

Applied Business

Advanced GCE

Unit **F257**: Managing Risk in the Workplace

Mark Scheme for January 2011

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Abbreviations, annotations and conventions that are used in this Mark Scheme vary from paper to paper. The following annotations are available for this paper.

	Tick
	Cross
	Benefit of doubt
	Unclear
	Repeat
	Level 1
	Level 2
	Level 3
	Level 4
	Own figure rule
	Accepted as context
	Not answering question
	Candidate's response seen

Question	Expected Answer	AO	Mark	Additional Guidance
1 (a)	<p>In the context of health and safety, what is meant by the term 'risk management'?</p> <p><i>Up to two marks.</i></p> <p>A distinct management function which needs to be integrated into business practices (1) to minimise the exposure to the possible negative consequences of a particular course of action (1).</p> <p>A distinct management function which needs to be integrated into business practices (1) to minimise the exposure to possible negative consequences, eg. diversification (1).</p> <p>A function to minimise negative consequences of an action (1), eg. carrying out a risk assessment (1), a contingency plan, (1).</p>	AO1 2	2	<p>Acceptable annotation = ✓</p> <p>A strategy (1).</p> <p>Accept examples which give an indication of the negative course of action and of the management function.</p> <p>Answers which only give examples should be awarded one mark only.</p>
1 (b)	<p>Describe three responsibilities which the employees of <i>MPL</i> have in minimising risk.</p> <p><i>One mark for each correct responsibility identified plus a further one mark for each of three developments.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • reporting hazards (1). • reporting accidents (1). • reasonable skill and care (1). • adhering to health and safety guidelines (1). • ensure they are trained (1). • ensuring they take breaks (1). • keep area clean (1). <p>eg Adhering to health and safety guidelines within the workplace (1) such as wearing the correct protective clothing to deal with print machines (1).</p> <p>Ensure they are trained before operating equipment (1). This means knowing how to operate the computers/print machines (1).</p>	AO1 3 AO2 3	6	<p>Acceptable annotation = ✓</p> <p>One mark for identifying the responsibility.</p> <p>One mark for operational example.</p> <p>Watch out for repetition.</p> <p>Do not accept "responsible for maintenance of equipment" or "storing equipment properly".</p>

Question	Expected Answer	AO	Mark	Additional Guidance
	Ensuring they take breaks where appropriate (1). This will ensure workers are not tired when operating the computers/print machinery (1).			
1 (c)	<p>Explain three principles of the Management of Health and Safety at Work Regulations which could impact on the activities of <i>MPL</i>.</p> <p><i>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • employers must make an assessment of the risks to the health and safety of their employees (1). • every employer shall provide employees with information on the risks to their health and safety (1). • employers should provide signs or guidelines (1). • employees should use any machinery, equipment, provided to them by their employer as they have been trained to do (1). • every employer should appoint one or more people to assist them in implementing health and safety in the workplace (1). <p>Eg Employers must make an assessment of the risks to the health and safety of their employees (1). This means carrying out risk assessments on any new print machinery at <i>MPL</i> (1).</p> <p>Every employer shall provide employees with information on the risks to their health and safety (1). This means putting up guidelines and/or signs where there are hazards on <i>MPL</i>'s premises (1).</p> <p>Employees should use any machinery, equipment, provided to them by their employer as they have been trained to do (1). This means employees must not misuse any of the machinery they have been trained on (1).</p> <p>Every employer should appoint one or more people to assist them in implementing health and safety in the workplace (1). This means employing a health and safety representative/manager to implement health and safety procedures in the business (1).</p>	AO1 3 AO2 3	6	<p>Acceptable annotation = ✓</p> <p>Can relate to employers OR employees.</p> <p>One mark for identifying the responsibility.</p> <p>Award operational example if used to exemplify.</p> <p>Watch out for repetition.</p> <p>Do not give credit for development which relates to consequences rather than explanation of the legal principle.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
1 (d)	<p>State two possible risks to employees associated with the use of display screen equipment.</p> <p><i>One mark for each correct identification up to a maximum of two identifications.</i></p> <ul style="list-style-type: none"> • Stress. • stress-related symptoms (such as irritability, depression). • musculoskeletal problems. • visual fatigue. 	AO1 2	2	<p>Acceptable annotation = ✓</p> <p>Accept one example from any of:</p> <ul style="list-style-type: none"> - irritability (1). - depression (1). - high blood pressure (1). - head aches (1). - suicide (1). - heart disease (1). - RSI (1). - damage to hands/legs/feet/body (1). - back ache/back pain (1). - tiredness (1). - blurred vision (1). <p>Watch out for repetition.</p>
1 (e)	<p>Describe three consequences to <i>MPL</i> of it not managing risk effectively.</p> <p><i>One mark for a correct identification (up to a maximum of three identifications), plus a further one mark for each of three descriptions.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • injuries at work (1). • legal consequences (1). • visit from the Health and Safety Executive (1). • poor reputation in the community (1). • poor industrial relations (1). • types of industrial action/strikes/work-to-rule/go-slows/overtime (1). • lose workers (1). • fall in motivation (1). • decreased productivity (1). • decreased profit/sales (1). • bans/sit-ins/work-ins (1). 	AO1 3 AO2 3	6	<p>Acceptable annotation = ✓</p> <p>Can include consequences which affect employers/ employees/ customers/ community.</p> <p>Examples of injury could be any from the specification as the first point.</p> <p>One mark for identification. One mark for example.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
	<p>Eg Injuries at work (1). This could be as a result of employees not handling machinery properly (1).</p> <p>Legal consequences (1) if an employee is injured. They may decide to sue <i>MPL</i> for the injuries they have sustained (1).</p> <p>Visit from the Health and Safety Executive (1). If the HSE finds breach of health and safety this could lead to temporary or permanent closure/fine of <i>MPL</i> (1).</p> <p>Poor reputation in the community (1). If <i>MPL</i> is seen to have a poor track record for the health of customers/employees then no-one would want to deal with it (1).</p> <p>Poor industrial relations (1). If the employers at <i>MPL</i> are not seen to ensure a safe working environment for its employees, there may be a fall in motivation/production levels/increased absenteeism (1).</p> <p>Types of industrial action/strikes/work-to-rule/go-slows/overtime bans/sit-ins/work-ins (1) may occur if employees feel like they are not working in a safe environment at <i>MPL</i> there are increased injuries at <i>MPL</i> (1).</p>			

