam test the candidates' knowledge or understanding of examinable topics. Some of these questions include very brief scenarios comprising a few lines of narrative. Although most candidates deal with the objective test questions in this section of the exam very well, some candidates do not attempt all of the questions. This is counterproductive, as a candidate who has undertaken a full course of study should be able to make some attempt or deduce the correct answer by eliminating incorrect distractors.

This part of the report discusses six questions from Section A of the exam that have caused candidates some difficulty. It should be stressed that these are examples only, and these questions will no longer feature in future examinations. However, all are typical of the challenges that candidates should expect.

Example 1 – part A of the syllabus

Which TWO of the following statements are CORRECT?

- A. Monopolistic competition involves many producers selling goods which are NOT perfect substitutes**
- B. An oligopoly is the situation where just one supplier comprises the whole industry**
- C. Perfect competition is characterised by fixed prices which are unaffected by supply and demand**
- D. A monopoly is a situation where market entry is restricted due to financial or other factors**

The correct answers are A and D.

Statement A is correct because competitors may sell products or services which are interchangeable but are not actually perfect substitutes. The features may differ and there may also be some emphasis on branding in order to differentiate what is offered to the market.

Statement D is also correct as a monopolist's position in the market is usually protected by financial or other barriers to entry, such as ownership of sources of raw materials or protective patents.

An oligopoly arises when there are few producers in the market. One variant of this is a duopoly, characterised by just two producers. Statement B must therefore be incorrect.

Perfect competition tends to be characterised by producers converging on one price, but this does not mean that the price is fixed, or that supply or demand can be assumed to be perfectly inelastic. Statement C must therefore be incorrect.

Example 2 – part B of the syllabus

Which of the following are necessary in getting a committee to work effectively?

- 1) Well defined areas of responsibility**
- (2) Carefully chosen members**
- (3) Open ended discussion**

- A 1 and 3 only**
- B 1, 2 and 3**
- C 2 and 3 only**
- D 1 and 2 only**

The correct answer is D.

Accountants and other professionals are now expected to be members of teams, including their own formal working groups, project teams, committees and sub-committees. Candidates are expected to understand the desirable features of effective teams and also some of the factors that can reduce effectiveness.

An effective committee should have clear purposes and these are usually defined in terms of reference. Moreover, the individual members of the committee should know why they are working in the committee and the roles they are expected to perform.

The composition of committees is also important if the organisation is to benefit. One benefit of committees is the synergy they can generate by combining the knowledge, skills and experience of different individuals. Some care should be taken when forming a committee to ensure that the mix is right. Arguably, if all members have exactly the same experience and views it will dilute the committee's effectiveness.

By contrast, open-ended discussion is rarely beneficial as it would inevitably extend the time taken for a committee to complete its work. For nearly all members of committees, the time spent in meetings has to be controlled in order for them to discharge their usual duties.

It should be noted that if 'open-ended discussion' was replaced with 'open discussion', then choice B would be the correct answer.

Example 3 – part C of the syllabus

In relation to artificial intelligence (AI), are the following statements true or false?

- A AI systems deploy algorithms which, once developed, are not modified over time**
- B AI systems are primarily designed to automate repetitive physical tasks in the workplace**

Both statements are false.

Artificial intelligence (AI) has become a feature of many companies' systems in recent years and many organisations see AI as one means of securing competitive advantage.

In relation to statement A, all AI solutions deploy algorithms but these are rarely static. Indeed, one characteristic of sophisticated AI is that the systems are often capable of modifying themselves as input data may trigger changes necessary to ensure that the system continues to be effective in an ever-changing business environment. In addition, companies may have to reconsider their algorithms in response to changing demands brought about (for example) by new regulatory requirements and the need to reduce the risk of unintended bias.

The second statement may appear to be correct initially, but it is necessary to read it carefully to test its veracity. It states that AI systems are 'primarily designed to automate repetitive physical tasks'. This is incorrect for two reasons: firstly, the primary purpose is to improve effectiveness and efficiency; secondly, AI systems are

deployed for non-physical tasks as well as physical tasks. No doubt many AI systems do automate repetitive physical tasks, but this is not their primary purpose.

