



ASSESSMENT and
QUALIFICATIONS
ALLIANCE

Mark scheme

June 2003

GCE

Business Studies

Unit BUS3

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MARK SCHEME

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 has holistic aspects, yet must conform to the rule of positive marking. A candidate who has built a strong argument must have that achievement recognised fully, even if a subsequent paragraph of ambiguity reduces the power of the whole. For this to occur consistently requires careful annotation of the level of response achieved within each skill category, at each significant stage within an answer.

Fundamental to a Levels of Response approach is that there maybe more than one right answer to a written question. Examiners must use their professional judgement to credit any reasonable answer, whether or not it is listed on the mark scheme.

Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept that would receive credit for knowledge in one context could become a means of analysis in another. It is also possible that a candidate's line of argument could validate knowledge that would not have been recognised if the candidate had simply tabled it. For example, acid test is not listed within the specification as a test of financial efficiency, yet a candidate could build an argument that made it relevant. Then knowledge could be rewarded as well as analysis.

Despite the value of skills such as analysis and evaluation, all answers must be based upon relevant knowledge and understanding. Therefore, it is not possible to credit application, analysis or evaluation unless recognisable knowledge has been rewarded.

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, e.g. 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.

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
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.	0 marks

Total 3 marks

1**Total for this question: 6marks**

Outline two significant strengths in the way Lily and Seyi started up *Black Looks Ltd.*
(See Sections A and B)

(6 marks)

	CONTENT 3 marks	APPLICATION 3 marks
Level 2	3 marks One or two strengths identified, with at least one explained	3 marks Application to context, showing some insight, i.e. doing more than repeating the case/text
Level 1	2-1 marks Identifies one or two strengths of start-up	2-1 marks Application to the context of <i>Black Looks Ltd</i>
Level 0	0 marks No strengths identified	0 marks No application to the context

Possible answers include:

- Clear identification of a niche.
- Clear thought about differentiation through branding.
- Sensible to form a limited company (quite a high risk venture).
- Well organised start-up, e.g. clear responsibilities for dealing with builders, suppliers etc.
- Obtained sufficient finance to cover lowest cash flow period of the launch of the first outlet.

2

Total for this question: 8 marks

Analyse whether C.C. plc's strategy for launching the range of cosmetics and toiletries should be regarded as fair or unfair competition. (See Section G) (8 marks)

	CONTENT 2 marks	APPLICATION 2 marks	ANALYSIS 4 marks
Level 2	2 marks One+ relevant content points explained; or good under-standing of fair v unfair competition	2 marks Point/s made are applied to key business features of the case/this particular business	4-3 marks Analysis of question set, using relevant theory
Level 1	1 mark One+ relevant content points made, or some understanding shown of competition	1 mark Answer shows some application to the case	2-1 marks One or two points applied in a limited way to analyse the question
Level 0	0 marks No relevant content present	0 marks Answer is not applied to the context	0 marks No analysis of question or theory

Possible answers may include:

- Seems unfair, as the strategy seems to be to price in a predatory manner only in outlets that compete directly with *Black Looks Ltd*.
- However, it may be that C.C. plc is able to buy on cheaper terms than *Black Looks Ltd*, in which case its price cutting may be aggressive, but not unlawful; and the focus on those few branches may just be because the black population is concentrated there.
- Whether it is fair or unfair depends on intent – were C.C. plc trying to push *Black Looks Ltd* under, or does it simply want to establish itself in a new sector?