Question	Expected Answer	AO	Mark	Additional Guidance
2 (a)	<p>In the context of health and safety, what is meant by the term 'risk'?</p> <p><i>Up to two marks.</i></p> <p>The potential negative consequences or likelihood of harm (1) which can impact on a business from a particular hazard (1).</p> <p>Harm to employees (1) which can happen because of a hazard (1).</p> <p>An employee having Legionnaire's Disease (1) due to a hazard such as not properly cleaning the toilets (1).</p>	AO1 2	2	<p>Acceptable annotation = ✓</p> <p>Harm (1) Hurt (1) Injury (1) Illness (1)</p> <p>Accept examples that give an indication of the risk which do not specify negative consequences or likelihood of harm.</p> <p>OR</p> <p>Accept examples that give an indication of the hazard.</p> <p>Watch out for repetition.</p> <p>Only award one mark for an example.</p>
2 (b)	<p>State two principles of the Workplace (Health and Safety and Welfare) Regulations.</p> <p><i>One mark for each correct identification up to a maximum of two identifications.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • employers must ensure proper maintenance of machinery (1). • employers must provide suitable ventilation for enclosed spaces (1). • during working hours, the temperature in all workplaces inside buildings shall be reasonable (1). • every workplace shall have suitable and sufficient lighting (1). • every workplace should be kept sufficiently clean (1). • employees should have sufficient space in which to work (1). • provision of suitable and sanitary toilets for employees (1). 	AO1	2	<p>Acceptable annotation = ✓</p>

Question	Expected Answer	AO	Mark	Additional Guidance
	eg Ensure proper maintenance (1). Provide suitable ventilation (1). Temperature should be reasonable (1).			
2 (c)	<p>Describe three ways in which the Directors of <i>MPL</i> could have minimised the risk of an outbreak of disease occurring such as Legionnaires' disease.</p> <p><i>One mark for each correct identification up to a maximum of three identifications, plus one further mark for each of three descriptions.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • doing a risk assessment of the production department/ toilets (1). • having regular checks of the toilet facilities (1). • regular cleaning of the toilets (1). • consulting health and safety advisor (1). • improvement of the ventilation system (1). <p>eg</p> <ul style="list-style-type: none"> • doing a risk assessment of the production department/ toilets (1) so that management could identify the areas of potential risk (1). • having regular checks of the toilet facilities (1) so that management would be aware of any build up of unsanitary conditions (1). • regular cleaning of the toilets (1) to minimise the bacterial build up in the water system (1). • improvement of the ventilation system (1) so that bacteria are not concentrated in one area (1). 	AO1 3 AO2 3	6	Acceptable annotation = ✓ Watch out for repetition. One mark for an operational example. One mark for identifying the course of action which could have been implemented. Do not award 'HSE'.

