

GCE 2004

June Series



Mark Scheme

Business Studies

Unit BUS3

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.

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Dr Michael Cresswell Director General

MARK SCHEME

GENERAL MARKING GUIDANCE

You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary candidates, mainly 17 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates half-way through a full A Level course.

Positive Marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.

Mark Range

*You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.*

The use of Levels of Response

Levels of response marking has holistic aspects, yet must conform to the rule of positive marking. A candidate who has built a strong argument must have that achievement recognised fully, even if a subsequent paragraph of ambiguity reduces the power of the whole. For this to occur consistently requires careful annotation of the level of response achieved within each skill category, at each significant stage within an answer.

Fundamental to a Levels of Response approach is that there maybe more than one right answer to a written question. Examiners must use their professional judgement to credit any reasonable answer, whether or not it is listed on the mark scheme.

Levels of response marking requires examiners to follow the logic of a candidate's answer. A concept that would receive credit for knowledge in one context could become a means of analysis in another. It is also possible that a candidate's line of argument could validate knowledge that would not have been recognised if the candidate had simply tabled it. For example, acid test is not listed within the specification as a test of financial efficiency, yet a candidate could build an argument that made it relevant. Then knowledge could be rewarded as well as analysis.

Despite the value of skills such as analysis and evaluation, all answers must be based upon relevant knowledge and understanding. Therefore, it is not possible to credit application, analysis or evaluation unless recognisable knowledge has been rewarded.

The skills we seek from candidates are as follows:

1. Knowledge and understanding: accurate definitions or explanations of relevant terms should always be credited within this category; candidates can also gain credit for knowing and explaining a point relevant to the question, eg an advantage of factoring.
2. Application is the skill of bringing knowledge to bear to the business context faced by the candidate. Candidates should not be rewarded for simply dropping the company name or product category into their answer; the response must show recognition of some specific business aspect of the firm, its management or its situation.
3. Analysis: building up an argument using relevant business theory in a way that answers the question specifically and shows understanding of cause and effect.
4. Evaluation is judgement. This can be shown within an answer, through the weighting of an argument or in the perceptiveness shown by the candidate (perhaps about the degree of crisis/strength of the XYZ Company). 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. Evaluation is **not** shown simply by the use of drilled phrases such as "On the other hand" or "Business operates in an ever-changing environment". It is shown through the weighting of the candidate's response plus the logic and justification of his/her conclusions.

Quality of Language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

- LEVEL 4 Complex ideas are expressed clearly and fluently. Sentences and paragraphs follow on from one another smoothly and logically. Arguments are consistently relevant and well structured. There are few, if any, errors of grammar, punctuation and spelling. **4 marks**
- LEVEL 3 Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling. **3 marks**
- LEVEL 2 Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas **2 marks**
- LEVEL 1 Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas. **1 mark**
- LEVEL 0 Ideas are expressed poorly and sentences and paragraphs are not connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas. **0 marks**

Total 4 marks

1**Total for this question: 6 marks**

Outline the research that Andrew might have done, before committing his £5000, to identify whether *ScrewLoose Ltd* was likely to prove a profitable business. *(6 marks)*

	Content 3 marks	Application 3 marks
Level 2	3 marks Explain one or more relevant approaches to research	3 marks Application to context, showing some insight, i.e. doing more than repeating the case/text
Level 1	2-1 marks Identifies one or two relevant research approaches	2-1 marks Application to the context of ScrewLoose

Possible answers below.

- Checked Yellow Pages/a secondary source, to check the strength of direct competition.
- Asked for phone numbers of a few current customers, to check on their satisfaction with and loyalty to ScrewLoose.
- A look at past sales trends from the accounts of the business.

2

Total for this question: (8 marks)

Examine why staff may become 'upset' by changes due to technology, such as those introduced at <i>ScrewLoose Ltd</i> (set out in Section D). (8 marks)

	Content 2 marks	Application 2 marks	Analysis 4 marks
Level 2	2 marks One or more relevant content points explained or good understanding of technological change	2 marks Point(s) made are applied to key business features of the case/this particular business	4-3 marks Analysis of the question set using relevant theory
Level 1	1 mark One or more relevant content points made or some understanding shown of technological change	1 mark Some application to the case	2-1 marks One or two points made to analyse the question in a limited way

Possible answers may include;

- New technology can itself be a concern, especially for those who feel highly proficient with existing systems.
- Change raises possibilities of 'redeployment' (possible euphemism for demotion) and redundancy.
- In the case of ScrewLoose, switching job function from telephone selling to the internet would mean fewer sales jobs (and perhaps some de-skilling), and redeployment to 'stock management and supply' sounds rather like a warehouse rather than an office job – so status issues may arise (bringing Maslow into play, perhaps).