Example 4 – part D of the syllabus

Which of the following describes a rating scale used for performance assessment?

- A Employees being ranked on the basis of their overall achievements**
- B Employees being assessed on the basis of a report delivered by the manager**
- C Employees being judged from poor to excellent**
- D Employees being assessed on the basis of a report delivered by colleagues**

The correct answer is C.

Rating scales are used by many organisations as a technique used within their performance management systems. These systems often assess performance across multiple criteria, which may include technical competences as well as 'soft skills' such as leadership, ability to work with others and so on. Most often, rating scales will feature scores from 1 to 5 (or 1 to 10) and the person carrying out the assessment will allocate the score they feel is most appropriate for each criterion. Some organisations take this further and ask both the person carrying out the assessment and the person being assessed to rate performance, with the scores then being compared.

Choice A is incorrect because there is little value in using a rating scale for overall achievements.

Choices B and D can feature in performance assessment systems but they are characteristics of those systems and not what a rating scale actually is.

Example 5 – part E of the syllabus

In relation to a competence framework, which TWO of the following statements are correct?

- A The content of the competence framework should be determined by the employee**
- B The framework should include measurable objectives reflecting required skills**
- C The framework should be capable of being monitored by the employer and employee**
- D The requirements of the employee's current job should reflect the learning objectives in the framework**

The correct answers are B and C.

The correct choices for this question reflect the key features of most competence frameworks. The underpinning rationale behind a competence framework is that it

should set out what the individual is expected to be able to do, now and over the time scale for which the framework will be applicable.

Competence frameworks usually drill down to specific skills that are measurable and testable. For example, a trainee accountant may be expected to be able to complete a trial balance from a given set of inputs. This is measurable by the accuracy with which the task is completed, or the number of errors made.

In order to be effective, the competence framework should be capable of being monitored by both the employer and the employee. This is essential for the employer in order to identify training gaps. From the employee's perspective it can be a powerful motivator to be able to see 'how am I doing?'

Choice A has to be incorrect because a competence framework cannot serve its purpose if it is not structured around the employer's expectations. When a framework is drawn up by the employee alone, this is more likely to feature in a personal development plan.

Choice D is narrow, as it implies that the framework only serves a purpose if the employee is not currently carrying out the work to the desired standard. A competence framework should envisage the development of knowledge and skills required now and as the employee develops in their role.

Example 6 – part F of the syllabus

Which TWO of the following BEST describes the concept of acting in the public interest?

- A Recognising that there are a variety of groups affected by organisational action**
- B Ensuring that all organisational activity receives due public attention and scrutiny**
- C Ensuring that government is adequately informed about the impact of organisational activity**
- D Ensuring that behaviour is beneficial to most, if not all, stakeholders**

The correct answers are A and D.

ACCA members, and indeed all accountants, should ensure that their actions are consistent with the well-being of stakeholders and society as a whole. This is an obligation of any professional person. For accountants it is embedded in the rule book of their professional body and reinforced in the Code of Ethics and Conduct.

The concept of stakeholders is fundamental to understanding the public interest. While the primary duty of the accountant is often defined narrowly in terms of obligations to the client, there are other stakeholders to which the accountant must pay due regard. Stakeholders include anyone who can affect the organisation and be affected by it. They include not only clients but also employees, suppliers, the community in which it operates and even the physical environment. These duties are implicit in the correct answers to the question.

Choice B is incorrect because not everything an organisation does should be in the public domain or subject to scrutiny. While organisations should be transparent, there are important reasons for non-disclosure when the situation demands. This includes price-sensitive information (for listed companies), trade secrets and personal data.

Choice C is incorrect because organisations generally do not have to report on their activities unless it is required as part of a mandatory report or if there is a possibility that the activity may affect the public interest. Conversely, few governments see the need for ongoing dialogue on all aspects of entrepreneurial activity.