Question	Expected Answer	AO	Mark	Additional Guidance
2 (d)	<p>Explain two workplace benefits which effective risk management could bring to <i>MPL</i>.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • brings changes to management goals (1). • encouraging entrepreneurial activity (1). • increasing motivation in the workforce (1). • provision of training/equipment (1). • encouragement of businesses to approach other markets (1). • increasing motivation in the workforce (1). • provision of training/equipment (1). • encouragement of businesses to approach other markets (1). <p>Development includes:</p> <ul style="list-style-type: none"> • creation of a safe working environment (+1). • employees feel cared for (+1). • employees know what they are doing (+1). <p>eg Increasing motivation in the workforce (1). This is because employees may see their employers as being more caring for their needs (1) which will result in increased productivity levels (1).</p> <p>Provision of training/equipment (1). Employees will be clear about their roles and responsibilities (1), therefore, the absenteeism/sickness rates may fall (1).</p> <p>Encouragement of businesses to approach other markets (1) if potential risks are identified and avoided (1) which could potentially increase profits/market share (1).</p>	AO1 2 AO2 4	6	<p>Acceptable annotation = ✓</p> <p>Watch out for repetition.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
2 (e)	<p>Evaluate the benefits and drawbacks to <i>MPL</i> of agreeing to Davina's proposal that some of the shares in <i>MPL</i> should be sold to Maxacorp.</p> <p>Use of response criteria.</p> <p>Level 1 (1–2): Candidate identifies relevant issue(s) relating to a new form of ownership.</p> <p>Level 2 (3–5): Candidate applies knowledge and understanding to explain strategic implications to the directors of <i>MPL</i>, relating to the new form of ownership.</p> <p>Level 3 (6–9): Candidate analyses the strategic implications of the new form of ownership to the directors of <i>MPL</i>.</p> <p>Level 4 (10–14): Candidate evaluates the strategic implications to all stakeholders of <i>MPL</i> of the change of ownership.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • Maxacorp could provide urgently needed capital to the business • the capital could be used to cover any debt which has built up as a result of the closure of the business • any cash flow problems could be alleviated • having an outside investor could help to financially support any future expansion/diversification decisions • Maxacorp could bring in extra skills or advice to <i>MPL</i> • could help to improve future profitability of the business • existing shareholders could experience a rise in the market value of their shares • there could be greater returns to all shareholders in the long term • it could increase the security of employee's jobs in the long term • if the takeover increases the success of <i>MPL</i>, employees could experience increases in their pay in the long term • customers may benefit from an increase in service and quality 	AO1 2 AO2 3 AO3 4 AO4 5	14	Acceptable annotation = L1, L2, L3, L4 The higher evaluative marks will be awarded for supported judgement taken by a well-reasoned, detailed two-sided analysis.

Question	Expected Answer	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> • suppliers could benefit as orders may increase and risk of delayed/no payment may diminish. <p>Drawbacks:</p> <ul style="list-style-type: none"> • there would be a dilution of control as 50% ownership would go to the investor • existing shareholders may resent the influence which Maxacorp may have on the board • with 50% stake in <i>MPL</i> which means Maxacorp could influence the remaining owners to employ staff it wants • employees may resent a change of ownership • there may be a decrease in motivation and productivity as a result of resentment felt by employees • the investor may not have good working knowledge of the print industry • there may be a risk of redundancies if Maxacorp is able to influence structural change in <i>MPL</i>. <p>Possible responses include:</p> <ul style="list-style-type: none"> • When issuing new shares to an outside investor, there can be a new owner of the business (L1). With <i>MPL</i> selling shares to raise capital in return for giving Maxacorp 50% ownership of the business, this means its existing owners will have a dilution of control (L2). This means that if Maxacorp wants to make changes to <i>MPL</i>, it could influence the remaining owners to implement such changes. This could mean that some employees could be made redundant, which could be costly to <i>MPL</i> (L3). In the short term although there is a creation much needed capital, in the long term this could be outweighed by the decrease in motivation and productivity which may come about from unfavourable changes Maxacorp may implement in the business (L4). <p>OR</p>			

