



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

Business Studies

BUSS4

(Specification 2130)

Unit 4: The Business Environment and Change

Report on the Examination

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General Comments

The paper proved accessible to students with a reasonable spread of responses between the options in Section A and B and no evidence of time pressures. The range of organisations used to support arguments seemed broader than in the past and there were many examples of well-structured responses. The better responses demonstrated a real grasp of business issues and produced insightful responses to the question, well supported by data and business cases.

The key issues on this paper remain:

- the need for students to read the question very carefully to ensure they answer exactly what is asked rather than a version of it that they may have studied before. It was fairly common to read responses that nearly answered the question but did not fully address the issues raised; on occasion students were clearly writing an answer to a slightly different version of the question - perhaps one that had been set for homework. Responses that focused tightly on the question set stood out
- the need to analyse issues raised fully. Quite often relevant points were raised in an answer but not explained or developed. Students should select the key arguments they want to make and concentrate on these rather than produce a whole series of undeveloped points. Too often the reader is left wondering why a statement is true or why X led to Y because the connections have not been explained
- the need to analyse the given issues. There were some students using very generic lines of analysis (eg about motivation) without addressing the specific issues of the question. Good analysis is relevant and targeted; simply having many different stages in an argument does not, in itself, make the argument good
- the need to use examples or data to support an argument. There was some sense that students were learning cases and examples but not thinking sufficiently about the underlying issues. Examples were given, for example, of mergers and takeovers that were 'successful' or 'unsuccessful' without much analysis of 'why' this was the case. The starting point in studying business is to understand the theory; business examples serve to exemplify the points made but simply describing business cases is of limited value
- the value of planning effectively. Hopefully, when students see a question they have a lot to say; the key is to use the time effectively to produce a well-structured, well-developed and relevant response. Planning can help students identify the possible arguments they want to make so that they can select which ones are most relevant and most worthy of development. Planning involves being selective - deciding what not to develop is as important as deciding what to develop. By planning the response, the introduction to the essay is likely to have far more value because it can set the scene for the rest of the essay. It also means that there is more likely to be a clear direction to each of the paragraphs and the essay moves logically to the final paragraph
- using the final paragraph effectively. For some students the last paragraph remains a short sign off simply stating that there are two sides to the essay or it is used to state that the issue can be seen in different ways; this approach is unlikely to gain high marks. A good essay answers the question set rather than simply highlights there is a case for and against. It is worth students considering what they actually think is the answer to the question before they start writing. A good response is likely to pull together the arguments to come to a supported overall judgement rather than simply repeat earlier arguments. This is a difficult skill and one that needs practice.

Section A

The theme of takeovers and mergers seems to have engaged students and there was an interesting range of examples given such as RBS ABN Amro, Kraft Cadbury, Morrisons and Safeway and Daimler Chrysler. Students showed some insight into these although too often they were used in a descriptive manner, 'X took over Y and this led to economies of scale'. Students should avoid simply stating something and look to explain why; in this case why did the unit costs fall? By explaining this they might achieve higher application and analysis marks. Similarly, 'when Z took over Y it had more power and this was bad for consumers'. Again this may be true but is undeveloped – why did it have power? How did it use this and exactly in what ways was this bad for consumers?

When researching a theme, students are not trying to have a collection of stories to simply repeat. They are trying to analyse the issues in the theme – for example, why might mergers and takeovers improve business performance? Why not? To do this effectively they need the theory: for example, areas to be considered might include economies of scale, culture clashes and diseconomies of scale. Having understood these theories they need to consider these in practice which is where the study of real business behaviour comes in. It is not enough to state that the Daimler Chrysler deal failed because of a culture clash – in what ways did their cultures differ? How did this become clear? In what ways did the differences affect the performance of these specific businesses? Students should be studying the theme with an analytical approach not a descriptive one; case studies and relevant data should be used to support the arguments being made. Too often reference was made to issues such as synergy without the required explanation of what this actually means in context.

Students are encouraged to stand back and think of the bigger issues – if one merger works but another does not why has this occurred? What makes success more or less likely? Students should be trying to make judgements from the cases studied rather than simply accumulating stories. It is also possible to make use of surveys and studies relevant to the given theme as well as specific business examples; for example, what does research show happens to business performance in different sectors after mergers and takeovers have occurred? Is there a difference? Why? What about over time?

