A LEVEL

Exemplar Candidate Work

H431

BUSINESS

The UK Business Environment
(Component 2)

September 2015

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INTRODUCTION

This resource has been produced by a senior member of the A Level Business examining team to offer teachers an insight into how the assessment objectives are applied. It illustrates how the sample assessment questions might be answered and provides some commentary on what factors contribute to overall levels.

As these responses have not been through full moderation, they have not been graded and are instead, 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.

NB: You are advised to read through the exemplar answers and commentaries for component 1 (H431/01) before reading the following material.

QUESTION 8(b)

8(b)   Evaluate the usefulness of market research techniques which Morrisons may use to collect
improved data about its own customers   **[9]**

LEVEL 1 ANSWER, (1–3 MARKS)

There are loads of methods that Morrisons can use, such as questionnaires or interviews. These could be carried out face-to-face with customers or over the telephone or even by post. They could also use the internet to find out what customers want.

EXAMINER COMMENTARY

This answer contains nothing other than knowledge of a few market research techniques along with a limited level of understanding, i.e. the candidate knows how you may carry out research using questionnaires. This places the answer firmly in Level 1. However, as the answer contains no hint of a contextual reference to Morrisons (e.g. 'the customer could be asked while in the queue at the checkout or while doing their shopping') the maximum mark that can be awarded is two.

LEVEL 2 ANSWER, (4–6 MARKS)

Morrisons could use face-to-face interviews in store to gain more data about its own customers. This is easy and cheap to carry out and has a captive audience as customers have chosen to come into the store and may feel keen to help the business to improve. It could even be done while customers are in the queue to pay. Customers could be asked what they thought was a reasonable price relative to the discount retailers.

Another option may be focus groups. This allows Morrisons to identify groups of customers to attend a longer session where their views are sought out in a more relaxed environment. This would allow Morrisons to assess how customers perceived its image and the products on offer relative to its competitors, both premium brands such as Waitrose and discount brands such as Aldi.

Both of these options will take time and money. However, the results from the focus group may be more reliable as customers will be less stressed and more likely to answer truthfully.

EXAMINER COMMENTARY

This answer shows good knowledge and understanding of two relevant market research techniques and some evidence of the context (the challenge from discount brands and asking customers in the queue). This is enough to satisfy the criteria for 'Good' knowledge and understanding, stated on page 6 of the mark scheme.

There is also 'Good' analysis, as the necessary **sequential links** are developed to show how the techniques may provide more data. The last sentence satisfies the need for some evaluation in a question which has 'evaluate' as its key word. However, that evaluation is 'good' at best as it is not supported. For example, why may face-to-face interviews not produce truthful results? Is there a chance that focus groups become too 'friendly' and attendees provide answers which they think the group leaders want to hear (a commonly heard criticism of focus groups)? The candidate could also have made reference to the trade-off between the higher costs of the focus groups against the quality of information gained.

A slightly better evaluation would probably have tipped this answer into Level 3. As it is at present, six is the maximum mark it can be awarded.

LEVEL 3 ANSWER, (7−9 MARKS)

Morrisons could make use of the market research data which companies such as Kantar or Mintel produce. This data is very expensive but is based on valid statistical methods and these companies are experts with many years of experience. It may be argued that some of this data may be too general, as it is about all supermarket customers, however, given Morrisons size and finances available, it could employ one of the MR companies to carry out a piece of dedicated research about Morrisons' customers and how they may or may not differ from customers of the discount brands.

Alternatively, Morrisons could introduce a loyalty card scheme such as Tesco's Clubcard. Although originally seen as a promotional tool by Tesco's managers, it very quickly became a massive source of data about its customers shopping habits which led to Tesco's rise to the number one position in the market, by being able to identify shopping trends and targeting promotions more accurately to different customers.

Ultimately, given that we are told that Morrisons' customer data is currently 'poor' and that the loyalty card scheme will take many years to develop and produce benefits, a better short-term option may be to employ an outside research agency. Although this will be very expensive, it is something which Morrisons can afford and is likely to produce quick and reliable data to help fill the current gap.

EXAMINER COMMENTARY

This is a well written answer which contains 'Strong' understanding and analysis of two market research techniques. The sentence at the end of the second paragraph would certainly be classed as 'Good' evaluation but the final paragraph then proceeds to pull the answer together and makes a good case why, in this particular situation, the loyalty card scheme would be too slow, whereas the use of external agencies would be suitable. A very good answer which is worth full marks.

QUESTION 10

10   Analyse how the fall in Morrisons' share price may affect the objectives of one of its stakeholders.   **[4]**

NO CREDIT ANSWER

Morrison's share price has fallen because it has been slow in responding to changes in the market and does not yet have an online delivery service. Stakeholders will not be happy about this and so they may sell their shares.

EXAMINER COMMENTARY

To gain any reward, there must be some basic knowledge and understanding of the terms in the question. In this answer, there is no evidence of any knowledge about stakeholder objectives and apparent confusion between shareholders and stakeholders. No marks can be awarded.

LEVEL 1 ANSWER, (1–2 MARKS)

Shareholders want to see a return on their investment as well as regular dividends. A fall in the share price may mean that shareholders will sell their shares.

EXAMINER COMMENTARY

This answer does show some knowledge and understanding of a shareholder's objective of owning shares in a business- the reference to fall in share price is enough for context. However, there is no attempt to show HOW the fall in the share price affects the stated objective. Two marks would be awarded.

