



General Certificate of Education

Business Studies 6131

BUS6 External Influences and Objectives and Strategy

Mark Scheme

2007 examination – June 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.

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General Marking Guidance

You should remember that your marking standards should reflect the levels of performance of Advanced Level candidates, mainly 18 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates at the end of 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 requires examiners to follow the logic of a candidate's answer. A concept which would receive credit only for knowledge in one context could become a means of analysis in another. For instance, in the question: 'Discuss the BGD Company's marketing strategy', a candidate who writes: 'approaches to a strategy include SWOT and the Boston Matrix' is showing knowledge. A brief, accurate explanation of the Matrix shows understanding, whereas a candidate who uses the Matrix to examine the BGD Company's case is showing the skill of analysis. **Please note that there are other ways to show analysis.***

*What then of evaluation? This is the hardest skill to define because judgement can only be shown in context - and that context is not only the one set in the assessment unit, but also by the candidate's own answer. Evaluation is **not** shown by drilled phrases or approaches such as: 'On the other hand ...' or 'Business operates in an ever-changing ...'. It is shown through the weighting of the candidate's arguments, the logic (and justification) of his/her conclusions.*

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**

Total 4 marks

1

Total for this question: 14 marks

Discuss the possible value to Google of incorporating business ethics in its decision-making.
(14 marks)

	Content 2 marks	Application 2 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the value of ethics to Google's decision-making
Level 2	2 marks Relevant point(s) explained or good understanding of the term	2 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in considering the value of ethics to Google
Level 1	1 mark Relevant point(s) identified or some understanding of the term	1 mark Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- marketing advantages to Google – can they use the info. to their benefit? There is a lot of publicity about their ethical stance - improved PR and reputation in a youth orientated market
- it seems to have worked in terms of their approach to adverts on their search results
- the workforce are clearly benefiting from such a stance – and again a young workforce might be more conscious of ethics
- competitors are likely to be doing the same, so can Google afford not to?
- investors may feel more willing to invest – might be useful at a time of new and future share issues
- but what about the cost? The market's getting tougher, can they afford it anymore?

Evaluation might question the value of ethics against the costs. Evaluation might also include recognition that Google has a kind of first mover advantage in being the most ethically minded company in a market where ethics seem to matter. But will increasing competition mean that an ethical stance is more valuable, or a luxury Google cannot afford.

2

Total for this question: 16 marks

Google is moving away from being a single product company. Assess the difficulties that Google might face when increasing its product range. (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the difficulties of increasing the product range
Level 2	3 marks Relevant point(s) explained or good understanding of the term	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in considering the difficulties of increasing the product range
Level 1	2–1 marks Relevant point(s) identified or some understanding of the term	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- cost – a well-established product like Google's may become a cash cow, but new products will be expensive
- risk – new products may not work. Their failure might affect established products
- diluting brand identity – might adversely affect the reputation of the search engine
- might detract talent and skill away from core product.

Evaluation might include judgement about the relative importance of the difficulties, given the nature of Google's market/products, or a judgement that, despite the difficulties, Google must diversify.

3

Total for this question: 16 marks

Assess the likely impact of the data in **Appendices A, B and C** on the future performance of Google in the UK. (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the likely impact of the data on future performance
Level 2	3 marks Relevant point(s) explained or good understanding of the issue(s)	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in considering the impact of the data on future performance
Level 1	2–1 marks Relevant point(s) identified or some understanding of the issue(s)	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- large profit increases and revenue increases suggest positive future – more capital for re-investment into core and expanding product portfolio, but these are global figures – may not reflect UK picture
- rate of increase of profits is even greater than revenues – efficiency gains?
- but can it continue? Early evidence from company itself suggests not
- rate of increase for Google searches suggest that market share might fall. Falling share of a growing market?
- fairly static economic growth projections do little to suggest a buoyant market – is this more likely to affect advertisers? And hence Google’s revenue stream?
- will a stable economy mean a positive outlook for UK business, in which case advertisers may spend on ads?
- rising interest rates (slightly) might deter investment, but Google has not gone for debt financing yet
- the data on performance is global, but the macroeconomic data is for the UK – can the data be useful?
- high internet use amongst young suggests large potential market
- growth areas in the UK are female and older users – not traditional Google customers?

Evaluation might involve discussion of the relative value of each piece of data. It might also include recognition that the economic data has little relevance if it cannot forecast UK performance – is this a truly global market without national boundaries? Also, is it a secondary effect – the primary effect being felt by Google’s fee paying customers.

4

Total for this question: 16 marks

Evaluate the advantages and disadvantages to Google of making greater use of external sources of finance for its future growth. (16 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 6 marks
Level 3				6–5 marks Good judgement shown in weighing up the advantages and disadvantages of external sources of finance for future growth
Level 2	3 marks Relevant point(s) explained or good understanding of the various sources of finance	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	4–3 marks Some judgement shown in considering the arguments
Level 1	2–1 marks Relevant point(s) identified or some understanding of the various sources of finance	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- external sources – faster than internal and can access sources of finance otherwise not available, eg equity
- less risky – actually risking other people’s money rather than their own – which they have done
- internal growth – slower but safer. Risking own money but retaining control
- internal sources likely to retain control of company – easier to retain the fun feel if internally sourced growth rather than through introduction of shareholders
- influence of corporate investors if external – pressure to report/produce profits?
- pressure to pay dividends – Google does not have this at present.

Evaluation might include judgement about the benefits as opposed to disadvantages of external sources. It might include recognition that perhaps Google had no choice but to go to the stock exchange. Do the future prospects mean a greater reliance on external sources is inevitable?

5

Total for this question: 18 marks

Google has grown significantly in recent years and its market is becoming more complex and competitive. To what extent do you think it is a strength or a weakness that Google remains determined to have an unconventional organisational culture? (18 marks)

	Content 3 marks	Application 3 marks	Analysis 4 marks	Evaluation 8 marks
Level 3				8–6 marks Good judgement shown in weighing up whether Google should continue to act unconventionally
Level 2	3 marks Relevant point(s) explained showing good understanding	3 marks Application of the issue(s) to this context in some detail	4–3 marks Good analysis of issue(s), with good use of relevant theory	5–3 marks Some judgement shown in arriving at a conclusion about the benefits/disadvantages of acting unconventionally
Level 1	2–1 marks Relevant point(s) identified showing some understanding	2–1 marks Some application of the issue(s) to this context	2–1 marks Limited analysis of issue(s)	2–1 marks Limited judgement shown

Possible answers might include the following:

- it has worked so far – is it ingrained in the culture of Google?
- could they change if they wanted to? Are the existing employees able to act differently?
- is this a USP? Does it attract the best employees in a very competitive labour market?
- will the emerging power of different stakeholders, eg institutional investors, mean a change of approach is inevitable?
- does the changing nature of the market mean a change is inevitable? Can Google survive a direct assault from Microsoft and still remain unconventional?
- attracting further resources for developments might be difficult.

Evaluation might include a reasoned judgement about whether Google can or should continue to act this way. Might include a question about what the term unconventional means.