



**General Certificate of Education (A-level)
January 2013**

Business Studies

BUSS4

(Specification 2130)

Unit 4: The Business Environment and 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 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.

Further copies of this Mark Scheme are available from: aqa.org.uk

Copyright © 2013 AQA and its licensors. All rights reserved.

Copyright

AQA retains the copyright on all its publications. However, registered centres for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

	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 <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

Essay marking

The process of essay marking

When marking an essay it is important to follow the flow of the arguments. This means that you should read a paragraph as a whole to see how an argument develops. In some cases, you may need to read more than one paragraph to follow through an argument to its conclusion.

When reading, you need to identify the relevant skill (eg application, analysis and evaluation) and then decide on the level. At the end of an essay, you should reflect on the essay as a whole - take a view of how the essay works in its entirety and, if necessary, be prepared to revisit particular paragraphs to consider the level.

At the bottom of the script you should write down the skills and levels, eg Reasonable Analysis and Reasonable Application. This determines the level you award - in this case Level 3. You then need to decide on where within the level the mark should fall, eg the top of Level 3 is 17 marks.

Add up your marks for the Application and Analysis and for the Evaluation to give the total. The total should be recorded in the right hand margin. Make sure you check your addition at this stage and when totaling up the marks for the paper as a whole.

Annotation

When rewarding knowledge you annotate 'K'. This is common, for example, at the start of an essay when there are often definitions. Once other skills have gone beyond Limited it is not necessary to keep annotating K through the script.

For the other skills:

Limited Application: use LAp

Reasonable Application: use RAp

Good Application: use GAp

Limited Analysis: LAn

Reasonable Analysis: RAn

Good Analysis: GAn

Limited Evaluation: E1

Reasonable Evaluation: E2

Good Evaluation: E3

Note: if you want to flag where a skill is within a level you can use +/-, eg if it is at the top of Reasonable Analysis you can highlight this as RAn+; if it is only just Reasonable Evaluation you might show this as E2-. This is not essential but some markers find this a useful way of showing if they feel it is as the top or bottom of level of a skill.

It is very important that you annotate the skills you see fully. This shows that all the script has been read and that you have taken relevant arguments into account. You should also tick or initial blank pages – please read all plans and annotate, eg 'K'.

Remember that once a student has reached a level they cannot go lower. For example, if a student achieves Good Analysis in one argument they stay at this level even if the rest of the response only demonstrates limited analysis.

GUIDANCE FOR MARKING

When marking a response it is important to take an overview of the answer at the end. You should read the response as a whole to see how the arguments develop and how the effective the skills are within the overall response.

Having read the whole response you must make a decision on the overall quality of the different skills demonstrated - is the quality of the application good? What about the analysis of the question? What about the quality of the evaluation of the question?

Markers should mark from the top down – is it good? If not, is it reasonable? If not, it is limited? Start with the top level and work downwards rather than the other way around.

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

APPLICATION

Application occurs when a response is in context. For example, it relates to the given scenario or the particular issues and problems facing the business or industry. Application may also be shown through an awareness of real world data or issues.

Good application means the response is well applied to the context. It should be annotated as GAp. This can be demonstrated in different ways; for example, the response may:

- **Be firmly embedded in the context.** The arguments made within a response may, overall, relate well to the given context recognising key aspects of the situation. This insight into the context may occur in one instance or be a combination of insights that show a good awareness of the specific issues facing the business.
- **Combining information effectively.** For example, candidates may appreciate the meaning and significance of one aspect of the case in the context of another aspect of the business situation. This combination of factors can show a good insight into the context.
- **Manipulating data effectively.** For example, candidates may use some numerical data in one part of the case and relate this to another relevant and significant figure elsewhere in the case; by combining these effectively candidates can show a good grasp of the context.

Reasonable application makes some reference to the context in support of the argument(s) but:

- is not necessarily well developed
- does not show much appreciation of the significance of aspects of the context.

It should be annotated as RAp.

A mainly descriptive reference to the context this would be a limited response.

ANALYSIS

Analysis occurs when students build arguments that show an understanding of cause and effect and may make use of relevant theory.

Good analysis should be annotated as GAn. It may occur when:

- the answer as a whole has analysed key issues in the question well.

