A-LEVEL
Business Studies

BUSS4: The Business Environment and Managing Change
Report on the Examination

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Overview

The paper enabled students to demonstrate their skills and at the same time differentiating between different levels of response. Good responses had clear, well developed arguments supported by an understanding of the given context and answered the question set rather than a version of it.

It was pleasing to see evidence of students planning their answers. A good introduction showed that students thought about the arguments they wanted to make. The introduction was used to provide an overview of where the essay was headed. This often made for a clearer sense of direction, a better structure and stronger judgement because the student knew from the start what they wanted to argue and the rest of the essay reinforced these initial points. Very often it is how the content is used and how the arguments are combined to address the specifics of the question that makes the difference between a good and reasonable response and it is worth students investing time to choose the right question to answer and to plan their approach.

Section A

The better responses were ones that had clear arguments supported by their research. Students thought about the arguments they wanted to make and substantiated their analysis with evidence. While weaker responses tended to be descriptive. Students may have learnt a case study and be able to recall a story but in the more limited answers their research was not used to good effect and tended to be descriptive. When researching the theme students need to consider the underlying business issues and theory and then research to find evidence that supports their arguments rather than just collecting a series of stories.

In some cases there was confusion between “UK manufacturers” and “manufacturers based in the UK”. Weaker answers focused on where businesses might be selling their output rather than where the manufacturing might be based. There was also an assumption in weaker responses that where a business produced was also the only place where it could sell its products. In some cases students wrote about service sector organisations rather than manufacturers. Weaker responses often made claims, such as the fact that UK based production leads to better quality products, but did not analyse why this might be the case or provide any evidence to reinforce the claims made.

Stronger responses showed a good grasp of UK conditions for manufacturing and how these conditions might evolve in the future. They were able to analyse this in the context of specific businesses or industries and clearly related to the UK as opposed to describing generic locational factors. In terms of specific organisations considered there was a good range present, common ones included Trunki, JCB, Dyson, Jaguar LandRover and BAe. If students are studying business cases they must focus on analysing the issues rather than merely describing what has happened. They should also try to understand what they have learnt from a case that can be applied to other situations. If a business has decided to produce in the UK why is this? Why has it decided to be UK focused whereas another one has not? What are the key factors that underlie these decisions? A case study should not be seen as something to study in isolation but as something to analyse to help build an insight into the key issues in the given theme. Students also used data on issues such as the potential impact of leaving the European Union, the extent of skill shortages in the UK and the impact of government policy decisions to provide relevant support to their arguments.

Question 1

The focus of question 1 was on the international competitiveness of UK based manufacturing. Good responses needed to consider whether the sales of UK based manufacturing would continue to fall. This required analysis of the relative competitiveness of UK based production and a view of what might happen to this. More limited responses focused purely on the past and lacked any sense of the relative performance of UK based manufacturing. Good responses debated whether factors such as exchange rate changes, investment and government policy would improve the competitiveness of UK based manufacturers.

Question 2

A majority of students chose this question in section A. However in a number of cases they wrote simply about the advantages and disadvantages of locating in the UK rather than whether the UK will be more attractive in the future. The focus of the question was very clearly linked to what might happen in the future rather than what has happened in the past or the present situation. Better answers considered issues such as the potential exit of the UK from the European Union and the possible impact of government policy. A good response was clearly focused on how attractiveness of the UK might change in the future compared to now and supported this with contextual insights such as tax policy, likely changes in the labour market and the likely attractiveness to different forms of manufacturing.

Section B

Question 3

Weaker responses to this question tended to identify possible reasons why a product or business might do well but did not develop their arguments in context. Weaker answers were often very specific to the success or failure of a particular product without considering industry conditions at all. Better responses applied their analysis to the given situation, that of an entrant to an industry dominated by large firms. In this situation factors such as economies of scale and the power of the existing firms over suppliers and distributors might be significant. To support their arguments students considered issues such as the difficulty of getting their products on stores' shelves if they were competing with companies such as Coca Cola or the cost involved in raising brand awareness when competing with a few large businesses. Evaluation often appreciated that entering such a market may be difficult but debated when it might be possible; for example a business may enter a new industry but have financial backing and expertise from its other ventures which might be very different from a start-up entering with limited resources.

Question 4

Most responses to this question showed an understanding of shareholders and stakeholders (although occasionally students mixed the two up). In most cases students were able to explain how stakeholders might be affected by a business or how stakeholders might help a business to be successful. However the better responses addressed the issue of whether managers should focus on shareholders and whether they should ignore other stakeholders. Analysing the consequences of a given action on stakeholders could clearly be an important part of an answer but a good response would need to address whether managers should focus on shareholders and ignore stakeholders or not. What happens if you do or do not ignore other stakeholders is not fully addressing the question of whether you should ignore them.

Better responses weighed up the relative arguments of focusing on shareholders. Judgements often argued that managers should not ignore other stakeholders because of the possible impact on shareholders ie it was argued that to serve the interests of shareholders it is important to pay attention to other stakeholders. In many cases there was little sense of a strategic decision although the scale and risk of such decision could have proved a valuable context to consider.

Question 5

Whilst many students who answered this question were able to define organisational culture they were not always able to analyse in depth the effect of different cultures coming together. There was usually an awareness that there might be disagreements but what this might mean in practice, and the impact of this on the overall business, tended to be considered rather simplistically. References were often made to deals such as Daimler /Chrysler and Body Shop /L'Oreal and there was an understanding that problems could occur but the actual problems this might create were sometimes stated rather than analysed.

Better responses considered the potential difficulties of cultural differences and debated whether these were likely to be the biggest problem or not. For example the scale of cultural problems might be contrasted with the costs of undertaking a takeover; in some cases the cultural differences might not be significant or might be managed effectively. Judgements often focused on how the deal was handled and that the extent to which culture was a problem might depend on how different the cultures of the organisations involved were.

Summary

This is the one examination paper in GCE Business Studies where students have a choice of questions and they should take care selecting the right question to answer. This means they would benefit from thinking about their arguments and considering how well they can apply their understanding to the given context. Can they consider the issues with entering an industry that has a few large businesses, for example? Can they debate the extent to which cultural clashes are likely to be a problem in the context of a takeover or merger? Students need to keep absolutely focused on the given question throughout. Whether the UK is going to be a more attractive location in the future is not the same as whether it has been in the past. To what extent is an entrant into an industry dominated by a few large businesses likely to survive is not the same as discussing what makes a product successful. Thinking through the demands of the question and how best to approach it is an important part of producing a well argued, relevant and focused response to a question.

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