Question 1

This was the less popular of the two in Section A, although a significant number still chose it. The main issue here was the extent to which students answered whether a government should 'prevent' takeovers or mergers. Some weaker answers simply argued that mergers and takeovers could be good and could be bad but this did not directly answer whether, from the government's perspective, they should be prevented. Others discussed whether the government should intervene in mergers and takeovers which could be relevant provided the answer got back to 'prevention'; however, long sections of a response on the reasons for subsidising or encouraging deals without linking to prevention were unlikely to score highly. Stronger arguments focused on the circumstances when prevention might be most desirable and/or considered some of the difficulties or dangers of prevention. As ever, a good answer stayed focused on the question set and came to a clear conclusion. This question highlighted that students need to be willing to use the knowledge and understanding they have to answer a new question, ie they need to be flexible in their approach.

Question 2

This was the more common option in Section A and students generally were able to demonstrate their understanding of why mergers and takeovers might or might not improve performance. However, the arguments in essays were often undeveloped and lacked an effective conclusion. They typically argued that X and Y happened and ‘improved performance’ whilst Y and Z happened and ‘did not improve performance’ and therefore ‘it is not inevitable that mergers and takeovers improve performance’. This approach lacks depth and analytical and evaluative rigour – why did W and X work, why did Y and Z fail and what conclusions can we draw from this? Is performance more likely to succeed in some situations than others – in which case what are these and why? The key when studying these themes is to keep asking why certain outcomes have occurred and link these ideas back to the theory studied. In a number of cases, students did not seem to have a clear understanding of the word ‘inevitably’.

A key point when answering Section A questions is to make some use of the Item provided. The question asks for students to use research and the item so there must be some reference to the information given for the highest level of application.

Section B

Question 3

Some students focused specifically on the Acer decision to enter the tablet market whilst others considered strategic change more generally; both approaches were acceptable. The question required students to think about the risks of strategic change but, more specifically, the risk of not changing. Good responses often examined the dangers of avoiding strategic change perhaps using Nokia and Kodak to support this analysis. Better responses often argued that strategic change was risky but inevitable at some point and in some form; the significance of change did vary from sector to sector and what was also significant was how it was prepared for and how well it was managed. Some students made effective use of the Ansoff matrix to highlight the riskiness of different strategic options. Weaker responses tended to write a basic response to their version of the question – ‘should Acer enter the tablet market or not’.

Question 4

This was the most popular of the essays and some students were able to write strong, well-supported responses. However, there was a clear difference between those who were answering whether targeting emerging markets for sales was the best strategy for businesses and those that were simply arguing it would work but it might not. Again, the focus on the question made all the difference. Weaker answers tended to wander – for example, they often considered the value of producing in emerging markets rather than targeting it for sales – and never tackled the issue of whether it was the best strategy. A number of responses took a broad interpretation of the term ‘emerging markets’ rather than answer the question in relation to emerging economies; for those that did focus on countries there was sometimes confusion over what was an emerging economy with America and Japan being used as examples. Better responses considered the potential gains and risks of targeting emerging markets and compared this to alternatives such as focusing on the domestic market.

Question 5

The responses to this question were a little surprising in terms of the number of answers that had a relatively weak grasp of culture. Several focused on leadership or soft or hard HR - these are obviously linked to culture but there were many responses that did not seem to be clear what culture actually involved. Although students did not need to make use of John Lewis it was perhaps surprising how few made reference to it. However, students were often able to make some links between culture and financial success although these were usually limited to motivation. The context of a changing external environment was not always used well. Better answers considered how culture might affect the openness of an organisation to change, the flexibility of a business, the speed of decision making and the extent to which there would be resistance to new initiatives that were likely to be necessary if, say, technology or the economic environment was changing.

Summary

In general, there were some reasonable responses to the titles given and the questions proved similar in terms of the challenges provided. The differentiating factors were how well the specific question was addressed – were students focused on ‘avoiding’ strategic change rather than whether a particular strategy would work or not? Were they focused on sales in emerging markets rather than production? Did they discuss whether targeting emerging markets was the best strategy or just whether it was good? Did they link culture to financial success? Was this in the context of a changing external environment? Good responses were also ones that used the examples they had in their arguments rather than described them. For example, they analysed the problems Tesco might have expanding in its domestic market and therefore why emerging markets might appeal. They analysed, for example, how the culture of Nokia might have become too complacent and inward looking and therefore how it missed opportunities in the smartphone market; as a result they argued that not changing can be dangerous in such a fast changing environment. They analysed how the innovative culture of Google, for example, enables it to keep developing new processes and products that are required if it is to keep ahead of competitors and generate more users and therefore advertising revenue.

BUSS4 is the one paper at A Level that gives students a choice of questions. Thinking carefully about their options, planning their answers before writing, keeping focused on the question throughout their response and directly addressing the issues raised remain important aspects of effective responses. In terms of learning before the exam the focus must be on analysing issues rather than gathering stories, on considering what makes an argument more or less valid, ie taking an evaluative approach throughout and on practising essay writing skills.

Mark Ranges and Award of Grades

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