



**General Certificate of Education (A-level)
June 2011**

Business Studies

BUSS4

(Specification 2130)

**Unit 4: The Business Environment and
Managing Change.**

Mark Scheme

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 events which all examiners participate in and is the scheme which was used by them in this examination. The standardisation process 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 standardisation each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, examiners encounter unusual answers which have not been raised 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.

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	Assessment Objectives
	The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment.
AO1 Demonstrate knowledge and understanding of the specified content	Candidates give accurate definitions of relevant terms. Candidates can also gain credit for identifying a point relevant to the question.
AO2 Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations	Candidates should apply their knowledge to the business context in which the question is set, through recognition of some specific business aspect, the management of the business or the problems or issues faced by the business. Candidates will not be rewarded for simply dropping the company name or product category into their answer.
AO3 Analyse problems, issues and situations	Candidates use relevant business theory and select information from a range of sources, using appropriate methods, to analyse business problems and situations. For example, candidates may be asked to build up an argument that shows understanding of cause and effect.
AO4 Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources	Candidates evaluate evidence to reach reasoned judgements. This can be shown within an answer, through the weighting of an argument or 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. Candidates will not gain credit by the simple use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment".
Quality of Written Communication	The quality of written communication is assessed in all assessment units where candidates are required to produce extended written material. Candidates will be assessed according to their ability to: <ul style="list-style-type: none"> • ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear. • select and use a form and style of writing appropriate to purpose and complex subject matter • organise information clearly and coherently, using specialist vocabulary when appropriate The assessment of the quality of written communication is included in Assessment Objective 4 .

ADDITIONAL GUIDANCE FOR MARKING SCHEME

The marking scheme requires decisions to be made on whether candidates' responses represent limited, reasonable or good application and limited, reasonable or good analysis. If a response demonstrates good analysis and application, award Level 5, full marks. Alternatively, if a response does not contain any relevant knowledge then a mark of zero would be appropriate.

In making a decision about whether a particular response is good, reasonable or limited, use the following guidelines.

APPLICATION

This provides supporting evidence for relevant arguments presented, eg examples, data, real world external environment or key words in questions such as 'significant' or 'all'.

- **Good Application.** Effective use of evidence supporting the points being made; well used examples to illustrate and exemplify the arguments made; examples may provide a good comparison or contrast; demonstrates a good understanding of the context; combines examples well within an argument.
- **Reasonable Application.** Some use of relevant examples to support arguments.
- **Limited Application.** This will commonly be descriptive; undeveloped, ie identifies examples but makes little use of them.

Section A

- Reasonable application **must** include research information.
- Good application **must** include information from **both** research and the Item.

ANALYSIS

This involves building/developing a relevant argument.

- **Good Analysis.** This builds an effective argument, eg a number of clear, well-made links/steps/connections; well developed argument clearly related to the question; analysis shows depth.
- **Reasonable Analysis.** Explains cause and effect, a reasonable chain of argument.
- **Limited Analysis.** Identifies cause and effect. Points will have little development, eg only one stage in an argument is made.

A point to note is that lots of limited analysis does not equal reasonable analysis: lots of reasonable analysis does not make it good analysis.

EVALUATION

The driving force behind the award of evaluation marks is the strength of the relevant argument, eg in a given context for a given business.

- **Good Judgement.** Is well supported, builds on the arguments made, pulls together arguments and has a clear answer to the specific question set.
- **Reasonable Judgement.** Some support to relevant argument.
- **Limited Judgement.** This maybe an assertion or opinion with little support.

As before, lots of limited judgements do not equal reasonable evaluation: lots of reasonable judgements do not make good evaluation.

Section A

- Reasonable and good evaluation **must** have evidence of research.

The decision on the Quality of Written Communication should be used to adjust a mark within the level selected on the basis of the candidate's evaluation. For example, a candidate may have been awarded the lower mark in E3 for evaluation but the response may be particularly well structured with highly effective use of technical terms. In this case, the mark may be adjusted upward to the maximum for E3.

A well written answer without any evaluation can receive one mark for quality of language.

1

Total for this question: 40 marks

<p>01 <i>With reference to your own research and the item above, to what extent do you think that social reporting is now essential for businesses?</i> (40 marks)</p>

Relevant answers might include the following:

Social reporting measures the performance of a business on various indicators, eg measuring its behaviour in relation to environmental, community and employee issues.

Reasons why social reporting is essential:

- may attract investors, customers and employees
- may highlight areas to improve
- may be good for PR and prevent criticism
- may meet the needs of various stakeholder groups that want some measurement of CSR and transparency
- may identify areas where costs can be cut
- may prepare the business for when there are changes in the law
- may be perceived as the right thing to do even if others may not think it is important
- helps review any changes that have been made.

How essential social reporting is may depend on:

- the perceived benefits (which may depend on; how it is done, eg what is measured and what is produced in a report; how often it is done and by whom; whether action is taken)
- corporate objectives and strategy
- what competitors are doing
- society's expectations/perceptions of the business
- values/culture
- the specific business situation.

Responses could:

- consider the meaning of 'essential' – in relation to what? Profits? Competitiveness? Social responsibility?
- consider the significance of 'now'.

Good evaluation must focus on whether social reporting is essential.

NB: The focus of the answer must be on social reporting (not CSR generally).

2

Total for this question: 40 marks

<p>02 <i>With reference to your own research and the item above, do you think that the ability of a business to act successfully in a socially responsible manner is mainly determined by the products it produces?</i> (40 marks)</p>

Relevant answers might include the following:

Some products, such as tobacco and petrol, may be inherently unfriendly to society in some ways. This may limit the ability of these businesses to be socially responsible because they are always combating their adverse effects on society. However, to judge a business's behaviour requires an overview of all its actions and, as in the case of businesses such as BAT, there may be many areas where they claim they are behaving responsibly. Some business products may be seen as friendly to society, eg green energy.

