



**General Certificate of Education (A-level)
June 2012**

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 students' 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 students' 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 students' 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 students' work and which can be measured for the purposes of assessment.
AO1 Demonstrate knowledge and understanding of the specified content	Students give accurate definitions of relevant terms. Students 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	Students 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. Students will not be rewarded for simply dropping the company name or product category into their answer.
AO3 Analyse problems, issues and situations	Students use relevant business theory and select information from a range of sources, using appropriate methods, to analyse business problems and situations. For example, students 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	Students 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. Students 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	<p>The quality of written communication is assessed in all assessment units where students are required to produce extended written material. Students will be assessed according to their ability to:</p> <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 <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

Essay marking

Evaluation occurs when a judgement is made.

Overall advice

When considering the judgements made in an essay, look at the essay as a whole and the arguments that have been made in the response. Consider the extent to which the judgement builds on the arguments presented and the extent to which it addresses and reaches a conclusion regarding the question as set.

Good evaluation is likely to include:

- a well supported judgement of the specific question set addressing the key issues and coming to a clear conclusion
- judgements that build directly on and weigh up the arguments made in the essay and pull these arguments together in a well structured response to address the question
- elements of evaluation throughout.

Reasonable evaluation is likely to include:

- some judgements are made and supported, however, they do not fully answer the specific question set and/or are not building effectively on the arguments in the essay

AND/OR

- there may be a series of reasonably supported judgements but these are not brought together to provide an overall answer to the question set

AND/OR

- there may be judgements of individual arguments but no overall judgement of the set question.

Limited evaluation is likely to include:

- judgements are made but these may be unsupported or lack development. They may be mainly based on assertion or have only basic explanation.

Application occurs when a student relates their arguments or judgement to a context such as a business, an industry, some aspect of a business such as its scale that is relevant to the question, real world events or real world data.

Good application is likely to include:

- arguments that are consistently based on the context provided by the question, eg relevant businesses, relevant industries, relevant cases, relevant reference to data. This can provide a depth of application from the range of relevant effective examples that have been used.

AND/OR

- the use of data/businesses/cases which perhaps compares and contrasts examples well in its arguments or combines examples effectively.

Reasonable application is likely to include:

- some use of context is used in the argument providing support to the response but this is not substantial enough for the response to feel well rooted overall in the context provided

AND/OR

- some arguments are supported by examples but the context is not referred to consistently and/or examined in depth

AND/OR

- examples are explained but require greater links to the argument.

Limited application is likely to include:

- some reference is made to the context but without development

AND/OR

- the use of examples is descriptive and provides only limited support to the arguments made.
-

Analysis occurs when there is a chain of argument.

Good analysis is likely to include:

- a relevant argument that is well developed - it provides logical, well reasoned examination of a relevant, significant issue in the question, eg analysing the cause of a change or the effect of a change and examining the links between the different stages of the argument

AND/OR

- an effective examination overall of the key issues in the question

Reasonable analysis is likely to include:

- the argument(s) are developed examining some of the stages in a logical argument but not following it through fully to its conclusion

AND/OR

- the analysis is rather general rather than directly focused on the question

AND/OR

- the same argument may be used repeatedly or the argument lacks some precision, focus or appropriateness.

Limited analysis may occur when:

- there are basic development of points; the elements of an argument are referred to but left undeveloped or lack clarity.
-

General notes

- when awarding good application or analysis there may be one example in the essay where the depth provided is 'good'. However, you should be willing to stand back at the end of the essay and review the argument as a whole and on this basis award good application or analysis
 - be careful of a collection of descriptive stories; the volume of examples here does not mean the application is good if the examples do not support an argument
 - be careful of chains of argument that have several stages to them but are generic, not precise and not well considered or thought through in relation to this question; this may be reasonable rather than good
 - be prepared to follow an argument through - it may develop from one paragraph to another. Equally, a judgement at the end of an essay may in fact be building on earlier analysis (similarly an assertion at the start of a paragraph may be supported by the following analysis)
 - if application or analysis is limited then it remains in Level 1 however many times it is demonstrated
 - skills can be demonstrated at the same time - a well developed chain of argument supported by industry or business insight could be good application and good analysis. A judgement may be based on the context and well reasoned demonstrating judgement, analysis and application.
-

Section A

1

Total marks for this question: 40 marks

With reference to your own research and the item above, to what extent do you think that governments should prevent takeovers and mergers?

Relevant answers might include the following:

- may lead to monopoly power
- impact on quality, consumer choice and prices
- may deter competition and entry into markets
- potential benefits of scale – impact on costs and prices
- may enable a better service through combined resources
- may be synergies
- may be a need for scale to compete internationally
- may be concerned about competition issues and the impact on stakeholders.

The government will be interested in all of these factors in relation to areas such as competitiveness, economic growth, consumer welfare and tax revenue.

These issues need to be related specifically to the government's interest in takeovers and mergers rather than a general discussion of motives and problems.

The decision to prevent may depend on, for example:

- which merger/takeover and the impact on, eg market share
- the overall government stance towards business, eg free market v interventionist.

Evaluation may refer to the issue of prevention, eg

- prevention v regulation or other forms of intervention
- prevention v support

AND/OR

A discussion of when prevention is more/less likely such as different economic conditions, different business sectors or due to different political philosophies.

For more details of skills and levels, see pages 5 and 6 in supporting information.

2

Total marks for this question: 40 marks

With reference to your own research and the item above, do you think that takeovers and mergers inevitably improve the performance of the businesses involved? Justify your answer.

Relevant answers might include the following:

- economies of scale v diseconomies of scale
- impact on revenues
- possible synergies
- possible culture clashes
- share price
- measures of performance, eg CSR
- price paid
- whether it is a hostile takeover
- what the situation would be without the deal being undertaken
- external factors, eg government intervention.

