

AS LEVEL
Candidate Style Answers

BUSINESS

H031
For first teaching in 2015

The wider business environment (Component 02)

Version 1



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Introduction

This resource has been produced by a senior member of the AS Business examining team to offer teachers an insight into how the assessment objectives are applied. It has taken section B questions from the sample question paper and used them to illustrate how the questions might be answered and provide some commentary on what factors contribute to overall levels.

As these responses have not been through full moderation, they are banded to give an indication of the level of each response. Please note that this resource is provided for advice and guidance only and does not in any way constitute an indication of grade boundaries or endorsed answers.

The sample assessment material for these answers and commentary can be found on the GCE Business web page and accessed via the following link: <http://www.ocr.org.uk/Images/170851-unit-h031-02-the-wider-business-environment-sample-assessment-material.pdf>

To be used in conjunction with the SAM case study and mark scheme

Question 9

- 9 Explain one way in which the ownership of a public sector organisation differs from that of a private sector organisation. [2]

FULL MARKS ANSWER

Public sector organisations are owned by the government whereas private sector organisations are owned by private investors.

Examiner commentary

This response explains the difference in ownership between public and private sector organisations. Using the mark scheme, one mark would be awarded for knowing that public sector organisations are government owned and one mark would be awarded for knowing that private sector organisations are owned by private investors. This answer is just what we are looking for and would be awarded **full marks**.

ZERO MARKS ANSWER

Public sector organisations are owned and controlled by the public. Private sector organisations are controlled by private individuals.

Examiner commentary

On the face of it this response is very similar to the response given by Candidate A. However on closer examination it contains two errors. Firstly, it is not accurate enough to say that public sector organisations are owned by the 'public'. This could refer to a member of the public who buy shares in a public limited company. Therefore, no marks can be awarded for the public sector part of the question. Secondly, whilst Candidate B does cite 'private individuals' in the second sentence of their response, they are referring to control rather than ownership. They have not stated that private individuals own a private sector organisation, and consequently cannot be awarded this mark. This answer would be awarded **zero**.

Question 10

10 The BBC is one of a number of global news service brands.

Explain two ways in which the BBC could react to an increase in the number of global news service brands. [4]

FULL MARKS ANSWER

1. The BBC could react to this increased competition on its news services by conducting market research. This would help it find out what viewers really wanted and put the BBC in a stronger position to meet the needs of its viewers.
2. The BBC could improve the quality of its coverage of special news events, for example election news and terrorist reports, allowing it to successfully compete with more specialist news channels.

Examiner commentary

The candidate suggests two ways the BBC could react to increased competition in the news sector. Firstly, the BBC could conduct market research and secondly it could improve the quality of coverage of special events. Both answers are valid and both are explained. **Full marks** would be awarded.

THREE MARKS ANSWER

1. The BBC could reduce its budget spend on news items.
2. It could also decide not to engage in an expensive battle with the competition about its news programmes. Instead it may seek to gain competitive advantage by specialising in a different type of programme, say entertainment.

Examiner commentary

The candidate suggests two ways the BBC could react to increased competition in the news sector. Response 1 is correct, but is only a statement, no further explanation is given. Response 1 is, therefore, awarded only one of its available two marks. Response 2 is a suggestion not listed on the mark scheme, but it is perfectly valid. The BBC may decide not to attempt to change its current news coverage, preferring to concentrate on some other aspect of its services instead. The suggestion is stated and explained and would be awarded the two available marks. In total the candidate would score **three marks**.

It may be helpful for this candidate to be given a refresher session on the importance of the command words in a question. The question begins with the word 'explain' this means that the candidate must do more than just state an answer, they must give further detail by way of explanation, in this case how their suggestion would benefit the BBC.

Question 11

- 11 Using Extracts B and C, calculate the amount of each individual licence fee that was spent on TV services in 2014. [2]

FULL MARKS ANSWER

$$£145.50 \times 63/100 = £91.67$$

Examiner commentary

Correct answer, **full marks**. The candidate has selected the correct price for a TV licence in 2014 and has calculated the correct proportion (63%) of the fee which was spent on TV services. The candidate has also shown good examination technique by showing their workings.

This allows examiners to award partial marks, rather than zero, to a candidate who had the correct method but made an arithmetical error. For example an answer which said "£145.50 x 63/100" = £9.17" would be award one of the available two marks (rather than zero), because the method is correct, even though the answer is not.

