



A-LEVEL

Business Studies

BUSS4 The Business Environment and Managing Change
Mark scheme

2130
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Version/Stage: 1.0 Final

Mark schemes are prepared by the Lead Assessment Writer 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 associates 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 associate understands and applies it in the same correct way. As preparation for standardisation each associate 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, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

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.

Further copies of this mark scheme are available from aqa.org.uk

	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

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.

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 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

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 have limited support or lack development. They may be mainly based on assertion or have only basic explanation.

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 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**01****Total for this question: 40 marks**

*To what extent do you think that the sales in overseas markets of businesses manufacturing in the UK will continue to fall relative to their international competitors?
Justify your answer with reference to your own research **and** the item above.*

[40 marks]**Relevant answers might include:**

- costs
- levels of investment affecting the quality and appeal of the products overseas
- access to markets
- exchange rates
- innovation
- government policies
- state of emerging economies eg growth of Malaysia, Indonesia, Nigeria and Turkey (MINTs) and other economies

May depend on:

- what happens with the UK relative to the European Union and trading relations with other countries
- regulations affecting UK based manufacturers and the impact of this on overseas competitiveness
- how different overseas economies are performing and the performance of international competitors
- which manufacturing sector is considered with some types of manufacturing businesses performing better than others
- the political and economic environment
- which company or industry is considered because the competitiveness of any particular business will depend on its product.

For advice on how to mark and annotate the essay see pages 4 – 7

Good Evaluation must make a supported judgement based on analysis on whether sales overseas will continue to fall over time. There should be some sense of the international competitiveness of manufacturing based in UK

Consider:

To what extent is the response focused on the future as opposed to now or the past?

To what extent does the response consider the international competitiveness of UK manufacturers based in the UK ?

02

Total for this question: 40 marks

*To what extent do you think the UK will be a more attractive location for manufacturing businesses in the future than it is now?
Justify your answer with reference to your own research **and** the item above.*

[40 marks]

Whether the UK is likely to be seen as an attractive location for manufacturing in the future, depends on:

- the cost differential of producing in the UK compared to other countries and how that develops over time; what is happening to labour costs for example?
- exchange rate changes
- UK Government policy relative to policy of other governments, eg subsidies, tax allowances, the administrative difficulty of setting up, the regulatory costs
- the future relationship with the European Union
- the availability and quality of resources
- greater pressures to be lean, to compete on time and use JIT may make UK location more attractive for some businesses.

Overall:

- it depends on what is happening internationally as well as what is happening in the UK, eg relative costs, resources, degree of protectionism and government support
- it depends on what happens over time, eg which Government is in power and its attitude to manufacturing
- may find that how attractive it is for one business or sector depends on whether others are already here or likely to come due to possible benefits collaborating or being based nearby; may be clusters that are attractive
- may depend on the type of manufacturing; unlikely that UK will become more attractive to very labour intensive processes, for example, when labour costs are so much lower elsewhere
- may depend on the time period being considered.

For advice on how to mark and annotate the essay see pages 4 – 7

Good Evaluation will make a clear judgement based on analysis on whether the UK is likely to be a more attractive location in the future than it is now rather than, eg whether it is a good location now.

Consider: to what extent is the response focused on future attractiveness?

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:

Level	Descriptor	Marks
E3	Good evaluation with evidence of research. The response provides a good judgement of the question set building on its analysis. The judgement is relevant, well supported and logical given the earlier arguments 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. The response provides a reasonable judgement of the question set and/or provides supported evaluation of particular arguments made without fully addressing the question set 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 judgement is based mainly on assertion or has limited support 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

Note: Evaluation assesses students' quality of written communication. However, when deciding on the level of evaluation, the focus is on the quality of the judgement(s) made.

Section B**03****Total for this question: 40 marks**

Some industries such as soft drinks and oil are dominated by a few large businesses.

To what extent do you think it is likely that a new entrant into industries dominated by a few large businesses would be able to survive? Justify your answer with reference to industries and/or businesses that you know.

[40 marks]**Existing large businesses may have:**

- economies of scale
- power over suppliers and distributors
- brand loyalty
- strong financial resources
- lobbying power with Government
- resources to buy up entrants.

This may make it difficult for a new entrant to survive because:

- it may be difficult for entrants to access resources or distribution
- unit costs of established businesses may be lower enabling them to undercut entrants
- may be difficult to get customers to switch (e.g. brand loyalty).