Good analysis is focused on the precise question, it will provide a logical, coherent, multi-stage argument overall examining the causes and effects of an event as appropriate and linking the different aspects of the question effectively. It may make use of relevant theory to develop the argument, selecting relevant information and use appropriate methods effectively to build up the links between the stages.

Reasonable analysis is shown when there are relevant arguments explained but:

- these are less developed
- there are less clear chains of argument (for example, stages in the argument may be missing or unclear or assumed)
- these are generic rather than addressing the issues in the question directly
- focuses on one aspect of the question.

Annotate as RAn.

Limited analysis that is basically assertion or of little relevance to the question is a limited response.

EVALUATION

This occurs when a judgement is made. Judgements may occur throughout a response.

Good judgement directly answers the specific question set. It:

- provides a clear and well supported overall response to the question set
- is built on analysis and evidence and is in the context of the given question.

Reasonable judgement may:

- be making judgements on relevant arguments but not the question as a whole
- address some aspects of the question but not directly answers the specific question set may have some support but is not built on effective analysis. It may rather generic, may be incomplete or not fully consistent given the arguments made.

Limited evaluation is an assertion or a judgement with limited support.

The decision on the **Quality of Written Communication** may be used to adjust a mark within the level selected on the basis of the student's evaluation. For example, a student may have been awarded the lower mark in E2 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 E2.

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

Section A

1

Total marks for this question: 40 marks

<p><i>With reference to your own research and the item above, to what extent do you think that stakeholders are always worse off following a merger or takeover? (40 marks)</i></p>

Stakeholders are individuals or groups affected by the decisions of an organisation.

Relevant answers might include the following:

- impact on employees, eg loss of jobs
- impact on investors, eg those selling shares may receive a premium; the owners of the new combined business may experience higher financial returns
- impact on customers, eg may receive an improved service or may face less choice; may influence price
- impact on the government, eg may gain more tax revenue if combined business performs better
- impact on suppliers, eg there may be a rationalisation of suppliers.

May depend on:

- which group, eg investors may gain but some employees may suffer
- what the situation would have been otherwise, eg some employees may lose their jobs but without the takeover more may have suffered
- the success of the merger/takeover, eg it is not inevitable that stakeholders will be worse off
- may be a difference between the short run and long run effects
- not always going to be the case, could debate the factors which influence the effect on different groups
- impact will depend on precise merger or takeover involved and way it is managed.

Good Evaluation is demonstrated by a clear supported judgement as to whether stakeholders are always worse off following a takeover using research.

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, to what extent do you think that the best reason to undertake a merger or takeover is to increase efficiency?

(40 marks)

Relevant answers might include the following:

Reasons / motives might include:

- increase efficiency
- gaining market share / power
- survival
- managerial motives
- access to resources
- access to new markets
- spreading risk.

Increasing efficiency may be a good reason because this can boost profit margins and lead to higher overall returns. This can generate more internal funds for investment or higher rewards for the owners. Increasing efficiency therefore makes sense as a reason to undertake a merger or a takeover. Often achievable via synergies, economies of scale and rationalisation.

However, increasing efficiency may not be a good reason due to possibilities of culture clashes and diseconomies of scale.

In terms of whether increasing efficiency is the best reason depends in part on:

- the type of takeover or merger, eg some of the efficiencies may be more likely in horizontal deals where there may be shared technology rather than in conglomerates
- the key challenges facing the business and the underlying strategy. If variability of supply is the problem then it may be that vertical backward is undertaken for control of inputs and this is the best reason in these circumstances. If profit margins are being eroded then the drive for efficiency may be the best reason
- perspective, eg what may be the best reason for managers (for example in terms of likely rewards and job security) may not be the best for those employees who lose their jobs
- may be given as the best reason when, in fact, there are other underlying motives such as personal motives
- may be one of several motives.

Good Evaluation is demonstrated by a clear supported judgement on whether increasing efficiency is the 'best reason' for a merger / takeover (as opposed to a 'good' reason).

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

Section A level descriptors

Level	Descriptor	Marks	
L5	Application/analysis	Both good	26–23
L4	Application/analysis	1 good and 1 reasonable	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	answer based primarily on knowledge	7–1

Good application must have evidence of research and also reference to the item.

Reasonable application must have evidence of research.

Limited application will occur when only the item is used.