3**Total for this question: 15 marks**

To what extent was Andrew's success with *ScrewLoose Ltd* a result of external factors outside his own control? (15 marks)

	Content (3 marks)	Application (3 marks)	Analysis (4 marks)	Evaluation (5 marks)
Level 3				5 marks Judgement shown in weighing up the importance of external v internal factors, with clear conclusions
Level 2	3 marks Shows good understanding of external factors, economic or other	3 marks Relevant issue(s) applied in detail to the case	4-3 marks Analysis of the question set using relevant theory	4-3 marks Judgement shown in weighing up the relative importance of external and/or internal factors
Level 1	2-1 marks Some relevant knowledge shown	2-1 marks Relevant issue(s) applied to the case	2-1 marks One or two points made to analyse the question in a limited way	2-1 marks Some judgement shown in text or conclusions

Possible external factors include:

- The economic circumstances were exceptionally favourable, starting at the beginning of the recovery period from the 1990-1992 recession and continuing through a housing boom during the late 1990s and early 2000s; no serious recession dented his progress, and there was never a period when either interest rates or inflation rose sustainedly.
- Other external factors such as technological change (eg internet and mobile phones) and social changes (eg increased credit card usage) were also very helpful.
- The slowness with which competitors responded to this new opportunity was also a great help.

Possible internal factors include:

- Andrew did brilliantly to appoint CY and then Michelle (and, earlier, to listen to his little sister); this implies good judgement on his part; without good leadership, external advantages can be dissipated.
- Managing growth as rapid as ScrewLoose's is an achievement in itself; somehow the firm avoided serious problems with diseconomies of scale, such as poor communication and coordination.

Overall:

Any reasonable answer is fine, as long as it justifies its argument about whether Andrew's success was largely down to him, or largely down to factors outside his control.

4

Total for this question: 6 marks

One of *ScrewLoose Ltd's* best sellers is an electric power hammer imported from Germany. While the exchange rate was £1 to 1.50 Euros in 2003, it cost £20 to buy from the German supplier. What price is *ScrewLoose Ltd* likely to have to pay in Jan-June 2006? Briefly explain your answer.

(6 marks)

	Content 3 marks	Application 3 marks
Level 2	3 marks Shows good understanding of exchange rates	3 marks Point/s made are applied to this particular business, eg by using the numerical data
Level 1	2-1 marks Shows some understanding of exchange rates	2-1 marks Answer shows some application to the case

Possible answers may include:**Option 1**

In 2003 the German supplier received 30 Euros per unit.

By Jan-June 2006, if the German firm wants to receive the same number of Euros per unit, it will need to charge $30/1.35 = £22.22$ in Britain. This is the price *ScrewLoose* is likely to have to pay, unless there is a local firm that can supply at a lower price.

Option 2

As the £ is expected to fall by 10% against the Euro, the price of the import will need to rise by 10%.

Option 3

Assuming that the market for electric power hammers is a highly competitive one, *ScrewLoose* may pay no more for its imports than in 2003. The German supplier may just have to cut its profit margins and/or its costs.

5

Total for this question: 15 marks

Discuss whether Andrew's management of *ScrewLoose Ltd* was always in the best interests of all the firm's stakeholders. (15 marks)

	Content (3 marks)	Application (3 marks)	Analysis (4 marks)	Evaluation (5 marks)
Level 3				5 marks Judgement shown in weighing up whether Andrew was always acting for all stakeholders, providing clear conclusions
Level 2	3 marks Good understanding shown of shareholders and stakeholders	3 marks Relevant issue(s) applied in detail to the case	4-3 marks Analysis of question set, using relevant theory	4-3 marks Judgement shown in weighing up Andrew's approach to the interests of stakeholders in this case
Level 1	2-1 marks Shows some understanding of the relevant term(s)	2-1 marks Relevant issue(s) applied to the case	2-1 marks One or two points made to analyse the question in a limited way	2-1 marks Some judgement shown in text or conclusions

Possible answers in favour include:

- A key stakeholder group was the customers, eg the builders; Andrew seems always to have looked after their best interests, eg adjusting to their new ways of working and ordering; Andrew made mistakes, eg in 1997, but his intentions seem to have been honourable.
- Andrew's promotion of Michelle implies a real concern for the long-term future of the staff, both in terms of their motivation and in their medium-long career and personal development; his approach appears to fuse paternalistic with democratic instincts in a very positive way.

Possible answers against include:

- In 2000, Andrew effectively divorced himself from his senior management; by over-focusing on his own lifestyle, he alienated CY from his job; it was a classic hygiene factor: perceived financial unfairness got in the way of CY's focus on a job he seemed to enjoy.
- When finally faced with a choice between continuing the good work of building a business with a great staff offering a useful service to many customers, Andrew opted for N & Q's cheque; this cannot be said to have been a decision taken in the interests of all his stakeholders; it was entirely for his own benefit (ie the shareholders took precedence over other stakeholders).