Question	Expected Answer	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> Issuing new shares will create more capital for a business (L1). <i>MPL</i> has suffered from the closure of the business by HSE as a result of the Legionnaire's Disease outbreak. Davina stated that with Maxacorp's investment this will mean urgently needed funds to help the business out of financial difficulty (L2). However, by issuing new shares in return for a 50% ownership, this will mean a dilution of control for the existing shareholders of <i>MPL</i> (L3). Furthermore, little is known about Maxacorp and it could be letting in a new owner with a dominant share of the business. This means there is a strategic risk to the owners and directors of <i>MPL</i> should Maxacorp decide to make changes – like firing employees – which may create resentment, and possible industrial action (L3). This could mean that although in the short term some urgently needed funds are provided by Maxacorp to alleviate any financial problems, in the long term this could be outweighed by the increased costs of a possible decrease in productivity and industrial action (L4). However, if the managers at Maxacorp have a good working knowledge of the print industry, customers may be happy with the increase in quality and service, and this could be a strategic benefit as efficiency could be improved by better management, and profits in the long term may be increased as a result (L4). 			

Question	Expected Answer	AO	Mark	Additional Guidance
3 (a)	<p>During the refurbishment of the toilet and shower block, explain two workplace-related risks which could impact upon the production workers of <i>MPL</i>.</p> <p><i>One mark for each correct identification, up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • an employee could suffer broken bones (1). • breathing impairment (1). • an employee could suffer from headaches (1). • substance related: burns/poisoning (1). • environmentally related: loss of hearing/skin/eyes/burns (1). • equipment and machinery related: death/disablement/blindness/trauma/cuts/abrasion (1). • stress related (1). <p>eg An employee could suffer broken bones (1) if the builder were to leave an untidy work area such as leaving electric leads lying across a floor (1) causing an employee to trip and fall (1).</p> <p>Breathing impairment (1) without proper ventilation of the building area (1) could cause inhalation of substances such as dust (1).</p> <p>An employee could suffer from headaches (1). If a builder had not properly screened off the area (1) this could cause increased noise levels eg from drilling (1).</p>	AO1 2 AO2 4	6	<p>Acceptable annotation = ✓</p> <p>Do not accept answers which include negative consequences such as Repetitive Strain Injury (RSI).</p> <p>Do not accept answers which include hazards such as activities or display screen equipment as these are not related to building work and/or to the employees themselves.</p> <p>Watch out for repetition.</p> <p>Award a mark for identification of the negative consequence but do not award for repetition from the same area (ie two from equipment and machinery related consequences). Award a further two marks for explanation in context of the likely hazards which the building work may create.</p> <p>Do not accept consequences as development marks.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
3 (b)(i)	<p>What is meant by the term 'strategic planning'?</p> <p><i>Up to two marks.</i></p> <p>Process which determines where an organisation is going over the next year or more (1) and how it is going to get there (1).</p> <p>Responses include:</p> <ul style="list-style-type: none"> • planning for where the business is going (1) and how it will get there (1). • thinking about where the firm goes (1) and how it will get there (1). <p>Eg Planning where to go (1).</p> <p>Strategically thinking (1).</p> <p>How to achieve it (1).</p>	AO1 2	2	Acceptable annotation = ✓
3 (b)(ii)	<p>Evaluate the importance of strategic planning to <i>MPL</i> when deciding whether to replace the GP10 printing machine with the newer GP12 model.</p> <p>Level 1 (1–2): Candidate identifies the issues relating to updates in new technology.</p> <p>Level 2 (3–5): Candidate applies knowledge and understanding of risk relating to an update in new technology to <i>MPL</i> of updating technology.</p> <p>Level 3 (6–9): Candidate analyses the potential risks to <i>MPL</i> of updating technology.</p> <p>Level 4 (10–14): Candidate evaluates the potential risks to <i>MPL</i> of an update in technology.</p>	AO1 2 AO2 3 AO3 4 AO4 5	14	Acceptable annotation = L1, L2, L3, L4

