



ASSESSMENT and  
QUALIFICATIONS  
ALLIANCE

# Mark scheme January 2003

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## GCE

### Business Studies

### Unit BUS3

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## General marking guidance

You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary 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 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.

### 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.

LEVEL 4	Complex ideas are expressed clearly and fluently. Sentences and paragraphs follow on from one another smoothly and logically. Arguments are consistently relevant and well structured. There are few, if any, errors of grammar, punctuation and spelling.	<b>4 marks</b>
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.	<b>3 marks</b>
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	<b>2 marks</b>
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.	<b>1 mark</b>
LEVEL 0	Ideas are expressed poorly and sentences and paragraphs are not connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas.	<b>0 marks</b>

**Total 4 marks**

### Unit 3: External Influences and Objectives and Strategy

1

Total for this question: 10 marks

Explain the business significance of the following phrases:

- (a) 'shift to new technology' (line 27); (5 marks)  
 (b) 'divorce of ownership and control' (line 62). (5 marks)

	Content 2 marks	Application 3 marks
<b>Level 2</b>	<b>2 marks</b> Clear explanation of the term, showing good understanding	<b>3-2 marks</b> Significant implications of the term examined in relation to <i>Shaftons</i> , or to the new firm, or business generally
<b>Level 1</b>	<b>1 mark</b> Some explanation of the term, showing partial understanding	<b>1 mark</b> Some application of the term to a business context
<b>Level 0</b>	<b>0 marks</b> No explanation	<b>0 marks</b> No application

(a) Shift to new technology

**Understanding:** introducing up-to-date equipment that might change production processes and worker input.

**Significance:**

- may create new business opportunities;
- may cause resistance to change;
- may improve competitiveness, or may cause problems if under-utilised.

(b) Divorce of ownership and control

**Understanding:** separation that may exist between the interests of the shareholders and the managers, normally only in a public limited company (the expression may not be appropriate in this case).

**Significance:**

- can lead to conflicting objectives, eg managers want growth, shareholders want profit/dividends;
- may encourage plc managers to be complacent or greedy, especially if market circumstances mean that competition is weak.

2

Total for this question: 15 marks

To what extent does the evidence in the case study support Loriane's view that Simon was very 'focused on the short-term' in his business objectives and strategy? (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
<b>Level 3</b>				<b>5 marks</b> Judgement shown in weighing up 'the extent to which' Simon was short-termist, providing clear conclusions
<b>Level 2</b>	<b>3 marks</b> At least one relevant point, showing understanding	<b>3 marks</b> Point or points made are applied in detail to the case	<b>4-3 marks</b> Analysis of question set, using relevant theory	<b>4-3 marks</b> Judgement shown in weighing up the extent to which Simon was short-termist
<b>Level 1</b>	<b>2-1 marks</b> One or more relevant points made	<b>2-1 marks</b> Point or points made applied to the case	<b>2-1 marks</b> One or two points applied in a limited way to analyse the question	<b>2-1 marks</b> Some judgement shown in text or conclusions
<b>Level 0</b>	<b>0 marks</b> No relevant points made	<b>0 marks</b> No points applied to the case	<b>0 marks</b> No relevant analysis	<b>0 marks</b> No judgement shown

**Possible answers for Loriane's view could include:**

- his focus on budgets;
- financing new technology by a sale and leaseback deal (private sector equivalent of a PFI);
- the fact that she would have come into regular contact with him;
- Tessa's insistence on keeping working when the soldering machine was polluting may be indicative of a short-termist culture.

**Possible answers against Loriane's view could include:**

- the investment in new technology;
- Shaftons' work in China.

3

Total for this question: *10 marks*

Explain why an economic downturn might cause such difficulties for manufacturing businesses such as Shaftons Ltd. *(10 marks)*

	<b>Content 3 marks</b>	<b>Application 2 marks</b>	<b>Analysis 5 marks</b>
<b>Level 2</b>	<b>3 marks</b> One + relevant content points explained; or good, detailed understanding of economic downturn	<b>2 marks</b> Point or points made are applied to context of the case or to manufacturers generally	<b>5-3 marks</b> Analysis of question set, using relevant theory
<b>Level 1</b>	<b>2-1 marks</b> One + relevant content points made, or some understanding shown of economic downturn	<b>1 mark</b> Implicit application to the case or manufacturers generally	<b>2-1 marks</b> One or two points applied in a limited way to analyse the question
<b>Level 0</b>	<b>0 marks</b> No relevant content present	<b>0 marks</b> Answer is not applied to the context	<b>0 marks</b> No analysis of question or theory

**Possible answers may include:**

- end-user destocking can accentuate sales downturn;
- investment cutbacks hit demand for capital goods;
- manufacturer cash inflow is more dependent on credit than retailers/tertiary businesses;
- the purchase of many manufactured goods can be postponed, as the items are durable.

