



General Certificate of Education

Business Studies 5131

BUS3 External Influences and Objectives and Strategy

Mark Scheme

2005 examination – June series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

General Marking Guidance

You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary Level candidates, mainly 17 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates half-way through a full A Level course.

Positive Marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.

Mark Range

*You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.*

The use of Levels of Response

*Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept which would receive credit only for knowledge in one context could become a means of analysis in another. For instance, in the question: "Discuss the BGD Company's marketing strategy", a candidate who writes: "approaches to a strategy include SWOT and the Boston Matrix" is showing knowledge. A brief, accurate explanation of the Matrix shows understanding, whereas a candidate who uses the Matrix to examine the BGD Company's case is showing the skill of analysis. **Please note that there are other ways to show analysis.***

*What then of evaluation? This is the hardest skill to define because judgement can only be shown in context - and that context is not only the one set in the assessment unit, but also by the candidate's own answer. Evaluation is **not** shown by drilled phrases or approaches such as: "On the other hand ..." or "Business operates in an ever-changing ...". It is shown through the weighting of the candidate's arguments, the logic (and justification) of his/her conclusions.*

The skills we seek from candidates are as follows:

1. Knowledge and understanding: accurate definitions or explanations of relevant terms should always be credited within this category; candidates can also gain credit for knowing and explaining a point relevant to the question, eg an advantage of factoring.
2. Application is the skill of bringing knowledge to bear to the business context faced by the candidate. Candidates should not be rewarded for simply dropping the company name or product category into their answer; the response must show recognition of some specific business aspect of the firm, its management or its situation.
3. Analysis: building up an argument using relevant business theory in a way that answers the question specifically and shows understanding of cause and effect.
4. Evaluation is judgement. This can be shown within an answer, through the weighting of an argument or in the perceptiveness shown by the candidate (perhaps about the degree of crisis/strength of the XYZ Company). It can also be shown within a conclusion, perhaps by weighing up the strength of the candidate's own arguments for and against a proposition. Evaluation is **not** shown simply by the use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment". It is shown through the weighting of the candidate's response plus the logic and justification of his/her conclusions.

Quality of Language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

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|---------|--|----------------|
| LEVEL 3 | Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling. | 3 marks |
| LEVEL 2 | Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas | 2 marks |
| LEVEL 1 | Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas. | 1 mark |

Total 3 marks

- 1** Outline **two** problems that a tertiary business such as *Jack Lisle* might have in building a customer base. (6 marks)

	Content 3 marks	Application 3 marks
Level 2		3 marks Good application to the case/content
Level 1	1-3 marks Includes up to 3 relevant points	2-1 marks Limited application to the case/content

Content points:

- Identifies a problem
- Identifies a second problem
- Shows understanding of ‘tertiary’ business
- Shows understanding of ‘building a customer base’.

Possible answers include:

- Hard to identify target customers in order to stimulate trial (in manufacturing, can target wholesalers or other firms).
- Building word-of-mouth recognition and repeat purchase, depends upon every aspect of the business: the product/food quality, the service efficiency and friendliness and the location.
- Potential customers may have already formed strong personal loyalties to other service providers.
- Small budget for market research.
- Small budget for marketing.
- Finding a suitable location.

2 Business leaders often criticise the government for excessive regulation of business. Examine the case **for** government intervention to protect staff and customers of new small businesses such as *Jack Lisle*. (8 marks)

	Content 2 marks	Application 2 marks	Analysis 4 marks
Level 2	2 marks Two relevant content points made or good understanding of government intervention or one point and some understanding	2 marks Good application to the case/new small business scenario	4-3 marks Good analysis of the question using relevant theory/argument
Level 1	1 mark One relevant content point made or some understanding shown of government intervention	1 mark Limited application to the case/new small business scenario	2-1 marks Limited analysis of the question
Level 0	0 marks No relevant content present	0 marks Answer is not applied to the case	0 marks No analysis

Possible answers may include:

- To protect consumers from unfair business practices.
- To protect employees from unfair employment conditions or decisions.
- To ensure that health and safety issues are considered by a business.
- Even if employers had the best interests of staff and customers at heart, there would still be risks associated with employer ignorance of best practice; legislation can help the employer establish minimum standards.
- When under operational pressure, ‘red tape’ may seem excessive; but it may protect the business from damaging customer or staff relations, i.e. help the firm consider its long-term needs.