Question	Expected Answer	AO	Mark	Additional Guidance
	<p>Benefits:</p> <ul style="list-style-type: none"> • reduction of financial risks • consideration of the way in which the new machine may be financed • consideration of whether training would be needed and how much and how effective would it be • sets out organisation issues/time management • considers the risk of disruption to the production department when installing the new machine and how to avoid it/work around it • considers the costs of disposal of the old machine • helps to plan the coordination of staff • sets out the risk of falling demand and hence an idle machine once updated. <p>Limitations:</p> <ul style="list-style-type: none"> • even if training occurs, it cannot account for the reliability of employees on the new machine • although financial risks are considered, there may still be items not planned for and hence may still be a cost to the business • training that is needed may motivate staff to work harder • planning can limit organisation problems, but cannot eradicate it. There may still be problems later • during installation, plans can change staffing around to cope, but plans do not cover the motivational/staff reaction issues. What if workers do not want to change? • consideration of falling demand happens in planning. However, it is based on the future, so there are accuracy issues there. Customer tastes and changes in the market are difficult to predict. <p>Responses include:</p> <ul style="list-style-type: none"> • Strategic planning involves managers determining where their organisation is going over the next year or more and how it is going to get there (L1). <i>MPL</i> has a problem with the GP10 machine in that it is inefficient. A strategic plan would highlight what the problems with the GP10 would mean for <i>MPL</i> in terms of how it will affect the business in the future (L2). 			

Question	Expected Answer	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> <li data-bbox="331 209 1308 576">• It will also highlight how the GP12 would aid those problems if the directors decided to invest in it (L2). Furthermore, given that <i>MPL</i> will have shareholders and employees who would be concerned about its future profitability and stability, a strategic plan would be very useful in that it would pinpoint the implications of either investing or not investing in the new machine, and informed decisions could be made from this (L3). Overall, given the new owners of <i>MPL</i> would be interested in increasing the profitability of the business with minimal risk of financial cost or disruption, strategic planning is unavoidable and, hence, incredibly important in order to achieve this as it would serve as a tool to aid such an analysis (L4). <p data-bbox="331 616 376 639">OR</p> <ul style="list-style-type: none"> <li data-bbox="331 683 1308 1390">• Strategic planning is important to any business if it is to improve profits (L1). As <i>MPL</i> is facing a decision whether to replace its older inefficient GP10 machine with a newer GP12 machine, strategic planning would make the directors think about the benefits and risks of such a decision (L2). For example, it would help them consider how the newer machine may help them to increase profits, against the costs of buying and installation, disruption and training (L2). Therefore, given that the directors can make an informed decision as to whether to go ahead with the newer model, the business is more likely to be profitable and stable, which will please the shareholders and employees, who are more likely to continue to invest or work for <i>MPL</i> (L3). However, strategic planning cannot eradicate all the risks of failure should it go ahead with the new model; for example, it cannot consider the reaction of employees to the new machine (L3). Despite being trained on the new machine, employees may be unreliable in their operation of the GP12, as they have been used to the GP10 for so long this may, therefore, cost the business a lot of money in waste (L3). Similarly, strategic planning cannot predict demand completely. If the directors are not very good at planning, and they buy the GP12 and the market fails, they will not be achieving their goal of profit increase (L3). 			

Question	Expected Answer	AO	Mark	Additional Guidance
	<ul style="list-style-type: none">• However, in the long term, any form of planning is extremely important when making such large financial decisions, as without it the directors of the business would have no idea of direction or how to achieve their goals (L4). What is also important is how much the directors of MPL have actually planned, less discussion and planning would render useless, but careful planning would consider more risks and benefits and contingencies could be put in place to deal with problems later, hence the business is more likely to achieve its goals (L4).			

