

A-LEVEL

BUSINESS STUDIES

BUSS4 The Business Environment and Managing Change
Mark scheme

2130
June 2014

Version 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 a response 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 (e.g. application, analysis and evaluation) and then decide on the level. At the end of a response, you should reflect on the response as a whole - take a view of how the response works in its entirety and, if necessary, be prepared to revisit particular paragraphs to consider the level.

When deciding on a mark, choose the appropriate level given the skills you have identified and consider the default mark in that level. Consider whether you want to go above or below the default - if so, why? Once you have decided where in the level to award you should write down the appropriate mark.

Annotation

When rewarding knowledge you should annotate with 'K'. This is common, for example, at the start of a response when there are often definitions.

To annotate 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

It is very important that you annotate the script. This shows that all the response has been read and that you have taken relevant arguments into account. You should also tick or initial or insert a tick or other symbol on blank pages if marking online. Please read all plans and annotate, eg 'K'.

Remember that once a student has reached a particular level they cannot go below this level. 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".

Skills

APPLICATION

Application occurs when a student relates their arguments or judgments to a context such as:

- the context of a particular business in a question
- the features of a particular market or industry
- an aspect of the given question that is relevant such as the scale of the business
- real world data.

Good application occurs when:

- the arguments within a response are consistently based on the context provided by the question (i.e. there is breadth). Arguments are made throughout using relevant insights from businesses, industries, the given context, the real world or data

and/or

- within a response there is an instance of good use of data/businesses/cases that shows insight (i.e. depth of application) – for example, effectively comparing, contrasting or linking aspects of the context in a *relevant* argument.

Reasonable application occurs when:

- the response makes use of context to provide support to the arguments made; however the use of context is not substantial enough for the response to feel well applied overall or to show sufficient insight into the context for good application.

Limited application occurs when:

- some reference is made to the context within the response but without development; the use of context is largely descriptive.

ANALYSIS

Analysis occurs when there is a chain of argument. There is a logical chain of argument perhaps examining the causes or effects

Good analysis occurs when:

- a relevant argument within the response is well developed - it provides logical, well-reasoned examination of a significant issue in the question (depth)

and/or

- the response includes an effective examination of the key issues in the specific question set.

Reasonable analysis occurs when:

- the analysis is developed but does not fully address the specific issues in the question;

and/or

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

Limited analysis occurs when:

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

EVALUATION

Evaluation occurs when a judgment is made.

Overall advice

When considering the judgments made in a response, look at the response as a whole and the arguments that have been made within it. Consider the extent to which the judgment builds on the arguments presented and the extent to which it addresses and answers the specific question set.

Good evaluation occurs when:

- there is judgment of the specific question set addressing the key issues and which is clearly made and well supported.

Reasonable evaluation occurs when:

Some judgments are made and supported within the response, however these:

- do not fully answer the question set
or
- are not building effectively on the overall arguments in the answer

and/or

- there is a series of reasonably supported judgments within the response but these are not brought together to provide an overall answer to the question set

Limited evaluation occurs when:

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

Quality of Language

The award for Quality of Language is subordinate to evaluation. Decide on the level of evaluation first and this determines the relevant level.

The Quality of Language should not determine which level to award.

In a small minority of cases a change in mark within the level may be required, for example, if the quality of language is noticeably weak it may occasionally be appropriate to move the mark to a lower point within the given level.

General notes

- **Different skills can be demonstrated at the same time** – a well-developed chain of argument supported by industry or business insight could be a good application and good analysis. A judgment may be based on the context and well-reasoned demonstrating judgment, analysis and application
- **Take a holistic view.** When awarding good application or analysis there may be one example in the response where the depth provided is 'good'. However, you should be willing to stand back at the end of the answer and review the argument as a whole and on this basis award good application or analysis.
- **More description does not make an argument analytical.** Be careful of a collection of descriptive stories; the volume of examples here does not mean the application is reasonable or 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 answer may in fact be building on earlier analysis (similarly an assertion at the start of a paragraph may be supported by the following analysis).

Section A**1****Total for this question: 40 marks**

To what extent do you think China still represents a significant opportunity for businesses from outside of China?

Justify your answer with reference to your research and the item above.

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

- sales opportunities given the size of the population and the income growth
- operations opportunities: access to markets and relatively low cost production
- HR opportunities: recruiting staff.