ONE MARK ANSWER

$$£145.50 \times 100/63 = £230.95$$

Examiner commentary

This candidate shows weak mathematical skills. They have selected the correct figures from the table (£145.50) and pie chart (63%) but have been unable to correctly calculate 63% of £145.50. The ability to calculate percentages is a skill required by all business students. Given that there are only three figures to work with, if the student had been encouraged to estimate their answer before doing the calculation they would have spotted that the method they have used could not be correct. For example, 63% is a little over half so we would be expecting an answer between £75 and £140, certainly not an answer which is bigger than the licence fee itself. Nevertheless, this candidate would score **one mark** of the available two marks for using the correct figures, despite the actual workings being incorrect.

Question 12

12 Evaluate the impact of technological change on the stakeholders of the BBC.

[12]

LEVEL 1 ANSWER

Technological change will impact on employees. They will need new skills in order to be able to effectively work with the new technology. For some who embrace the change this may mean increased job satisfaction from learning new skills. For others, who may be resistant to change, the change may bring increased fear and lack of confidence which affects morale.

Technological change will also impact on the BBC's competitors. They may feel the need to invest in similar new technology in order to maintain market share, else risk losing out to the BBC. They may fear that they will be left behind if they do not match the BBC's technological provision.

Examiner commentary

The candidate suggests two stakeholder groups who may be affected by technological change – employees and competitors. Whilst there may be some debate as to whether competitors are actually stakeholders in a business, the suggestion would be perfectly valid for a question of this type.

The first paragraph explains potential impacts on employees and includes some analysis of the impact on individual employees dependent on whether they embrace or resist change. However, none of this first paragraph contains any contextual references. The response is generic and could apply to literally any business where employees are facing technological change.

The second paragraph explains potential impacts on competitors and, again, does contain some analysis. This time the 'BBC' is mentioned, however this is just a name drop and cannot be counted as context. There is nothing else in the paragraph to indicate the nature or circumstances of the BBC as an organisation.

Since this question is to be level of response marked, the quality of the candidate's answer needs to be judged against the level of response grid at the beginning of the mark scheme for each of the three skills. Knowledge and Understanding: While the candidate shows a reasonable awareness of the impacts of technological change this has not been applied contextually to the BBC. Simply dropping in the name of the business is not contextualisation. Since, according to the grid, context is required for 'reasonable' knowledge and understanding this response can only be classified as 'limited' for knowledge and understanding.

Analysis: The candidate gives some links in the chain of argument relating to employees – new skills, increased job satisfaction or increased fear, affect on morale; and competitors – invest or lose market share and be left behind. The analysis concerning employees is 'good' and the analysis for competitors is 'reasonable'. Evaluation: There is no attempt at evaluation.

Now looking at the mark scheme for the level of response requirements for the question itself it can be seen that the candidate must be awarded a Level 1 mark as, whilst there is some analysis, the answer cannot be awarded Level 2 because the knowledge and understanding has been rated as 'limited' rather than 'reasonable' because of the lack of contextualisation in the response. The candidate would likely be awarded a **Level 1** mark of two (the mark scheme limits a non-contextualised response to two marks as there are only two AO1 marks available for this question).

Contextualisation is required to move beyond 'limited' for knowledge and understanding. This candidate could easily have achieved this by referring to 'programmes' or 'broadcasting' or by making reference to the plans to make i-player content available for 30 days. A simple change in the wording of the second sentence so that it includes some new skills which might be appropriate e.g. digital programming skills or the skills of the 'YouTube generation' would have been sufficient to bring this answer into context and allow the examiner to consider awarding more marks.

LEVEL 3 ANSWER

Programme makers will be affected by technological change. There will be more opportunity to make content for niche markets which can be broadcast on less traditional channels. This may give programme makers the opportunity to produce programmes which they have wanted to do for sometime but would not have had enough viewers to make them viable to the mass market. It may also give them the opportunity to make more specialist programmes or to market themselves as specialist in a particular area e.g. space exploration. With specialisation comes the opportunity to improve quality but at reduced costs, producing better financial results for cost centres. This is an extremely important benefit to programme makers because it will allow them to make more programmes within their budget. However an even greater benefit, from the programme makers' perspective, is the opportunities it gives them to develop their artistic and creative skills. By doing this they improve their reputation and produce innovative output for the next generation.

Examiner commentary

The candidate identifies that programme makers will be affected by technological change. The selection of this stakeholder, rather than a more generic one of consumers or employees, is automatically contextual as it applies specifically a broadcasting organisation. Several other words or expressions are used which show that the candidate is writing in context and not churning out a merely theoretical answer from a text book - see 'broadcast', 'less traditional channel', 'artistic and creative' etc. The candidate also analyses the impact of technological change on programme makers giving several links in the chain. The argument centred around niche markets includes consequential links to the benefits of specialisation, reduced costs, improved quality, better use of budgets, enhanced reputation and ability to innovate. There is also some evaluation, the candidate states that whilst financial benefits are extremely important the greatest benefit is likely to be the opportunity to develop the skills to produce innovative material for the next generation.

