Version 1.0: 0310



General Certificate of Education

Business Studies 2131

BUSS4 The Business Environment and Managing Change

Mark Scheme

2010 examination - January series

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 meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting 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 to download from the AQA Website: www.aqa.org.uk

Copyright © 2010 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.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee registered in England and Wales (company number 3644723) and a registered charity (registered charity number 1073334).
Registered address: AQA, Devas Street, Manchester M15 6EX *Dr Michael Cresswell Director General*

	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 knowing and explaining 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: • 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**.

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

With reference to the item on Sony and your own research, to what extent do you think that a business strategy of targeting emerging markets is a good one?

Relevant answers might include the following:

- political, legal and social issues when targeting these markets
- problems understanding the cultures of different markets (eg in BRIC economies)
- problems accessing markets, eg getting to the market (distribution channels may be very different to other countries, may be difficult to get its products placed in stores)
- perception of the brand - may not be strong in these regions and, therefore, reduce a company's power and ability to achieve its targets
- can it overcome competition from other entrants and local producers in these markets?
- difficulties of managing growth
- may have established portfolio like Sony and may be able to use its cash cows to develop question marks
- economic growth and population size in emerging markets may generally offer more opportunity than existing more mature markets such as Japan, United States and Europe
- need to match business and management strengths to opportunities
- opportunity cost and risk
- an analysis using the Ansoff Matrix
- issues relating to producing in these markets
- stakeholders and ethical issues.

Overall

- may have some sales in BRIC economies already so will have some experience of these markets
- may be easier to get growth than in existing markets and thereby fulfil its ambition
- may find some products sell better than others
- will depend on which countries, which products, how the process is managed; can it achieve such growth elsewhere?
- what are the alternatives?
- may depend on how it is done
- how does the strategy relate to objectives and mission?
- 'good' from whose perspective, eg stakeholders
- short-term and long-term issues
- may compare opportunities and threats in different emerging markets
- may compare different strategies.

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

With reference to the item on Sony and your own research, to what extent do you think that low levels of income per person are likely to be the main barrier to businesses achieving their objectives in emerging markets?

Relevant answers might include the following:

- an analysis of general economic and demographic trends
- may have a wide range of products (like Sony) so some may be or could be adapted for economies with a relatively low income per person
- incomes growing relatively fast and this would benefit products that are income sensitive
- there are large numbers of people to sell to; there is quite a wide income distribution in some cases so there are some high income earners
- need to consider competitors' actions
- expected growth of these economies
- political, legal, economic, social, technological barriers
- internal factors, eg capacity.

Overall:

- may mean it takes time to generate high earnings but may be better to build the brand name and reputation now to get established in a market
- other factors may be very significant, eg cultural issues, market structure or domestic competition
- may consider the main barriers in different markets
- the nature of the business and its objectives
- may be an opportunity, not a barrier
- the business strengths and weaknesses
- may depend on the effectiveness of planning and implementation
- business strategy and positioning.

Section A level descriptors

	Content (8 marks)	Application (8 marks)	Analysis (10 marks)
Level 3	**8–6 marks** Good understanding (explicit/implicit) of relevant issues	**8–6 marks** Good application with evidence of research and use of stimulus material	**10–7 marks** Good analysis, eg well developed chain of argument
Level 2	**5–4 marks** Reasonable understanding (explicit/implicit) of relevant issues	**5–4 marks** Reasonable application with evidence of research	**6–4 marks** Reasonable analysis, eg reasonable development of argument
Level 1	**3–1 marks** Limited understanding of (explicit/implicit) of relevant issues	**3–1 marks** Limited application, eg little evidence of research or solely based on stimulus material	**3–1 marks** Limited analysis

For Evaluation, you should award marks using the grid below:

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders his/her ideas.

Level	Descriptor	Marks
E4	Good evaluation, eg insight, with evidence of research and use of stimulus material. Ideas are communicated in a coherent structure with consistent and appropriate use of technical terms. There are few errors in accepted conventions of written communication.	14–11
E3	Reasonable evaluation (including evidence of research). Ideas are communicated in a coherent structure with appropriate use of technical terms. There are few errors in accepted conventions of written communication.	10–6
E2	Reasonable evaluation (but may not include 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.	5–4
E1	Limited evaluation, eg limited support. Ideas are communicated with some structure evident and with occasional use of technical terms. There are some errors in accepted conventions of written communication.	3–1

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

With reference to organisations or industries that you know, to what extent do you think that recent changes in the UK economy will have inevitably damaged the long-term profits of businesses that operate in this country?

