



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

Business Studies

BUSS4

(Specification 2130)

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

Final

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 student'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	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: <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 at 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.

Application occurs when a student relates their arguments or judgments 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 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.
-

Evaluation occurs when a judgment is made.

Overall advice

When considering the judgments 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 judgment 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 judgment of the specific question set addressing the key issues and coming to a clear conclusion
- judgments 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 judgments 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 judgments but these are not brought together to provide an overall answer to the question set

AND/OR

- there may be judgments of individual arguments but no overall judgment of the set question.

Limited evaluation is likely to include:

- judgments are made but these may be unsupported assertion or based on weak arguments or evidence.

General notes

- When awarding good application or analysis there may be one example in the essay where the depth provided is 'good'. However, even if one specific example of good is not present, 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 judgment 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 judgment may be based on the context and well-reasoned demonstrating judgment, analysis and application.

Section A

1

Total marks for this question: 40 marks

*To what extent do you think that the cultures of all highly profitable businesses are likely to be similar? Justify your answer with reference to your own research **and** the item above.* (40 marks)

For advice on how to mark and annotate the essay see pages 4 – 6

Relevant answers might include the following key terms:

- profits are measured by revenue minus costs
- profitability may be measured by return on capital employed
- culture refers to the values, attitudes and beliefs of the employees within the organisation.

Culture may influence profitability by:

- influencing the decisions made eg how decisions are made and what is valued when making a decision
- determining employee's priorities and attitudes to, eg quality, customers and training
- affecting openness to change, the willingness to innovate
- culture may determine the nature of a response to change, the speed of the response and the success of the response; it can therefore affect costs, (eg a lean culture) and revenue, (eg a customer focused culture)
- culture can influence the way a business competes, eg by being innovative or by being lean. In the case of Google for example, the culture has encouraged and rewarded innovation which has been an essential part of its competitive strategy, success and profitability
- the nature of the culture will depend on many factors such as the strategy being pursued, the business environment, the ownership of the business, the maturity of the business and its history
- the culture is likely to vary from business to business. The right culture for one business in terms of profitability will be different than the culture that is right for another business
- whilst cultures are likely to be different highly profitable businesses may all have strong cultures, ie whatever values they have may be deeply helped by employees. It may be strength of culture rather than its precise nature that highly profitable businesses have in common.

Factors influencing culture include:

- leadership style
- nature of industry
- ownership
- reward systems.

Good Evaluation will make a clear supported judgement of whether or not the cultures of all profitable businesses will be similar.

2

Total marks for this question: 40 marks

*The culture of a business will inevitably change over time. To what extent do you agree? Justify your answer with reference to your own research **and** the item above.*

(40 marks)

For advice on how to mark and annotate the essay see pages 4–6

Relevant answers might include the following key terms:

- culture refers to the values attitudes and beliefs of the employees within an organisation.

Culture may change for many reasons including:

- with new owners / new employees who have different values or objectives
- with new social expectations or values
- with a new competitive environment disrupting existing views / values
- with the size of the business as it grows over time
- if the performance of the business is disappointing
- as the business ages, eg may lead to complacency or an inward looking approach.

Culture may not change because:

- resistance from staff
- business is successful
- lack of external recruitment
- strong pressures exist to keep culture as it is e.g. reward systems, nature of job/industry.

However:

- changes may happen of their own accord or be deliberately changed by managers
- changes in culture may happen but in some cases may be rapid, in other cases more incremental
- change may be inevitable at one point but when and how rapidly it happens may depend on many factors such as employee resistance, how it is managed, how significant a change it is.

Good Evaluation will consider whether or not it is inevitable for the culture of a business to change over time.

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

**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 students' quality of written communication. When deciding on the level to be awarded, consider the quality of the judgement(s) made and the degree to which the student orders his/her ideas.

Level	Descriptor	Marks
E3	Good evaluation with evidence of research. There is a clear answer to the specific question set, supported by relevant arguments and evidence. 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. Judgements are made and supported, possibly judgements are made on separate argument/s rather than the question as a whole. 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. The judgements made are assertive and/or based on weak arguments or evidence. 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

In 2012, many companies such as Thorntons, the chocolate retailer, and Comet, the electronics retailer, announced poor financial results as a result of difficult trading conditions. Several commentators claimed that such businesses had been unprepared for changes in their external environment.

To what extent do you think that it is possible for businesses to prepare effectively for changes in their external environment? Justify your answer with reference to Thorntons, Comet and/or any other organisations that you know. (40 marks)

This essay focuses on whether businesses can prepare for change rather than how they respond/react to change. For advice on how to mark and annotate the essay see pages 4–6

- Answers may refer to any aspect of the external environment eg the economy, legal or competitive environments.