3

Total for this question: 15 marks

Discuss the possible effect on *Black Looks Ltd.* of exchange rate changes proving to be in line with the **minimum** figures forecast by City economists. (15 marks)

	CONTENT 3 marks	APPLICATION 3 marks	ANALYSIS 4 marks	EVALUATION 5 marks
Level 3				5 marks Judgement shown in weighing up the possible effect on <i>Black Looks Ltd.</i> , with clear conclusions
Level 2	3 marks Shows good understanding of exchange rates	3 marks Relevant issues applied in detail to the case	4-3 marks Analysis of question set, using relevant theory	4-3 marks Judgement shown in weighing up the possible effect on <i>Black Looks Ltd</i>
Level 1	2-1 marks Shows some understanding of exchange rates	2-1 marks Relevant issues applied to the case	2-1 marks One or two points applied in a limited way to analyse the question.	2-1 marks Some judgement shown in text or conclusions
Level 0	0 marks No understanding shown	0 marks No relevant issues applied to the case	0 marks No analysis shown	0 marks No judgement shown

Possible answers include:

- The low value of the £ against the \$ makes it more expensive to import the US cosmetics and may force *Black Looks Ltd* to increase its prices (though happily it may also force C.C. plc to push its prices up as well).
- The low value of the £ against the Euro makes it much easier to export the own label production to the European outlets at higher profit margins; therefore the firm could cut overseas prices or enjoy higher profit margins.
- The impact may not be all that high compared with other pressures such as from competition and from the threat of recession, especially as much of the production for the European outlets is produced within the Eurozone.

4

Total for this question: 6 marks

Seyi's long-term hope is to turn the business into a public limited company. Explain how *Black Looks Ltd* might benefit from this. (6 marks)

	CONTENT 3 marks	APPLICATION 3 marks
Level 2	3 marks Good understanding of possible benefits of becoming a plc	3 marks Application to context, showing some insight, i.e. doing more than repeating the case/text
Level 1	2-1 marks Identifies one or two benefits of plcs	2-1 marks Application to the context of <i>Black Looks Ltd</i>
Level 0	0 marks No benefits identified	0 marks No application to the context made

Possible answers include:

- They have done brilliantly to have suffered no cash flow crises yet (as far as we know), but cash is bound to be tight given the prodigious growth, so the opportunity for a major injection of capital might be invaluable.
- The business might need better financing and a greater mass to withstand aggressive competition such as from C.C. plc, or to cope with the whispered recession; if the gloomier forecasters prove correct, extra capital may prove critical for short term survival.
- If the business floated, the resulting publicity might help open new doors, such as to other countries.

5

Total for this question: 15 marks

Some experts believe that there is an inevitable conflict between the aims of shareholders and those of the other stakeholders. To what extent did this prove true in this case? (15 marks)

	CONTENT 3 marks	APPLICATION 3 marks	ANALYSIS 4 marks	EVALUATION 5 marks
Level 3				5 marks Judgement shown in weighing the extent to which conflicting aims proved inevitable in this case, providing clear conclusions
Level 2	3 marks Good understanding shown of shareholders and stakeholders	3 marks Relevant issues applied in detail to the case	4-3 marks Analysis of question set, using relevant theory	4-3 marks Judgement shown in weighing up the conflict between shareholders and stakeholders in this case
Level 1	2-1 marks Shows some understanding of the relevant terms	2-1 marks Relevant issues applied to the case	2-1 marks One or two points applied in a limited way to analyse the Q.	2-1 marks Some judgement shown in text or conclusions
Level 0	0 marks No understanding shown	0 marks No relevant issue applied to the case	0 marks No analysis shown	0 marks No judgement shown

Possible answers include:

- The conflict largely arose from Seyi's overly ruthless approach, e.g. to the Littlehampton supplier and to staff; this was not 'inevitable' and the implication from the text is that both he and Lily are learning their lessons, so the harm to customers and suppliers should not recur.
- The consequences of Seyi's reckless switch of supplier (with the consequent sales fall in Paris) were sufficiently damaging financially as to support the view that shareholder interests can only be looked after by considering the needs of all stakeholders.
- C.C. plc's approach raises other issues of concern; will it force *Black Looks Ltd* away from a stakeholder approach as it needs to focus upon profit/survival.

Assessment Objectives

	Knowledge	Application	Analysis	Evaluation	Total
Q1	3	3			6
Q2	2	2	4		8
Q3	3	3	4	5	15
Q4	3	3			6
Q5	3	3	4	5	15
TOTAL	14	14	12	10	50
QOL					3