Using the level of response grid at the beginning of the mark scheme we can rate the candidate's response for all three skills – knowledge and understanding, analysis and evaluation. First, knowledge and understanding – the candidate shows precise understanding and provides a contextually focused answer. Knowledge and understanding can be judged to be 'good'. The analysis gives a linked chain of consequences to the programme makers and can also be rated as 'good'. The evaluation is supported. There is recognition of how an industry with a creative, innovative remit is likely to be affected. The evaluation can also, therefore, be rated as 'good'.

Now looking at the level of response requirements for the question itself it can be seen that the candidate can be awarded a Level 3 mark because the response meets the criteria of **'good' for knowledge and understanding and analysis and evaluation**. The response would be awarded a Level 3 mark, likely a mid **Level 3** mark of eight.

To move into Level 4 this candidate needs to improve their analysis and evaluation. This could be achieved by considering other consequences to the business – either more detail on the ones that have been given e.g. financial consider cash-flow, or new ones e.g. changes to working practices. If the candidate has exhausted all their thoughts on the impact on programme makers they could have chosen a second stakeholder to discuss. Choosing two different types of stakeholders (especially if one is internal and one external) gives further opportunities to evaluate since the magnitude and nature of the impacts of technological change on one stakeholder can be compared with that of another. Such improvements to the analysis and evaluation would have moved this response into Level 4, possibly achieving an additional three marks.

LEVEL 4 ANSWER

Technological change is likely to impact greatly on consumers. In the near future they will be able to watch i-player content for 30 days rather than seven days, select from a wider variety of channels which will be made available online, choose from a range of devices on which to view the content and self-schedule when they wish to watch the programmes that interest them. This will increase the convenience of watching BBC content, for example it will be available on the move or where a traditional television set is not available. Such changes are likely to have a significant effect on consumer lifestyle patterns and may revolutionise how we view media content.

Technological advances will also make it possible for consumers to opt out of watching the BBC altogether. Not having to pay the licence fee would reduce household expenses by just under £150. Whilst not a large sum of money, it does allow consumers freedom of choice concerning how they spend their income. This removal of the licence fee as a tax will have a far greater effect on people with low disposable incomes who at present have to make difficult decisions on how to spend their money. Of course, they could choose to fix to other paid content providers, by say a subscription to Sky, however they could also spend the money on something totally different – even pay the gas bill or buy food.

BBC employees are also likely to be significantly affected by changes in technology. The overall effect on them is likely to depend on whether the BBC successfully manages to maintain its market share in the face of competition from other paid for services, other self-scheduling schemes and the demand for new platforms. If the BBC is able to compete well, then more workers will be employed, on the other hand current employees could face job insecurity and the threat of redundancy if the BBC loses out to the competition.

Those employees who are likely to be most affected by technological change are likely to be those in technical jobs. In such job new skills e.g. digital media skills will be required and new ways of working. Employees will need to undergo training. Their new specialist skills may allow them to command a higher wage rate. Also, these skills are likely to be transferable and may lead to more opportunities to leave the BBC and seek employment in other broadcasting organisation. Working for different organisations would involve them in dealing with different commercial and financial pressures to those found at the BBC, which for some workers would be difficult to handle.

It is likely that to some extent every stakeholder of the BBC will be affected by technological change to some extent. For consumers the changes will mainly be positive but for individual employees the changes could go either way. For some, e.g. the government the changes may be merely financial; for others e.g. programme makers the changes will require a change of mindset and practice.

Examiner commentary

This candidate primarily considers the impact on consumers and employees. The arguments are specific in their contextualisation and detailed in their analysis as the links in the chain of argument are expounded. Clearly expressed evaluative comments can be found throughout the answer, albeit the concluding paragraph is not the strongest of evaluations. In the first paragraph the candidate considers how the impact on consumers will greatly affect convenience and have considerable impact on consumer lifestyle patterns. In paragraph two the candidate highlights that whilst £150 may not be a lot of money to many, it will have a considerable positive impact on those with low disposable incomes. In paragraph three there is evaluative comment relating to the impact of technology on employees depending on whether the BBC manages to harness the new technology to its advantage. In paragraph four the candidate judges the effect on employees to be greatest on those with technical jobs, justifying the argument appropriately.