Question	Expected Answer	AO	Mark	Additional Guidance
4 (a)	<p>Explain two types of industrial action which the staff at MPL could take.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • the staff at <i>MPL</i> could go on strike (1). • the staff at <i>MPL</i> could perform a sit-in (1). • the staff could perform a go-slow (1). • work-to-rule (1). • overtime ban (1). <p>eg The staff at <i>MPL</i> could go on strike (1). This would mean that they would be out of work for a period of time (1) which would result in a halt in production (1).</p> <p>The staff at <i>MPL</i> could perform a sit-in (1) which would mean they turn up to work but do not do any (1) which could mean that sales could drop (1).</p> <p>The staff could perform a go-slow (1) where they turn up to work but do their jobs very slowly (1). This would mean that they may be late to meet deadlines for customers (1).</p>	AO1 2 AO2 4	6	<p>Acceptable annotation = ✓</p> <p>Accept picketing (1).</p> <p>Watch out for repetition on the development marking.</p> <p>Do not award for picketing and strikes as these are the same type of industrial action.</p> <p>1 mark for method. 1 mark for explanation of method. 1 mark for consequence.</p>
4 (b)	<p>Explain two ways in which poor industrial relations may pose a risk to <i>MPL</i>.</p> <p><i>One mark for each correct identification up to a maximum of two identifications, plus up to a further two marks for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • loss of productivity (1). • loss of sales (1). • loss of profits (1). 	AO1 2 AO2 4	6	<p>Acceptable annotation = ✓</p> <p>Watch out for repetition.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> • customers cancel contracts (1). • industrial action (1). • lack of staff morale/ motivation (1). • poor reputation (1). • problems of future recruitment/retention (1). • ultimate business closure (1). • suppliers may not be paid (1). • investors may pull out (1). • suspension of production (1). • legal action (1). • financial cost of settlement (1). <p>eg <i>MPL</i> may face a loss in productivity if workers do not operate the machines (1). This could mean that it cannot meet its customers' requirements (1). If the customers are not happy, they may cancel the contracts and go elsewhere (1).</p> <p>It may cause a bad relationship between the workers and management (1). This may mean that staff morale as a whole decreases (1) which may then mean that workers may leave and <i>MPL</i> cannot get anyone to work for it in the future (1).</p> <p>The business may have to pay huge settlements to stop the industrial action (1). This may mean that the future profitability is negatively affected (1) meaning that investors may pull out in the future, further worsening the financial position of the business (1).</p>			
4 (c)	<p>Discuss whether or not <i>MPL</i> should expand into the newspaper market.</p> <p>Level 1 (1–2): Candidate identifies relevant issue(s) relating to expansion into a new market.</p>	AO1 2 AO2 3 AO3 4 AO4 5	14	Acceptable annotation = L1, L2, L3, L4 The higher evaluative marks will be awarded for supported judgement taken by a well-reasoned, detailed two-sided analysis.

Question	Expected Answer	AO	Mark	Additional Guidance
	<p>Level 2 (3–5): Candidate applies knowledge and understanding to explain the issues affecting <i>MPL</i> in its expansion into the newspaper market.</p> <p>Level 3 (6–9): Candidate analyses of the issues affecting <i>MPL</i> in its expansion into the newspaper market <i>MPL</i>.</p> <p>Level 4 (10–14): Candidate evaluates the strategic issues to <i>MPL</i> if it expands into the newspaper market.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • the newspaper market is large and lucrative • the business could increase its market share of the publications/print industry • it would provide new customers • <i>MPL</i> would not have to rely on satisfying only two customers • if the magazine market starts dropping in sales, the newspaper market could be a “fall back” • could improve the sales of <i>MPL</i> • could help to improve <i>MPL</i>'s future profitability. <p>Drawbacks:</p> <ul style="list-style-type: none"> • it is a new market and, therefore, could prove to be risky • the directors of the company have little understanding of the new market • the business may need to purchase new equipment and machinery to print newspapers, which could be expensive • the staff may need to be trained in how to run the new machinery which could be time consuming and expensive • the demand in the new market could be lower than they need • there may be too many competitors in the new market which may affect their survival 			

Question	Expected Answer	AO	Mark	Additional Guidance
	<ul style="list-style-type: none"> • they could lose sales, profits and the business could ultimately close. <p>Responses include:</p> <ul style="list-style-type: none"> • Moving into a new market is a form of business expansion (L1). For <i>MPL</i> this could be a good move as it main gain many customers from the larger and established newspaper market (L2). This could mean that its sales and, hence, its profit could increase as a result (L3). Although in the short term it may have to have a large capital outlay to buy new machinery and train workers, it could be a worthwhile decision as this could be outweighed in the long term by the chance to increase profitability and hence market share in the print industry (L4). <p>OR</p> <ul style="list-style-type: none"> • Moving into a new market is a risk to any business (L1). As <i>MPL</i> is a printer in the magazine market and it is thinking about moving into the newspaper market, with limited knowledge of this area, it could stand to lose a lot of money (L2). Furthermore, it could be very expensive for it to expand into this industry, as it may have to research it, buy new machinery, and train its staff (L3). However, it could be beneficial as it could have potentially more customers which mean more sales and greater chance of profitability (L3). The decision should be to expand into the newspaper market as, although there could be high expenditure in the short term, this could be outweighed by the profitability which a new market could provide in the long term (L4). 			

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