



General Certificate of Education  
Advanced Level Examination  
January 2012

## Business Studies

## BUSS4

Unit 4 The Business Environment and Managing Change

Wednesday 1 February 2012 9.00 am to 10.45 am

**For this paper you must have:**

- an AQA 12-page answer book.  
You may use a calculator.

**Time allowed**

- 1 hour 45 minutes

**Instructions**

- Use black ink or black ball-point pen.
- Write the information required on the front of your answer book. The **Examining Body** for this paper is AQA. The **Paper Reference** is BUSS4.
- Answer **one** question from **Section A** and **one** question from **Section B**.
- Do all rough work in your answer book. Cross through any work you do not want to be marked.

**Information**

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
- You will be marked on your ability to:
  - use good English
  - organise information clearly
  - use specialist vocabulary where appropriate.

### **Research Theme – Corporate Social Responsibility**

In your research on Corporate Social Responsibility you should consider:

- the potential benefits of Corporate Social Responsibility relative to the costs for businesses and stakeholders
- the importance of Corporate Social Responsibility relative to other corporate objectives
- the influences determining which responsibilities are accepted by a business and which are not
- the factors that determine the extent to which a business is socially responsible
- the value and limitations to businesses and stakeholders of social reporting
- the extent to which governments should influence Corporate Social Responsibility.

You are strongly recommended to research different organisations and industries and to compare and contrast their approaches to Corporate Social Responsibility.

You should make reference to your research in your responses to **Section A** in the examination.

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**SECTION A**

Answer **one** question from this section.

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Read the item below and then answer **one** of the questions that follow.

**Bharti Airtel**

Bharti Airtel is a leading global telecommunications business that is based in India. The company operates in 19 countries across Asia and Africa. Its products include mobile phones, broadband and digital TV. In a recent speech, Sunil Mittal, the Chairman of Bharti Airtel, said that governments should not make corporate social responsibility (CSR) compulsory for companies.

According to Mittal, voluntary compliance is always better than trying to make businesses act responsibly. He believes that companies who do not want to act in a socially responsible manner will always find a way out of it. By comparison, businesses which choose for themselves to act in a responsible manner “do it very well”.

A government minister in India surprised the country’s business community earlier in the year when he said that his ministry would look at making CSR initiatives compulsory. Critics of this approach believe that government enforcement is unworkable. They also claim that increasing stakeholder pressure means that government intervention is unnecessary.

**EITHER**

0	1
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With reference to your own research and the item above, do you think that governments should make corporate social responsibility (CSR) compulsory for businesses?

*(40 marks)*

**OR**

0	2
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With reference to your own research and the item above, to what extent do you think that businesses now need to make behaving more responsibly their main corporate objective?

*(40 marks)*

**Turn over for Section B**

**Turn over ►**

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**SECTION B**

Answer **one** question from this section.

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**EITHER**

0	3
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Novartis, a large multinational pharmaceutical company, recently diversified by buying Alcon, in a £24.8bn deal. Alcon is a producer of eye care products such as contact lenses. Google has diversified by investing £124m in a wind power business. To what extent is diversification the best strategy to achieve profitable growth? Justify your answer with reference to Novartis, Google and/or other organisations that you know.

*(40 marks)*

**OR**

0	4
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Over the past few years, Nokia has been losing market share to more innovative smartphones, such as the Apple iPhone. Some analysts argue Nokia has been too cautious in its approach. To what extent will a 'cautious' business inevitably experience further falls in its market share? Justify your answer with reference to Nokia and/or other businesses that you know.

*(40 marks)*

**OR**

0	5
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Bovis Homes Group plc, a leading UK house builder, had to review its corporate plans as a result of the recession and major cuts in government spending on building projects. Given the high levels of change in economic and political environments, is there any point in corporate planning? Justify your answer with reference to the house building industry and/or other organisations or industries you know that have been affected by such changes.

*(40 marks)*

**END OF QUESTIONS**