Using the level of response grid at the beginning of the mark scheme we can rate the candidate's response for all three skills. Knowledge and understanding is detailed, precise and contextually focused. Analysis shows a fully developed linked argument of impacts and consequences. There is also a supported evaluative judgement. All three skills are of the highest order.

Looking at the level of response requirements for the question itself it can be seen that the candidate has met the criteria for the top level. **Level 4** requires strong knowledge and understanding, analysis and evaluation. The candidate is likely to be awarded eleven marks. A more definitive evaluative final paragraph would have secured the full 12 marks.

Question 13

13 Is a wide product portfolio important to the BBC? Justify your answer.

[20]

LEVEL 1 ANSWER

The BBC needs a wide product portfolio in order to meet its objectives to inform, educate and entertain. If it only produced news programmes it would inform, but not entertain. If it only produced sitcoms it would entertain but not educate. In addition, the BBC is unlikely to increase its market share to capture the digital and online market if it does not make its programmes available on a wide range of media in order.

Examiner commentary

This candidate clearly answers in context. There are references to the BBC's objectives to 'inform, educate and entertain', 'news programmes', 'sitcoms', 'digital' and 'online'. There is some understanding of the need for a wide product portfolio. The candidate states that without a wide portfolio the BBC would be unable to meet its objectives. There is, however, no analysis. There is, however, some weak evaluation, albeit lacking in explanation the statement is true (the BBC is unlikely to increase its market share if it does not embrace the digital age).

Using the level of response grid at the beginning of the mark scheme we can rate the candidate's response for all three skills. Knowledge and understanding is contextual and judged to be 'reasonable'. The candidate makes no analytical comment. Evaluation comprises an unsupported assertion and is, therefore, 'limited'.

Turning to the level of response requirements for the question itself it can be seen that the candidate must be awarded a Level 1 mark as, whilst there is context, the answer cannot be awarded Level 2 because there is **no analysis and evaluation is 'limited'** rather than 'reasonable'. The candidate would likely receive a top **Level 1** mark of five.

In order to obtain a Level 2 mark the candidate needs to provide some simple analytical links. Analysis could include giving impacts on the business of not meeting its objectives, losing its dominant position in the broadcasting market or failing to justify its licence fee. In addition the candidate needs to support their assertion that not capturing the digital market is likely to affect the BBC's market share. The fact that the candidate made the comment shows that they understand that the BBC is likely to lose viewers to the competition if it does not embrace the digital age, however the response does not actually say this. A simple explanation of their reasoning here would be sufficient for a Level 2 mark.

LEVEL 1 ANSWER

The BBC needs a wide product portfolio in order to compete with paid for services such as Sky and Virgin. If the BBC does not offer as good a self-scheduling service as Sky and Virgin it is likely to lose out to the competition. This would mean a fall in viewer numbers and have a detrimental impact on the BBC's reputation as market leader, especially for its news brand.

Traditional methods of broadcasting are reaching the end of their product lifecycle. The size of the market is shrinking, and as the market in which it now operates is very competitive the BBC may even lose market share. The BBC needs to offer its services on today's mobile devices such as tablets and mobile phones if it to gain a foothold in this new market segment. If it can be a major innovator using services such as Playlister and BBC store, it may even lead the changes in product provision rather than just gain a foothold.

To evaluate I would say that whilst a wide product portfolio is important to the BBC it is not essential. This is because ...

Examiner commentary

This candidate clearly answers in context, they refer to 'self-scheduling', major competitors such as 'Sky' and 'Virgin' and 'Playlister'. This response suggests that the BBC could lose out to the competition if it does not have a wide product portfolio. The response goes on to give some brief analytical consequential links in the chain of argument, from fall in viewing numbers to loss of reputation as market leader. The answer also considers that traditional broadcasting is reaching the end of its product lifecycle, with consequent analyses about needing to offer its services on different devices to gain a foothold in a new market segment. Finally, the candidate begins to suggest that the need for a wide product portfolio at the BBC may not be as important as it may at first appear. This is an evaluative statement, but it is left unsubstantiated, with the candidate apparently running out of time.

Using the level of response grid at the beginning of the mark scheme we can rate the candidate's response for all three skills. Knowledge and understanding is contextual and focused and is judged to be just sufficient for 'good'. The response develops links in the chain of both of their arguments (paragraph 1 and paragraph 2). Analysis is, therefore, judged to be 'good'. The final sentence is evaluative but it is an unsupported assertion and, is therefore, deemed to be 'limited'.