Relevant answers might include the following:

Answers will depend on recent economic changes. However, may include:

- impact of lower inflation
- impact of lower interest rates
- impact of change in the labour market
- impact of changes in economic policy
- impact of slower economic growth/recession
- impact of weak pound against some currencies
- impact of low consumer confidence
- impact of credit crunch, eg in terms of borrowing for expansion.

Could consider effect on costs, revenue, long run profits, investments (eg new stores or refurbishment)

Depends on:

- how business reacts to change
- the strategic response adopted
- the flexibility of the business
- the culture of the business
- openness to change
- effectiveness of the leadership
- whether there was a contingency plan
- how quickly the business reacted (eg switching to more basic items)
- extent to which a business has overseas sales
- which industry/business
- could question use of the word ‘inevitably’.

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

The Intel Corporation produces microprocessors that are used in computers. It has a market share of over 75% and has been praised for its highly innovative culture. Do you think that an innovative culture can be relied on to guarantee the future success of a business? Justify your answer with reference to Intel and/or other organisations you know.

Relevant answers might include the following:

- culture refers to the values, attitudes and beliefs of employees
- this type of culture can encourage initiative, risk taking, challenging existing assumptions and approaches, questioning existing thinking
- may fund new projects to help future success
- may attract employees and enrich jobs
- may attract investors
- may influence an organisation's flexibility
- may be disruptive
- may lead to excessive risk taking
- may be resisted
- may be difficult achieving/sustaining this culture
- may be difficult maintaining this culture throughout an organisation
- an innovative culture may encourage the development of new products and processes – can reduce costs, can improve quality, can differentiate its offerings
- clearly innovation is particularly important in this industry and the culture needs to encourage this
- external factors may influence future success
- other organisations will be attempting to innovate as well.

Overall:

- culture can change; can you be sure it will continue to be innovative?
- how important is culture relative to, eg its bargaining power?
- can anything guarantee success?

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

Steve Jobs, the founder of Apple, was asked to come back as Chief Executive in 1997 when the business was making a loss. Jobs was appointed to provide a clearer vision for the business and to improve its profitability. How easy is it for a Chief Executive to change a struggling business into a more successful one? Justify your answer with reference to Apple and/or other organisations you know.

Relevant answers might include the following:

- an analysis of managing change in these conditions
- resistance to change and what determines whether this can be overcome
- an analysis of the role of the Chief Executive in these circumstances
- an analysis of constraints affecting decision makers
- a Chief Executive may inspire, lead, have vision, overcome resistance and bring about culture change. There are many examples of Chief Executives who seem to have had a significant effect on their businesses
- a Chief Executive will be responsible for planning, organising, coordinating and monitoring; they should see through plans from conception to execution.

Depends on:

- how well accepted the leader is
- the previous track record/experience of the leader
- the extent to which a need for change is accepted, realised and wanted by employees
- the extent to which the business has been in trouble before (ie how much has it been struggling?)
- success will depend on many factors not just the leader, eg resources, external environment, the culture and the competition
- the team as a whole, eg one person cannot necessarily transform an organisation alone; good leadership will work through others
- the power and interest levels of different stakeholders.

Section B level descriptors - Essays

	Content (8 marks)	Application (8 marks)	Analysis (10 marks)
Level 3	**8–6 marks** Good understanding (explicit/implicit) of relevant issues	**8–6 marks** Good application	**10–7 marks** Good analysis, eg well developed chain of argument
Level 2	**5–4 marks** Reasonable understanding (explicit/implicit) of relevant issues	**5–4 marks** Reasonable application	**6–4 marks** Reasonable analysis, eg reasonable development of argument
Level 1	**3–1 marks** Limited understanding (explicit/implicit) of relevant issues	**3–1 marks** Limited application	**3–1 marks** Limited analysis

For Evaluation, you should award marks using the grid below:

Note: Evaluation also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders his/her ideas.

Level	Descriptor	Marks
E3	Good evaluation, eg insight. Ideas are communicated in a coherent structure with appropriate use of technical terms. There are few errors in accepted conventions of written communication.	14–10
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.	9–5
E1	Limited evaluation. Ideas are communicated with some structure evident and with occasional use of technical terms. There are some errors in accepted conventions of written communication.	4–1