Comments on Section B performance

There are six questions in Section B of the exam, each taken from one part of the syllabus. There is no overlap between different parts of the syllabus within any individual question. For example, a question focused on syllabus outcomes from Part A of the syllabus will not test topics in other parts of the syllabus.

Section B questions can take various forms. These include:

- choosing more than one correct response, such as selecting two or more correct answers from up to six options;
- matching definitions or descriptions to descriptors (words or phrases);
- clicking on the correct field on a graph or in a diagram;
- selecting the correct words or phrases from a drop-down list.

Many Section B questions are based on scenarios. For these questions it is necessary to read the scenario carefully in order to arrive at the correct answers. A useful technique is to read the requirement first and then proceed to look for the answers in the given scenario.

Questions in this section of the exam are not set at a higher level than the Section A questions. However, for a typical candidate the Section B questions will take longer to answer than Section A questions because there is usually more reading time involved.

Historically, candidates have performed well on several topics, including:

- types of organisations and matching organisational types to descriptions;
- characteristics of different types of organisations;
- stakeholders;
- SWOT analysis, distinguishing between strengths and opportunities, and between weaknesses and threats;
- identifying elements of the marketing mix relevant to activities and functions;
- content of financial statements such as the statement of financial position and the statement of profit or loss.

Candidates who have studied some of the topics previously should find some of the questions taken from Part A of the syllabus quite straightforward, including economics and marketing. However, as the syllabus is broad with many learning objectives not every topic included in the study guide will be examined in every exam.

Part B of the syllabus includes organisational structure and best practices in corporate governance. These are examined at a shallow level and then encountered again at higher levels of the professional qualification. Students aspiring to complete the full ACCA qualification should expect further in-depth study of many concepts and theories as they progress.

Part C multi-task questions test candidates' knowledge and understanding of business functions, regulation, controls, and technology. For topics relating to accounting concepts there is naturally some overlap between this exam and other exams at this level, such as Financial Accounting and Management Accounting. However, while the focus of the accounting exams is 'how to do things', many of the questions in Business and Technology may consider to whom the duties fall to carry out various business functions, and how these functions relate to one another.

Part D of the syllabus relates to leading and managing individuals and teams. This section of the exam includes many theories and concepts, so candidates can commit some of these to memory but must take care not to confuse the theories or the lessons they offer.

Part E of the syllabus relates to personal effectiveness and communication. It is here that candidates may be tempted to rely on 'common sense' answers or their own personal experience, as topics such as time management and effective communication may appear to be obvious and straightforward. It is beneficial to study these topics formally rather than relying on instinct or personal experience.

Part F of the syllabus covers ethics and professional standards, with particular emphasis on their relevance to a professional accountant. In addition to studying this vitally important subject using recommended materials, students will benefit from reading the ACCA code of ethics and conduct.

Conclusion

'Business and Technology' is a 'fundamentals' exam, testing many subjects relevant to modern business organisations. The best strategy for success is to try to learn something about every topic on the syllabus rather than pursuing an in-depth knowledge of specific areas to the exclusion of others. The questions on the Business and Technology exam never require detailed knowledge, so it is better to have a basic grasp of many subjects rather than trying to be expert in just a few areas. With the approach to the examination based largely around objective testing, question spotting is almost impossible and is therefore discouraged.

Historically, the exam appears not to be time pressured with most candidates completing a full set of answers in the permitted time. It is possible to work through the questions quickly, answering those for which the answer is known, returning later to questions which require more time and consideration. If a question is especially difficult, it may be possible to eliminate the least likely choices, arriving at an answer by elimination.

It is essential to read every question carefully, and to read a question more than once if there is any uncertainty about the requirement. Most candidates who have undertaken a formal course of study should know many of the answers immediately and will be able to earn marks quite quickly.

The exam never includes 'trick' questions, so if the candidate is very confident of the answer, there is no need to dwell on the question.