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
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

3

Total marks for this question: 40 marks

The external environment in which businesses operate can have a significant effect on their success. To what extent do you think the external environment in the UK is favourable for businesses at the moment? Justify your answer with reference to external factors and/or businesses that you know. (40 marks)

The external environment of business could include political, legal, social, economic or technological factors as well as factors in the competitive environment.

Relevant answers might include the following:

Students will analyse various factors in the external environment that are relevant at the time, eg consumer confidence, interest rates, the exchange rate, economic growth, social trends.

Students may consider the impact on costs, sales and profitability, and other business measures of success such as growth.

Overall, it may depend on:

- which factors are being considered
- which businesses are being considered
- many businesses are global so not just a question of the UK environment
- the strategies a business adopts, eg to turn a threat into an opportunity
- the relevance of a particular factor will depend on the business involved and its specific position
- the strategy adopted by a business
- whether a business had prepared for the situation.

Good Evaluation is demonstrated by a clear supported judgement on whether the external environment in the UK is favourable or not at the moment for businesses.

Application may include references to organisations and/or external factors in the UK.

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

4

Total marks for this question: 40 marks

Wal-Mart, the world's largest retailer, operates 8400 stores, has over two million employees and handles over 200 million customer transactions each week. The company invests heavily to ensure that it manages information effectively in all areas of its business. To what extent has managing information effectively become the key to being market leader? Justify your answer with reference to Wal-Mart and/or other organisations that you know.

(40 marks)

Relevant answers might include the following:

Managing information can improve:

- operations, eg having the right stock levels and product mix, coordinating distribution, project management
- marketing, eg building relationships, understanding buying patterns, identifying market trends
- finances, eg effective budgeting, better investment appraisal
- HR, eg helping with effective workforce planning
- in all of these areas IT can affect efficiency, and help with the analysis of the situation, planning and decision making. IT may therefore help improve decision making to enable a business to become a market leader.

However, also depends on:

- leadership and management, eg whether the right questions are asked, the right information gathered, the right interpretation made and the right decisions made and implemented
- the strategies adopted, eg in marketing: is the business positioned correctly? Are the right products in place? Information management can help with this but not guarantee it
- with more complex operations and an increasing amount of information being gathered, effective information management is probably increasing in importance but it is the actual decisions made that matter as well as what others are doing.

Good Evaluation is demonstrated by clear, supported judgement on whether managing information has become the key to being market leader, eg is its relative importance increasing?

Application may include references to Wal-Mart and/or other organisations.

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

5

Total marks for this question: 40 marks

Several businesses, such as Primark and Nestlé, have been accused of being unethical in recent years. Do you think it is essential for managers to take ethics into consideration when making decisions nowadays? Justify your answer with reference to Primark, Nestlé and/or other businesses that you know. (40 marks)

Relevant answers might include the following:

- business ethics refer to what is regarded as right or wrong in relation to business behaviour.

Worrying about ethics may be important because:

- there is a greater awareness of the effects of business actions these days and therefore managers are more aware of the consequences of their actions
- there is greater scrutiny of business activity these days so unethical behaviour is more likely to be discovered and exposed; this could have a detrimental effect on the business and make managers more wary of 'bad' behaviour
- there is a greater expectation of ethical behaviour from stakeholders which may make managers more likely to adopt such behaviour either because they want to, others are doing this, may be afraid not to
- there may be direct benefits to the business of behaving ethically, eg more investors, more applicants, more customers and more suppliers
- however, ethical behaviour may increase costs, reduce output and lead to some business being rejected.

Overall:

- may not be essential in that it is not a legal requirement
- certainly appears to be greater emphasis on ethics 'nowadays'
- may depend on managers' own values, the owners' values, the pressure from stakeholders and the ability and resources of the business to act in this way
- may depend on what others are doing and the effect of that
- may vary from business to business, eg depending on culture, and pressure in different regions
- may depend on the consequences if managers ignore ethical issues.

Good Evaluation is demonstrated by a clear supported judgement on whether managers should take ethics into consideration when making decisions nowadays.

Application may include references to Primark, Nestlé and / or other organisations or examples of ethical / unethical business behaviour.

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

Section B level descriptors - Essays

Level	Descriptor	Marks	
L5	Application/analysis	Both good	26–23
L4	Application/analysis	1 good and 1 reasonable	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	answer based primarily on knowledge	7–1

Application can relate to the specific business / contextual issue in the question and /or any other relevant business / contextual issue.

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
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
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
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