Turning to the level of response requirements for the question it can be seen that a Level 3 mark can be awarded to a response that shows good knowledge and understanding, analysis and evaluation. This candidate has shown **good knowledge and understanding** and **good analysis**, but the **limited evaluation** means that candidate could not be awarded a Level 3 mark. This lack of evaluation, which presumably was to appear in the final paragraph means that the response can only be awarded a Level 1 marks. Like Candidate J, but for different reasons, the response would likely be awarded a maximum **Level 1** mark of five.

This candidate is obviously a high ability candidate who is able to put forward a coherent argument. It appears that the candidate has also been taught the importance of the use of context, the need to analyse the points made and the need to evaluate. Unfortunately, this candidate appears to have chosen (or perhaps has been taught) to evaluate at the end of their response, drawing together relevant arguments. This is not bad practice, but it is a risky one. If a candidate runs out of time before adequately showcasing their evaluative skill they are likely to underperform in the examination. Since levels 2, 3 and 4 all require some degree of substantiated evaluation it would have been far better for this candidate to evaluate each point made as they went along, adding a concluding paragraph if they had time. Using the method of explaining a point in context, analysing it and evaluating it before moving on to the next point, is a much safer method for candidates to use. That way they have chance to show their evaluative skills throughout the response, minimising the chances of poor time management undermining their performance. An overall evaluative judgment can still be added as a final paragraph if time permits.

LEVEL 4 ANSWER

The changing nature of the distribution of television programmes means that the BBC needs to make its services available via a range of distribution methods, including digital, Freeview, online, mobile devices, catch up and self-scheduling services. The BBC now has a lot more competitors than it used to have, including major players such as Sky and Virgin. If the competition manages to deliver a better package of services the BBC may well lose viewers to the competition. This is especially true if the licence fee becomes no longer mandatory as members of the public who do not wish to watch the BBC will no longer need to subscribe.

Losing viewers to the competition would lower the BBC's viewer ratings and, possibly, lose their dominant position in the market. Market dominance allows the BBC, at least at present, the power to set prices for its commissioned programmes. This market power may be lost if the BBC does not maintain its market share by failing to keep up with current technological changes.

However, the effect on the BBC of losing some of its market share may not be as big as it would be for ITV or, say, Channel 5. These channels are not funded from the TV licence, instead they primarily rely on income from advertising and advertising revenue is heavily dependent on having high viewing figures for the programmes. Being funded by the licence fee means that the BBC does not actually need to maintain a wide product portfolio in order to secure its revenue. Even if the BBC lost a small proportion of its market share its revenue, in the form of the licence fee, would substantially remain. Furthermore, the BBC does not have a profit objective so does not need to consider its financial status its primary priority.

The BBC's express objectives are to provide programmes that inform, educate and entertain. This shows that from an internal perspective the organisation does prioritise the need to offer a diverse range of programmes. However, such a wide product portfolio whilst desirable, is not essential to the future existence or wellbeing of the institution itself. Indeed, if it had been the BBC would already be diversifying into a much wider product portfolio like many of its competitors. Talk Talk for example offers broadband Internet and film rental. BT offers telephone line rental and pay to view. Instead the BBC is in a privileged position where, at least for the time being, it does not need to compete directly with the product portfolio of its rivals in order to secure the future of the organisation. The ownership of the BBC being in the public sector, makes a fundamental difference to its commercial goals and the fallout should it fail to achieve them. The BBC is cushioned from the harsh world of market forces and the need to stay ahead of the competition.

Examiner commentary

The answer is logically presented and detailed given the confines of a time limited examination. The response is precise and contextually focused. It includes complex argument and fully develops many of the links in the chain of argument. Evaluative comment is made throughout. The evaluation is well reasoned using contextually specific argument and counter argument to support its judgements. As such this response is deemed to show strong knowledge and understanding, analysis and evaluation. Whilst by no means perfect, it meets all of the criteria for the top mark band and must be awarded a Level 4 mark.

The candidate considers both sides of the argument – reasons why a wide product portfolio is important as well as why a wide product portfolio may not be important. It also compares the importance of a wide product portfolio to the BBC with broadcasters in the private sector who are differently funded. In short this response answers the question set. It would be awarded a top **Level 4** mark of twenty.

The response also demonstrates the technique of interpolating evaluative comment throughout the answer. As mentioned in relation to Candidate K, this is a far safer way to write the response when in timed examination conditions. It also frequently leads to more, and better quality, evaluative comment than a simple overall summary could ever deliver. Students need to be encouraged to evaluate throughout their answer, rather than leave all evaluative comments to the end of the response.



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