4

Total for this question: 15 marks

To what extent should the senior management at Shaftons feel responsible for the ‘awful impact’ of events on the firm’s stakeholders? (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
<b>Level 3</b>				<b>5 marks</b> Judgement shown in weighing up how well Shaftons management met its responsibilities, providing clear conclusions
<b>Level 2</b>	<b>3 marks</b> Relevant issues explained, or good understanding shown	<b>3 marks</b> Relevant issues applied in detail to the case	<b>4-3 marks</b> Analysis of question set, using relevant theory	<b>4-3 marks</b> Judgement shown in weighing up how well responsibilities were met
<b>Level 1</b>	<b>2-1 marks</b> Relevant issues identified	<b>2-1 marks</b> Relevant issues applied to the case	<b>2-1 marks</b> One or two points applied in a limited way to analyse the question	<b>2-1 marks</b> Some judgement shown in text or conclusions
<b>Level 0</b>	<b>0 marks</b> No relevant issues	<b>0 marks</b> No relevant issues applied	<b>0 marks</b> No analysis of question or theory	<b>0 marks</b> No judgement shown

**Possible answers include:**

- the management appears to have failed on every count: polluting the workforce, hiding an asset from the receiver (that should be sold to help repay creditors and perhaps shareholders) and must take some responsibility for the failure of the business;
- yet Simon was surely *trying* to develop the business through investment in new technology ...
- and weren't the external factors especially cruel/unlucky? Many superbly-run companies supplying the airlines were dragged under by Sept 11<sup>th</sup> 2001.

5

Total for this question: 15 marks

Discuss whether Taniya, Nadir and Loriane are right to form a private limited company in the start-up of their business. (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
<b>Level 3</b>				<b>5 marks</b> Judgement shown in weighing up the value of Ltd status in this case, providing clear conclusions
<b>Level 2</b>	<b>3 marks</b> One + point explained about the benefits of Ltd, showing understanding	<b>3 marks</b> Point or points made are applied in detail to the case	<b>4-3 marks</b> Analysis of Ltd status, using relevant theory	<b>4-3 marks</b> Judgement shown in weighing up whether they are right
<b>Level 1</b>	<b>2-1 marks</b> One + relevant point made about Ltd companies	<b>2-1 marks</b> Point or points made applied to the case	<b>2-1 marks</b> One or two points applied in a limited way to analyse the question	<b>2-1 marks</b> Some judgement shown in text or conclusions
<b>Level 0</b>	<b>0 marks</b> No relevant point(s)	<b>0 marks</b> No application	<b>0 marks</b> No analysis of question or theory	<b>0 marks</b> No judgement shown

**Possible answers include:**

- clearly a highly risky business, with high investment and high overheads, so Ltd is very preferable;
- the future intentions of the customer/investor are not clear, so it is much better to have capital injection from share capital that can never be withdrawn from the business;
- the security provided by limited liability is likely to make Loriane more willing to look to build the business boldly in future...
- ... and easier to finance growth;
- Taniya and Nadir are very unlikely to have money to pay for any business losses, so they need the protection of limited liability.

Within six months Loriane is hoping to win back some of the large export contracts held by Shaftons. Use the data in Appendix A and the information in the case study to evaluate whether this is a wise move for the business. (15 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 5 marks
<b>Level 3</b>				<b>5 marks</b> Judgement shown in weighing up the wisdom of aiming for large export orders, providing clear conclusions
<b>Level 2</b>	<b>3 marks</b> At least one relevant point explained, showing understanding	<b>3 marks</b> Point or points made are applied in detail to the case	<b>4-3 marks</b> Analysis of question set, using relevant theory	<b>4-3 marks</b> Judgement shown in weighing up whether to aim for large export orders
<b>Level 1</b>	<b>2-1 marks</b> One or more relevant points are identified	<b>2-1 marks</b> Point or points made applied to the case	<b>2-1 marks</b> One or two points applied in a limited way to analyse the question	<b>2-1 marks</b> Some judgement shown in text or conclusions
<b>Level 0</b>	<b>0 marks</b> No relevant points identified	<b>0 marks</b> No points applied to the case	<b>0 marks</b> No analysis applied to the question	<b>0 marks</b> No judgement shown

**Possible answers include:**

- the forecasts of a rising £ v \$ make it seem quite risky (problems of competitiveness);
- but the low and falling inflation should keep costs low enough to help combat the high £;
- low interest rates could also help keep overhead costs down (and the rising unemployment is likely to help keep labour recruitment, training and remuneration costs down);
- most important of all, though, is whether a ‘large’ export order is conceivable for this tiny new firm with, as yet, one tame customer; nevertheless, clearly there is a need in the medium term to reduce the dependence on the customer/shareholder.