3 Discuss whether Jack and Ling were right to focus on opportunities rather than threats as they developed their businesses. *(15 marks)*

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
Level 3				5 marks Mature judgement shown
Level 2	3 marks Shows good understanding of the arguments or identifies two points and shows some understanding	3 marks Good application to the case	4-3 marks Good analysis using relevant theory/argument	4-3 marks Supported judgement shown
Level 1	2-1 marks Identifies two points or one point and some understanding	2-1 marks Limited application to the case	2-1 marks Limited analysis	2-1 marks Some judgement shown with limited support

Possible answers may include:

Reasons for:

- There are more opportunities than threats
- The firms both had strong USP's and that allowed them to benefit from the opportunities
- The characters of Jack and Ling (especially Ling who was a risk taker)
- Seizing opportunities is the best way to counter any threats
- Their early experiences suggested that a positive approach worked
- Failure to seize an opportunity may help competitors to exploit it, so it becomes a threat.

Reasons against:

- Sam Yip (a key stakeholder) was concerned
- Some economic forecasts were unfavourable
- Their lack of market research
- Low profit levels at *Wei Foods Ltd*
- Reliance on one major customer means high risk.

Possible lines of evaluation:

- Opportunities tended to outweigh threats
- Both individuals were risk takers
- It worked!

4 Explain **two** ways in which *Wei Foods Ltd* might try to protect itself from competition. (6 marks)

	Content 3 marks	Application 3 marks
Level 2		3 marks Good application to case
Level 1	3-1 marks Includes up to three relevant points (one mark for each)	2-1 marks Limited application to case

Content points:

- Identifies one way to protect
- Identifies second way to protect
- Shows understanding of ‘protection’ in this context
- Shows understanding of ‘competition’.

Possible answers may include:

- Taking out a patent on any inventions
- Gaining copyright on any original written material
- Securing long term contracts with suppliers/customers
- Staying one step ahead, by constantly developing new recipes the competition will take a while to copy
- Offer outstanding product and service quality
- Promote the brand name, just as Intel does – even though it’s just a supplier to large firms.

5 Assume that the maximum forecast figures in **Tables 1 and 2** prove correct over the coming eighteen months. To what extent might the future of *Wei Foods Ltd* be threatened by the effect of any **two** of the six economic variables shown in the tables? (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
Level 3				5 marks Mature judgement shown
Level 2	3 marks Shows good understanding of economic variables	3 marks Good application to the case	4-3 marks Good analysis of the question using relevant theory/argument	4-3 marks Supported judgement shown
Level 1	2-1 marks Shows limited understanding of economic variables or good understanding of one economic variable	2-1 marks Limited application to the case	2-1 marks Limited analysis	2-1 marks Some judgement shown with limited support

Possible answers include:

- Inflation is rising, but from a low base; in itself it is hard to see any possible threat to *Wei Foods Ltd* coming from this source (especially as earnings increased more quickly, meaning a rise in real incomes).
- The unemployment increases are troubling; pessimistic economic forecasters seem to be anticipating recession – perhaps due to the sharply increased interest rates anticipated by some. In this case, *Wei Foods Ltd* may find that households trade down to cheaper, less authentic ready meals – or avoid ready meals altogether. On the other hand, it’s just possible that sales may do well, with people trading down from eating out to buying in heat-and-serve food; it all depends on the income elasticity of *Wei Foods Ltd*’s products.
- The rise in Euro interest rates anticipated by the pessimists might affect demand for *Wei Foods Ltd*’s potential sales through Carrefour’s branches in France and Italy. Higher interest rates may reduce consumer demand for higher priced foods, making *Wei Foods Ltd* vulnerable to under-utilisation of its new £6 million factory.
- This does mean that the ‘downside risk’ should be taken seriously by the directors.
- The increase in the exchange rate will make it expensive for French customers and so may threaten the Carrefour contract (although it will make it cheaper to set up a factory in Europe).
- The increase in average earnings is slight but will lead to an increase in demand, especially as ‘real’ earnings are rising.
- The rise in UK interest rates may reduce demand in the UK and may increase interest payments on loans for *Wei Foods Ltd*.