To prepare for change businesses might:

- undertake primary and secondary market research to anticipate change
- have a corporate plan and contingency plan; may review these plans regularly to keep them responsive and prepared
- try to build a flexible organisation so that it can change quickly as events unfold
- build up cash reserves.

However:

- may not be easy to prepare for change if it is unexpected, rapid and involves a major shift in the business environment (disruptive change)
- may be possible but some organisations may still be unprepared, eg due to poor management, because managers are too complacent, or because of unexpected competition
- may prepare badly or implement the plan badly.

Overall:

- some changes are easier to prepare for than others, eg some change is relatively slow
- depends on whether the business is outward looking and flexible
- may depend on the nature of the market and sector it operates in, eg how vulnerable the business is to competitors' actions.

Application may include references to Thorntons and Comet **and /or** other organisations or contextual factors such as the state of the external environment. Students do **not** need to refer to the specific examples in the question.

Good Evaluation will make a clear supported judgement on whether or not it is possible to prepare effectively for change in the external environment.

4

Total marks for this question: 40 marks

In recent years, several banks have been criticised for taking too many risks with their lending, some supermarkets have been accused of bullying suppliers and a number of clothing retailers have allegedly used suppliers who employ child labour.

To what extent do you think the activities of businesses need to be more regulated by the Government in the future? Justify your answer with reference to organisations and/or relevant examples of business activities that you know. (40 marks)

The activities of a business might include employing staff, marketing, operations, financial decisions and relations with stakeholders. Candidates may refer to the UK or any other Government. 'Regulation' can include all forms of government intervention to influence business activity. For advice on how to mark and annotate the essay see pages 4–6

Reasons for regulating include:

- to prevent abuse of market power
- to prevent exploitation of stakeholders
- encourage/discourage certain types of behaviour.

Regulators may:

- limit or prevent some actions being taken
- fine businesses for some actions to discourage them
- take control of some services or businesses.

However regulation may:

- increase costs
- add bureaucracy
- reduce business flexibility
- limit businesses in terms of what they are allowed to do which may reduce profitability.

Depends on:

- the attitude of the government towards businesses, eg interventionist or free market
- the behaviour of businesses, eg when bad behaviour is exposed, this may provoke intervention
- which activities are being considered
- stakeholder attitudes and their power to influence Government policy
- there is the danger of too much regulation which may reduce the ability of businesses to compete (often on an international level) which may then impact on jobs and growth i.e. deregulation may be beneficial
- effectiveness of CSR and self-policing
- ability of one government to take action.

Application may refer to banks, supermarkets, clothes retailers **and /or** other organisations or business activities or other relevant contextual factors. Students do **not** need to refer to the specific examples in the question.

Good Evaluation will occur if there is a clear supported judgement about whether or not there is a need for the government to regulate business activities more in the future.

5

Total marks for this question: 40 marks

Exxon, Toyota and Nestlé have been some of the biggest companies in the world for many years.

To what extent do you think that large companies such as these are likely to increase in size further over the next 20 years? Justify your answer with reference to Exxon, Toyota, Nestlé and/or other organisations that you know. (40 marks)

The focus of this question is on the likelihood of future growth rather than why they have grown or how they might grow. The size of a business may be measured in different ways, eg sales, market share, market capitalisation. For advice on how to mark and annotate the essay see pages 4–6.

Large companies may benefit from:

- economies of scale, making it difficult for others to compete on price
- greater awareness leading to brand loyalty and making it easier to launch new products/enter new markets
- the ability to use cash cows to finance new product development enabling more product development than competitors.

These factors may enable them to grow even more.

However, there will be changes in the external and internal environments.

Whether these businesses continue to increase in size will depend on:

- whether the right strategy is chosen
- the quality of leadership
- the ability of the managers to anticipate and prepare for change
- the nature of their industry, eg is it subject to major technological change?
- whether diseconomies of scale exist
- government intervention.

These companies may have maintained their scale but many others have not; certainly not certain that they will continue to be large.

Application may refer to Exxon, Toyota, Nestle **and /or** other organisations or other relevant contextual factors such as anticipated market trends. Students do **not** need to use the specific examples in the case.

Good Evaluation will make a clear supported judgement on how likely it is that large companies are likely to increase in size in the future.

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

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E1	Limited evaluation. The judgements made are assertive and/or based on weak arguments or evidence. 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