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Business Studies BUSS4

(Specification 2130)

Unit 4: The Business Environment and Managing Change

Report on the Examination

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General Comments

The questions on this paper generated a range of responses. The better answers provided a well-argued response supported by evidence or exemplified by case study material which directly answered the question. The weaker responses tended to describe some business examples and not directly respond to the question. So how can students improve their performance? By reading the questions carefully and making sure they are choosing the titles that suit them best. By planning their responses so they are clear what their arguments are before writing. By using case studies, relevant contextual material and data to support arguments rather than telling stories about businesses and by ensuring that their arguments are made relevant to the question throughout their response.

When developing their arguments students should try to be precise and use terms and concepts accurately. For example, there was a wide-scale belief that any fall in unit costs was somehow due to economies of scale (even if the business was not expanding), that economies of scale refer to costs not unit costs, that profits and profit margin are interchangeable terms and that motivation inevitably increases productivity, inevitably reduces unit costs and inevitably leads to a higher market share.

Section A

Question 1

This was the more popular of the two Section A questions and required students to judge whether stakeholders are always worse off following a takeover or merger. The majority of candidates showed an understanding of stakeholders. Several tended to describe situations where stakeholders were worse off and situations where they were better off and then conclude that because they have provided an example of stakeholders benefiting this proves they are not always worse off. This is certainly a response to the question but not one that explores why such differences exist. Better responses considered why some stakeholders might be worse or better off - what determined who was better off and who was not? Under what circumstances were stakeholders more or less likely to be worse off? Providing descriptive examples of “for” and “against” and then trying to reach a simple judgement based on this is not best practice in terms of achieving the highest levels. Students need to consider what the cases show them in terms of the factors influencing the impact on stakeholders. Better answers considered, for example, factors such as the impact on different groups, the nature of the deal, eg horizontal against vertical, friendly or hostile, the importance of the underlying motive behind the deal and the short run versus long run effects. Evidence of research often related to Kraft/ Cadbury, Coca-Cola/Innocent, RBS/Amro, IAG and Daimler/Chrysler.

Question 2

A good answer to this question had to address the issue of whether efficiency was the best reason for a takeover or merger. This meant students needed to compare efficiency with other motives and make a judgement on whether efficiency was indeed the best (rather than whether it was just “good”). For example, strong answers highlighted that it depended on the situation of the business and what it was trying to achieve; at times revenue growth diversification might be more important than efficiency. Weaker responses sometimes focused on whether mergers or takeovers were the best way of increasing efficiency or explained the possible efficiency gains from mergers and takeovers but did not answer the question by discussing whether this was the best reason for such external growth.

Section B

Question 3

This was a popular question with many students focusing on the economic environment and factors such as technology and social change. Students, however, must be careful to avoid just storytelling. It may be true that HMV failed to take advantage of technological change whereas Amazon did but why is this the case? What makes technological change favourable for some businesses and not others? Several students gave examples of businesses that succeeded in the present economic climate and businesses that did not but struggled to analyse the factors behind these performances and discuss the issues making the external environment favourable or not.

Question 4

This was not such a popular question and when attempted was often not answered well. Students seemed to have limited knowledge of information management and tended to just tell stories about technological breakdowns or IT failures. Better responses showed how managing information effectively helped decision making, eg in marketing or operations and how it may be more important these days due to, eg the global nature of business. Good answers clearly linked the management of information to market share.

Question 5

This was a popular question but sometimes led to very descriptive answers outlining businesses that have been ethical and those that have not been. Common examples were Primark, Ben and Jerrys, Marks and Spencer and Nike. The focus when discussing ethics was almost completely on the impact on profit and sales. Very few answers considered that managers might want to consider ethics because this was the “right” thing to do. Students’ responses were sometimes limited to examples of ethical/unethical behaviour rather than analyzing and discussing the need to take such factors into consideration. Better answers focused on factors such as the changing climate of opinion but also the effect of the recession on customers’ priorities; others considered the impact of greater transparency due to factors such as the internet.

Mark Ranges and Award of Grades

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