But may be able to survive because

- there may be a niche
- a new entrant may be linked to established business (i.e. the new entrant may have resources to support it)
- there may be government regulations to ensure that established businesses do not behave in an anti-competitive manner, government may encourage smaller competitors.
- existing businesses may experience diseconomies of scale

The ability of an entrant to succeed in this market may depend on:

- the strategy adopted
- quality of leadership
- government policy
- short run v long run
- degree of satisfaction with existing providers
- which industry, eg may be easier to focus on a niche in food retailing compared to oil.

For advice on how to mark and annotate the essay see pages 4 – 7

Application may refer to the soft drinks or oil industries **and/or** other relevant contextual factors such as other businesses, industries or real data. The context is a business entering a market dominated by a few large businesses. Students do **not** have to use the industries provided.

Good Evaluation will make a clear supported judgement based on analysis on whether or not it is likely that a new entrant into this type of industry will survive.

04

Total for this question: 40 marks

Many businesses, such as Tesco plc, the supermarket, and Barclays plc, the bank, claim that they make decisions that take account of different stakeholders' views.

To what extent do you think that the managers of a business should focus on shareholders' needs and ignore their other stakeholders when making strategic decisions? Justify your answer with reference to Tesco, Barclays and/or any other businesses that you know.

[40 marks]**Shareholders' needs may be paid attention to:**

- because they are the owners and managers are employed by them; managers may be eager to keep their jobs by meeting shareholder needs
- to ensure shareholders support managers and rewards them highly
- to allow further investment from share issue.

Other stakeholders should not be ignored for example, due to

- Reaction of employees
- Relationships with suppliers
- Reaction of government
- Corporate values and objectives
- Customer expectations

Overall:

- it may be a question of balance between the different needs and over time, e. building a long term relationship with suppliers might adversely affect costs, profits and cashflow in the short term but may bring long term returns for shareholders
- it may depend on the managers' own values and the extent to which these are aligned with shareholders' needs and the degree of control placed on managers by shareholders
- may depend on managers' own experience of listening to more stakeholders when making decisions and the experience of other businesses; may learn from others.
 - to meet shareholders' wants managers may have to pay attention to the other stakeholders, eg the treatment of employees, the relationship with suppliers and the community may all affect important issues relevant to the business such as costs and demand. Ignoring other stakeholder needs may create problems for the shareholders.

For advice on how to mark and annotate the essay see pages 4 – 7

Application may refer to Tesco and Barclays **and /or** other organisations or business activities or other relevant contextual factors such as other businesses, industries or real data. The context is managers in relation to stakeholders. Students do **not** need to refer to the specific examples in the question.

Good Evaluation will make a clear supported judgement based on analysis on whether or not the managers of a company should focus on shareholders' needs and ignore other stakeholders when making strategic decisions. Consider: to what extent is the response focused on whether or not to ignore other stakeholders when making a decision rather than e.g analysing how a decision has an impact on stakeholders

05

Total for this question: 40 marks

Some analysts claim that the takeover of Autonomy, a small UK entrepreneurial software business, by Hewlett Packard, a major US computer business, was unsuccessful due to differences in culture.

To what extent are cultural clashes likely to be the biggest problem when one business takes over or merges with another business? Justify your answer with reference to the Autonomy-Hewlett Packard deal and/or other takeovers or mergers that you know.

[40 marks]**Cultural clashes may lead to**

- different priorities and disputes, demotivation, slow decision making and higher costs.
- poor decision making, strategy and implementation; this can mean the expected benefits of a takeover do not materialise.

But other factors which could cause problems with a takeover include:

- the costs of the deal, eg if a premium has to be paid to buy the shares
- diseconomies of scale such as coordination, control and communication
- resistance to change from employees (even if the culture was similar)
- government intervention, eg placing conditions on the deal.

Overall:

- it depends on the extent of cultural clash which in turn may depend on factors such as which organisations are involved, the leadership and how the takeover is managed
- may depend on whether it is a hostile takeover or merger- this may impact on the extent of the culture clash
- may depend on the extent to which other problems occur

For advice on how to mark and annotate the essay see pages 4 – 7

Application may refer to Autonomy and HP **and /or** other takeovers or mergers. The context is a takeover or merger of organisations Students do **not** need to refer to the specific example in the question.

Good Evaluation will make a clear supported judgement based on analysis of whether or not a cultural clash are the biggest problems facing one business taking over or merging with another (rather than whether it is just a problem)

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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E2	Reasonable evaluation. The response provides a reasonable answer to the question set and/or provides supported evaluation of arguments made without fully addressing the question set 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 judgement is based mainly on assertion or has limited support 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

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