These issues should be analysed in relation to the performance of the businesses involved.

Evaluation may be:

- considering the inevitability of improved performance, eg comparing and contrasting different outcomes
- debating what is meant by performance, eg what are the business objectives
- considering impact on the different businesses involved, eg target v bidder
- considering how the impact might change over time.

For more details of skills and levels, see pages 5 and 6 in supporting information.

Section A level descriptors

Level	Descriptor	Marks	Default Mark	
L5	Application/analysis	Both good	26–23	25
L4	Application/analysis	1 good and 1 reasonable	22–18	20
L3	Application/analysis	Both reasonable or 1 good and 1 limited	17–13	15
L2	Application/analysis	1 reasonable and 1 limited	12–8	10
L1	Limited response	answer based primarily on knowledge	7–1	4

NB: Reasonable application must have evidence of research.

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

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

Level	Descriptor	Marks	Default Mark
E3	Good evaluation supported by research. Answer has a logical structure throughout, with effective use of technical terms.	14–11	13
E2	Reasonable evaluation supported by research. Evidence of a logical structure and some use of technical terms.	10–6	8
E1	Limited evaluation. Limited evidence of a logical structure and little use of technical terms.	5–1	3

Section B

3

Total marks for this question: 40 marks

In 2011, some directors of Acer computers wanted the business to invest heavily and rapidly into the tablet computer market to compete with products such as Apple's iPad. Other directors wanted the business to stay focused on personal computers, where it was already successful, believing that a major and sudden change in strategy was too risky. Do you think that businesses should avoid changing their strategies because of the risks involved? Justify your answer with reference to Acer and/or other organisations that you know.

Relevant answers might include the following:

- understanding nature of risk and why it occurs
- understanding strategy and strategic change (could be corporate or functional)
- risks may be due to the implementation of the strategy rather than the selection
- analyse why strategic change is risky, eg resistance, does not fit with the strengths of the business, misunderstood market, competitor actions
- degree of risk with different changes, eg using Ansoff
- opportunity cost of not changing.

The extent and nature of the risks involved depends on:

- the strategy chosen and its fit with the strengths of the business
- the rate and method of change
- the resources allocated to the change
- the environment in which the business operates, ie may be essential to change
- how it is managed
- culture of business
- the nature of the change, eg scale.

Evaluation may discuss:

- whether change can/should be avoided given the risk
- whether it is a question of managing change and risk rather than avoiding it.

Application may be to the context to the stem of the question and/or students' own examples.

For more details of skills and levels, see pages 5 and 6 in supporting information.

4

Total marks for this question: 40 marks

Unilever sells many well-known food, personal care and home care brands, such as Ben and Jerry's, Persil and Dove, in over 180 countries. Its recent results have been boosted by its profits in emerging markets. To what extent is targeting emerging markets for sales the best way for businesses to achieve a major growth in their profits? Justify your answer with reference to Unilever and/or other organisations that you know.

Relevant answers might include the following:

- there is the appeal of a large and relatively fast growing market. This offers opportunities for some organisations for faster growth than may be available domestically
- offers opportunity of larger scale of operators and potentially economies of scale (or diseconomies)
- domestic markets may be mature or saturated.

Whether targeting emerging markets is the best way to achieve growth in profits depends on:

- ability to understand these markets
- method of entry, eg export, alliance or takeover
- the best way may depend on alternatives, how it is implemented
- may consider short run v long run, eg is this a short run decision?
- the risk involved and the attitude of managers and investors to risk
- the costs of entry
- the existing market conditions and the reaction of existing businesses
- alternative ways of increasing profits
- experience with international business previously.

Evaluation is likely to focus on whether targeting emerging markets is the best way to achieve a growth in profits. Good evaluation will usually involve a comparison with alternatives.

Application may be to the context to the stem of the question and/or students' own examples.

For more details of skills and levels, see pages 5 and 6 in supporting information.

5

Total marks for this question: 40 marks

The retailer, the John Lewis Partnership, is owned by its employees and has a strong culture that focuses on employee involvement and welfare. In the recent recession, John Lewis still managed to produce good financial results. To what extent do you think that the culture of an organisation determines its financial success in a changing external environment? Justify your answer with reference to John Lewis and/or other organisations that you know.

Relevant answers might include the following:

- culture refers to the values, attitudes and beliefs of employees
- culture will influence how employees behave and how an organisation acts; it will influence the priorities of the business and how it allocates resources and makes decisions. This can affect costs and revenues
- a culture could hinder financial success, eg if it was inward looking, bureaucratic, and did not value high performance
- culture influences the ability and willingness of the business to change in a changing external environment
- can consider other factors such as demand, costs and competition
- students can discuss any aspect of a changing external environment, eg political, economic, social, technological or competition.

Evaluation may discuss the influences that culture has on financial success. Good evaluation will usually involve a link between culture, success and the external environment.

Application may be to the context to the stem of the question and/or students' own examples.

For more details of skills and levels, see pages 5 and 6 in supporting information.

Section B level descriptors - Essays

Level	Descriptor	Marks	Default Mark	
L5	Application/analysis	Both good	26–23	25
L4	Application/analysis	1 good and 1 reasonable	22–18	20
L3	Application/analysis	Both reasonable or 1 good and 1 limited	17–13	15
L2	Application/analysis	1 reasonable and 1 limited	12–8	10
L1	Limited response	answer based primarily on knowledge	7–1	4

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

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

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E2	Reasonable evaluation. Evidence of a logical structure and some use of technical terms.	10–6	8
E1	Limited evaluation. Limited evidence of a logical structure and little use of technical terms.	5–1	3