LEVEL 2 ANSWER, (3–4 MARKS)

A fall in the share price may be a sign of a future decline at Morrisons. This may lead to job losses and/or no pay increases. Employees are likely to be looking for job security and rising pay in the future and with both of these being jeopardised they may look for safer job opportunities elsewhere in the industry.

EXAMINER COMMENTARY

Although this answer may not be that well written it does satisfy the criteria of having knowledge and understanding of one stakeholder's objective and it does show the sequential link of how the falling share price may affect this objective. Just enough for full marks.

QUESTION 12

| 12 | Evaluate how Morrisons could use change management models to help it to overcome the challenges it currently faces. **[15]** |

LEVEL 1 ANSWER, (1–5 MARKS)

Morrisons could use Lewin's unfreeze-change-refreeze model of change management. The managers in the business need to be much more proactive in what they are doing and are now suffering for their slow adoption of new ideas and technology.

Its new online delivery service may help it to do better but this may be too late as other supermarkets, including Tesco and Asda already have very successful delivery services. It is amazing that staff are writing things down on bits of paper when most company's workers have access to mobile devices such as a Microsoft Surface.

Unless Morrisons carry out some very quick and effective change management then the company will remain in fourth position and are one of the bigger supermarkets most at danger to the growth of the discount retailers.

EXAMINER COMMENTARY

This sounds quite a convincing answer but it will only gain **one mark**.

The answer makes two significant errors. First, it does not answer the question, which asks about HOW change management models could be used. This answer focuses on WHY change is necessary and what may happen with or without the change.

Second, there is much reliance on copying out or simply referring to the case material rather than using it to carry out analysis.

The one mark can be awarded for a correct reference to one change management model (Lewin's).

LEVEL 2 ANSWER, (6–10 MARKS)

One change management model which Morrisons could use is the McKinsey 7S model. This identifies seven components, including shared values, staff, systems, skills and strategy which need to complement each other. The model can be used to understand how the organisational elements are linked, both now and in the future, to help identify gaps or inconsistencies between them.

We are told that Morrisons are "…reacting proactively to the dramatic changes taking place…" and there is evidence of this strategy with the launch of the online delivery service and the new 'innovations' store in Preston. However, the 7S model suggests that other factors need to be considered at the same time. For example, have the staff got the necessary skills to accept these fairly dramatic changes and are the necessary systems in place to support the changes.

The fact that staff are still writing things down on pieces of paper suggests that the systems are not keeping up with the change process. In this case the 7S model could be very useful for Morrisons' managers to help them to manage their change management programme better.

EXAMINER COMMENTARY

This answer comes to a very good contextual conclusion in the last paragraph and uses the evidence to make a good evaluative point. The knowledge and understanding of McKinsey's model is also good, even though it is not complete, and there is good (or even strong) analysis with the contextual evidence being used well. This places the answer firmly in Level 2.

However, the question refers to 'change management models' and this answer only refers to one model. As with the old specification, this will prevent the highest marks within the relevant level from being awarded, as the question has not been full answered. A mark of eight would be awarded.

LEVEL 3 ANSWER, (11–15 MARKS)

Lewin's theory is one possible change management model which Morrisons may use. It identifies three separate stages of the change process. First is unfreeze, which requires the business to accept that change is necessary. The 12% fall in its share price and profit levels in 2014, the poor decision-making which led to it being late in opening convenience stores and selling on the Internet and the rise of the discount retailers should be enough evidence to satisfy this stage of the process. The second stage is when the actual change takes place which seems to be where Morrisons is currently. Lewin says that staff need to be fully involved at this stage and communication needs to be excellent. This appears to be particularly relevant for a customer-focused business, such as a supermarket. The final stage is refreeze when stability is returned to the business. The problem for Morrisons is that it is doubtful whether stability will ever return in the supermarket industry given the growth of the discount retailers as well as the significant changes in consumer's shopping habits.

Another change management model is Kotter's 8 step model. This starts off by creating the need for change throughout the business. It then creates and communicates a vision, removes obstacles, ensures the change is fully implemented and ensures it is part of the overall corporate culture. Kotter's theory is often criticised as being too traditional and no longer relevant to the modern, less traditional business. However, Morrisons is still quite a traditional business and is very hierarchical. It also has a strong culture of service and quality due to its Northern background.

In my opinion, Kotter's theory is more in step with Morrisons business and situation. It is a traditional business in a traditional industry. Lewin's theory is maybe too simplistic and although the best known theory it has been overtaken by more recent models such as Kotter in the last 20 years. Lewin also emphasises the time needed to implement the change process and this is something which Morrisons does not have. Overall, I would suggest Kotter's theory is best although it may be the case that no one theory is suitable, as the external pressures on Morrisons are too great and it has responded to them too slowly so that it is beyond saving, facing terminal decline over the next few years.

EXAMINER COMMENTARY

This answer certainly shows strong knowledge and understanding of two change management theories (without going into too much detail about any one of them). In addition, the two theories are analysed, with reference to some of the context available in the resource booklet, along with some knowledge of this industry acquired during the course. The answer also reads well and any points are well developed, although there is sometimes insufficient use of the context to fully support the analysis.

There is also evidence of evaluation in terms of questioning whether Lewin is appropriate, why Kotter fits well with what we know about Morrisons and why Kotter's theory, in this case, may be 'better' than Lewins. There is also an attempt at the end to reach a supported judgment, even suggesting that no theory will work which tips the evaluation into the 'Strong' category.

The answer is likely to gain around 13 marks and not full marks (with one or more of the AO3/AO4 marks not awarded).

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