However:

- changes in labour costs relative to other countries may mean it is becoming less attractive as a production base
- some pressure from stakeholders to produce domestically making China less attractive
- UK businesses export relatively little to China compared to other export markets so it looks like there are still significant opportunities but this may depend on factors such as better infrastructure.

May depend on:

- trade policies and government policy
- relative costs, growth rates and exchange rates (e.g. compared to the past)
- opportunities relative to other markets
- which industry is being considered
- whether a business is in a position to exploit the opportunity e.g. opportunities still exist depending on how you enter the market

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

Good Evaluation will make a clear supported judgement of whether China is still an opportunity.

The focus of a good response must be on the extent to which China is “still” an opportunity rather than a response which only analyses the opportunities that China has already provided. For example, a good response may be considering the impact of rising costs or slower economic growth in recent years to judge the extent to which opportunities still exist.

The concepts of e.g. threats or risks may be used to qualify the extent that the opportunity still exists. However the focus of a good response must be on whether opportunities still exist not the threats or risks.

For the very top of E3 there should be some sense of the scale of the opportunity.

2

Total for this question: 40 marks

Do you think businesses from outside of China should stop trading with and operating in China because of the ethical and environmental issues involved?

Justify your answer with reference to your research and the item above.

[40 marks]

Relevant answers might include the following key terms:

- ethics refer to what is regarded as right or wrong in terms of behaviour.

Ethical and environmental issues in relation to trading with China include:

- working with suppliers where working conditions may not be regarded as acceptable
- working in a country where there are questions over individuals' freedoms
- working with producers who might be causing high levels of damage to the environment.

Whether businesses should stop trading or operating may depend on:

- the attitude of owners, managers and employees
- the response of consumers and other stakeholders if they know
- there are undoubtedly benefits from working in China so would have to trade this off against ethical concerns. Would things be better elsewhere? Are they better trading and changing from within?
- whether businesses can find ways of working with Chinese businesses and operating in China that are acceptable; "stopping" trading is a significant move- will they try to find ways of reducing the ethical issues involved?
- perspective e.g. a response may consider the view that businesses may stop trading from the perspective of business, a government or a pressure group

Note:

- responses can refer to either ethical issues, environmental issues or both
- responses can refer to trading with, operating in or both
- a response may consider the benefits of operating in China or trading with China but these need to be balanced with the environmental/ethical issues

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

Good Evaluation will make a clear, supported judgement on whether or not businesses from outside China should stop trading with or operating in that country rather than, for example, simply analysing the ethical and environmental issues involved in such decisions. The focus of a good response must be on the effect of these issues on decisions whether to stop trading with or operating in China rather than, for example, describing what these issues are or why they occur. A good response may argue that the potential benefits of working with China outweigh the environmental/ethical issues involved but in this case there must be an appropriate balance between the opportunities and the environmental and ethical issues in the arguments.

Section A level descriptors

Level	Descriptor	Marks	Default	
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.
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, when deciding on the level consider the quality of the judgement(s) made, consider the degree to which the student orders his/her ideas.

Level	Descriptor	Marks	Default
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	13
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	8
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	3

For more information on skills see pages 4-6

Section B**3****Total for this question: 40 marks**

The competitive structure of industries can differ significantly due to factors such as the number of competitors and the degree of buyer and supplier power. Companies in the pharmaceutical industry, such as GlaxoSmithKline tend to be relatively profitable, whereas airlines, such as American Airlines tend to have lower profitability. To what extent do you think that the profits of a business are determined by the competitive structure of the industry in which it operates? Justify your answer with reference to GlaxoSmithKline, American Airlines, and/or any other businesses or industries that you know.

[40 marks]**Answers may include:**

- rivalry will affect how profits have to be shared between businesses in the industry; not just how many firms but how big they are and how they compete, (e.g. on price?)
- buyer and supplier power will influence how much of the value of the supply chain business can capture, e.g. do suppliers push up price and earn profits at the expense of their buyers; do customers force down the price reducing profits?
- substitute threat- if it is easy for buyers to switch to something else this may mean it is difficult to charge high prices
- entry threat- if there is a high entry threat then businesses may not be able to make high profits because it will attract more entrants and profits will have to be shared out
- the competitive structure can clearly have an impact on the profits available and this might explain some of the differences between the profits earned, e.g. by pharmaceutical companies v airlines.