Other factors influencing the ability of a business to act socially responsibly include:

- the values/attitudes of investors and employees; will they push for this behaviour or be resistant to it?
- the pressure from, and power of, different stakeholder groups
- the financial position of the business
- legal structure (eg plc vs social enterprise)
- corporate objectives and/or strategies
- resources devoted to social responsibility
- commitment of leaders/managers/staff
- competing demands for resources.

Evaluation may occur through focusing on the relative importance of the product compared to other factors and/or differences between businesses within the same product category.

Section A level descriptors

Level	Descriptor	Marks	
L5	Application/analysis	Both good	26–23
L4	Application/analysis reasonable	1 good and 1	22–18
L3	Application/analysis	Both reasonable or 1 good and 1 limited	17–13
L2	Application/analysis	1 reasonable and 1 limited	12–8
L1	Limited response on	Answer based primarily on knowledge	7–1

**NB: Reasonable application must have evidence of research.
Good application must have evidence of research and use of item.**

For Evaluation, you should award marks using the grid below:

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders his/her ideas.

Level	Descriptor	Marks
E3	Good evaluation with evidence of research. Ideas are communicated using a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	14–11
E2	Reasonable evaluation with evidence of research. Ideas are communicated using a logical structure with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	10–6
E1	Limited evaluation. Ideas are communicated with some structure evident, with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	5–1

Section B – Essays

3

Total for this question: 40 marks

03 *The business world is becoming increasingly global. As a result of this, many companies, such as Costa Coffee and Dyson, have changed their strategies in relation to the markets they target or where they produce. Does the increasingly global nature of business mean that all organisations need to change their strategies significantly to achieve higher profits? Justify your answer with reference to Costa Coffee, Dyson and/or other organisations that you know. (40 marks)*

Relevant answers might include the following:

Changing strategies to increase profits may involve:

- lower costs, eg locating abroad, using cheaper labour overseas, access to more suppliers
- more sales, eg targeting bigger, fast growth markets overseas
- growth abroad, eg if domestic markets are saturated.

The need to change strategies may depend on:

- what has been done already/present strategies
- what competitors are doing; if they have achieved lower costs overseas they may be able to undercut reducing your profit; it may be necessary to match such lower costs. Similarly, if overseas suppliers enable higher quality for competitors this may need to be matched.
- the opportunities available in overseas markets compared to domestically (and this may depend on many factors such as protectionism, exchange rates and relative growth rates)
- problems of entering and operating in international markets/locations.

Many organisations have already made changes to their strategies, so significant change may not be necessary although managers may want to continually review what they are doing as the external environment changes.

Good evaluation must link strategy to profits in the context of the global nature of business.

4

Total for this question: 40 marks

04 *Some analysts claim that the achievements of chief executives, such as Terry Leahy at Tesco and Philip Green at Arcadia, show the difference a leader can make to the performance of a business. To what extent do you think that a leader can make a significant difference to the long-term success of an organisation? Justify your answer with reference to Tesco, Arcadia and/or other businesses or leaders that you know. (40 marks)*

Relevant answers might include the following:

- discuss the role of a leader in providing vision, inspiring, providing direction, influencing the culture, setting the strategy, managing change and resistance to change
- discuss other internal and external factors and their impact on the ability of a leader to make a difference
- consider the time period, eg a leader may only be there a few years and so the long-term success may depend on the cumulative effect of several leaders
- will depend on resources, the external environment and the ability to find a fit between the strengths of the business and market opportunities
- experience and skills of the leader.

May depend on which leader, the support they have, their plans, the internal and external environment.

Good evaluation focuses on leader in relation to success and extent to which a leader determines success.

5

Total for this question: 40 marks

05 *The Chief Executive of Samsung Electronics recently told its employees that “We must begin anew. Most of Samsung’s flagship businesses and products will become obsolete within ten years.” This corporate strategy of reinvention would inevitably involve significant change for employees. Do you think that resistance from employees is likely to be the biggest problem for a business that wants to reinvent itself? Justify your answer with reference to Samsung Electronics and/or other organisations that you know. (40 marks)*

Relevant answers might include the following:

- employees may be worried about jobs, terms and conditions, impact on skills but change may create opportunities and new challenges.

The problems created by reinvention depend on:

- how the business reinvents itself
- how it is done, eg is it explained, are employees supported, trained and consulted/given opportunity to participate?
- the long-term relationship between employers and employees
- other factors such as the costs involved, the culture of the business, the leadership given
- this is likely to be a significant change as the business reinvents itself so this is likely to be particularly disturbing
- power of employee groups
- nature and significance of change for employees
- costs and possible lack of resources
- quality/experience of management
- competition – actions/reactions
- perception of customers.

Good evaluation assesses whether employees are the biggest problem relative to other factors in the context of major change.

Section B level descriptors – Essays

Level	Descriptor	Marks	
L5	Application/analysis	Both good	26–23
L4	Application/analysis reasonable	1 good and 1	22–18
L3	Application/analysis	Both reasonable or 1 good and 1 limited	17–13
L2	Application/analysis	1 reasonable and 1 limited	12–8
L1	Limited response on	Answer based primarily on knowledge	7–1

For Evaluation, you should award marks using the grid below:

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders his/her ideas.

Level	Descriptor	Marks	Default Mark
E3	Good evaluation. Ideas are communicated using a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	14–11	13
E2	Reasonable evaluation. Ideas are communicated using a logical structure with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	10–6	8
E1	Limited evaluation. Ideas are communicated with some structure evident, with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	5–1	3

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