



General Certificate of Education

Business Studies 6131

**BUS6 External Influences and
Objectives and Strategy**

Mark Scheme

2008 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.

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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

Assess the difficulties for Primark of changing its organisational culture to one better suited to competing in the mainstream clothing market. (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 difficulties Primark might face in changing its organisational culture to suit the new market segment |
| 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 weighing up the difficulties of changing the organisational culture |
| 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 |

Relevant answers might include the following:

- is discount culture too well established? Difficulties of maintaining good staff morale, which will be needed to improve the quality of customer service as Primark compete directly against the likes of M&S, where customer service is a key strength
- problems of communicating key values of Primark, which might become lost during rapid growth of outlets
- fast turnover/high levels of recruitment during high growth mean it is more difficult to establish a new organisation culture. 30 new stores in 2006 means a lot of new staff to induct into organisational culture
- training costs of communicating new culture
- can Primark establish organisational culture throughout supply chain?

Evaluation might include a judgement about the relative difficulty of changing the organisational culture, whilst recognising that it is essential if the strategy is to work. It might include a recognition that, as Primark moves into the mid market, a changing organisational culture will be essential, but more difficult to establish. But can a discount retailer afford to promote and communicate an organisational culture?

2

Total for this question: 16 marks

Assess the likely impact of falling levels of unemployment on the success of Primark's strategy to move into mainstream clothing retailing. (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 implications of falling levels of unemployment for Primark's strategy of moving into the mainstream |
| 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 weighing up the possible implications |
| 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:

- falling unemployment may mean shortage of labour therefore more difficult to recruit – this might be a particular problem as Primark have quite specific HR needs
- skills shortage drive labour costs up – this might make Primark less price competitive in its battle with established retailers – but this may affect all retailers (will it affect all equally?)
- skills shortages might mean Primark are not able to attract the right calibre of worker
- low unemployment might encourage existing staff to pursue higher wages – again this impacts on costs and competitiveness
- impact on demand side – low unemployment may mean higher incomes amongst consumers – more demand for Primark's products (unless the brand turns out to demonstrate features of an inferior good)
- but this is a national trend – no reason for this to be the case in all localities.

Also, retailing is relatively low skilled, or the skills are quickly attainable, meaning a reasonably high level of occupational mobility.

Evaluation might include judgement about whether negative impacts on strategy outweigh positives. Are local labour market conditions more likely to impact on Primark than national unemployment rates? Does Primark's intention to recruit and train staff to a high level mean the company will be more attractive to possible recruits than competitors? But M&S are regarded as one of the best retailers to work for.

3**Total for this question: 16 marks**

Primark has grown rapidly in recent years through internal growth. To what extent do you think that Primark should now grow through take-overs and mergers rather than internally? (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 benefits and disadvantages of external rather than internal growth |
| 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 weighing up the benefits and disadvantages |
| 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:

- external growth from takeovers and mergers would be quicker – does Primark need far more outlets to take on M&S?
- external growth would allow Primark to ‘capture’ some of the brands and labels that would enable it to move into the mid market
- it might be quicker and easier to ‘buy’ a brand than build one
- but would external growth dilute the Primark business?
- it might make it more difficult to build an organisational culture?
- would there be integration problems/culture mismatch?
- has Primark got the finance to purchase other retailers?

Evaluation could include a judgement that the scope for further internal growth is limited, especially given the scale of growth needed to take on M&S. However, it might also recognise that Primark has been successful on its own terms and that external growth carries the risk of diluting the identity of the company.

4

Total for this question: 16 marks

Do you think that being more ethical in its decision-making will help or hinder Primark's attempts to capture market share from competitors? Justify your answer. (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 benefits against the drawbacks of a more ethical approach to decision-making in capturing market share |
| Level 2 | 3 marks Relevant point(s) explained or good understanding of ethical decision-making | 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 weighing up the benefits or drawbacks of a more ethical approach to decision-making |
| Level 1 | 2–1 marks Relevant point(s) identified or some understanding of ethical decision-making | 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:

- a more ethical approach to decision-making is a common feature of many high street businesses – the marketing and publicity benefits can be considerable
- many publicise their commitment to ethical decision-making, particularly in relation to overseas suppliers – can Primark afford not to be seen to be doing the same?
- Is it feasible to be ethically minded in such a competitive market? Would not this remove the cost advantages that overseas sourcing generates?
- Can Primark be truly ethical in this respect? How can a company ensure that all its suppliers throughout its supply chain are acting ethically? Should a retailer be responsible for the actions of its suppliers?

Evaluation might include a judgement about the likely marketing benefits of a more ethical approach to decision-making against the inevitable costs of such an approach. It might also include a judgement about the increasing importance of such an approach as part of a move up market.

5**Total for this question: 18 marks**

To what extent do you think that Primark is likely to succeed in its objective to become the UK market leader in womenswear? Use **Appendix A** and the text to justify your answer.

(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 the likely success of Primark in its objective, given the data |
| 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 relation to the likely success of Primark in its objective |
| 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:

- Primark is only a third of the size of M&S in terms of womenswear market share – it would take a significant and prolonged decline in M&S for Primark to catch up
- the size of M&S's footprint is significantly bigger than Primark's – more than two and a half times as many stores and significantly more sales space
- M&S has shown no growth in clothing sales overall – is womenswear vulnerable?
- profits are far higher in M&S, which suggests a far greater marketing budget – does this mean an invincible position?
- womenswear is far more important to Primark than M&S – does this mean it will focus more on it, or does it make Primark more vulnerable?

Evaluation might involve a balanced judgement about whether Primark's growth is more significant than M&S's overall size. Will the M&S brand win out over Primark's value?