However:

- the competitive structure may influence the ease of making profits but does not necessarily determine the profits of a particular business i.e. there is plenty of variation within an industry.
- the profits of a particular business may depend on factors such as its own leadership and strategy

Responses may focus on one or more elements of the competitive structure.

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

Application may include references to GlaxoSmithKline or American Airlines **and/or** other relevant businesses and contextual factors.

Good Evaluation will make a clear supported judgement on whether or not the profits of a business are determined by the competitive structure or elements of the competitive structure of the industry in which it operates. If the argument is that it is not just the competitive structure that determines profitability then a good response might assess the relative importance of the different factors.

4

Total for this question: 40 marks

Senior managers of organisations such as British Airways and Royal Mail have faced considerable opposition from stakeholders such as employees when introducing changes to the way the business operates. To what extent is considerable opposition from stakeholders inevitable when change is being introduced? Justify your answer with reference to British Airways, Royal Mail and/or any other businesses that you know.

[40 marks]**Relevant answers might include the following key terms:**

- stakeholders refer to individual or groups who are affected by the behaviour of a business

Relevant answers might include the following:

- opposition to change may occur from stakeholders such as suppliers, distributors, the community and employees. Any of these groups may be discussed
- opposition may occur because stakeholders do not see the need for change, disagree with the way it is handled or that it is the right solution, they prefer things as they are or believe that they will be worse off

Depends on:

- how change is handled, e.g. the extent to which it is explained, how those that are involved in change are rewarded and involved in the process
- the extent to which the need for change is understood and agreed with, e.g. if the business is performing badly
- change may be opposed when introduced but not once it is proved to work
- the nature of the change, how it is perceived, how quickly it occurs and what it results in.
- there may be resistance from some stakeholders, but not all.

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

Application may refer to British Airways and Royal Mail **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 opposition from stakeholders is inevitable when change is being introduced.

A good response focuses on opposition to change and discusses why this is or is not inevitable rather than, for example, concentrating on analysing the effects of change on stakeholders or stakeholder needs.

For the very top of E3 there should be some consideration of ‘considerable’ opposition.

5

Total for this question: 40 marks

New Chief Executives have been appointed at Nokia and Thomas Cook in the last few years to try to turn around the business with a new strategy. To what extent does the success of a new strategy depend on the leader? Justify your answer with reference to Nokia, Thomas Cook and/or any other businesses that you know.

[40 marks]**Relevant answers might include the following key terms:**

- a strategy is a long term plan to achieve an objective.

Relevant answers may include:

- the success of a strategy depends on whether its fit with the strengths and competences of the business and the external environment
- to succeed the business will need to understand customer requirements and competitors to determine how to position the business; it will need to devote sufficient resources to making it work and implement it effectively
- a leader may be important in providing the vision and helping to motivate, coordinate and if necessary control progress.
- a good leader may help overcome opposition, may help gain support internally and externally and help others, e.g. suppliers, investors and distributors understand what is happening and why; a leader will help the way change is managed in the context of a new strategy
- a new strategy may need explaining, communicating and 'selling' to employees
- a leader allocates resources which will be necessary for a new strategy
- a leader may have valuable expertise and experience that is useful when developing and implementing a new strategy.

However, a leader:

- will need the support of others, e.g. the directors and the other managers to ensure he/she has the power and influence necessary to get things done
- may be resisted, e.g. if it is a new strategy there may be opposition from those internally who wanted another candidate
- will have to work with existing resources and in the existing environment. The business environment and competitors may be important influences on the success of a strategy (although arguably a good leader will anticipate and respond to this).

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

Application may refer to Nokia and Thomas Cook **and/or** other organisations or other relevant contextual factors. Students do not need to use the specific examples in the case.

Good Evaluation will make a clear supported judgement on the extent to which the success of a new strategy depends on the leader. A good response focuses on the role of a leader in the context of the success of a new strategy rather than, for example, simply discussing the role of a leader in general.

Section B level descriptors

Level	Descriptor	Marks	Default	
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
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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	3

When deciding on the level to be awarded consider the quality of the judgement(s) made.

For more information on skills see pages 4-6.