

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**LEVEL 4 CERTIFICATE IN MANAGEMENT CONSULTING 10331**

**UNIT 4 BUSINESS ENVIRONMENT**

**SPECIMEN**

**TIME: 2 HOURS 30 MINUTES**

**INSTRUCTIONS TO CANDIDATES**

Fill in all the boxes below. Use CAPITAL LETTERS.

**CENTRE DETAILS**

Centre Number	Centre Name

COMPUTER REF

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**CANDIDATE DETAILS**

Surname or Family Name	First Name	Initials of Other Forenames	DATE OF BIRTH							
			D	D	M	M	Y	Y	Y	Y

- **DO NOT** open the booklet until told to do so by the invigilator.
- Answer **ALL** questions.
- Write your answers in the spaces provided on the question paper.
- Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Use black ink.
- You have 30 minutes reading time at the start of the examination.

**INFORMATION FOR CANDIDATES**

The number of marks is given in brackets at the end of each question or part question.

The total number of marks for this paper is 90.

FOR EXAMINERS' USE ONLY			
1		7	
2		8	
3		9	
4		10	
5		11	
6			
<b>TOTAL=</b>			

Ofqual Qualification Reference Number: 600/6039/6

**H055 SAM13**

**This document consists of 20 pages. Any blank pages are indicated.**

Answer **all** questions.

- 1 Identify how the purpose of a third sector organisation such as Breadline is likely to differ from that of a supermarket.

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**(2 marks)**

- 2 Identify **one** key stakeholder with an interest in Breadline's work and describe one of that stakeholder's objectives.

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**(3 marks)**











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**(20 marks)**













10 Explain **one** likely reason why the UK both imports and exports wheat.

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**(3 marks)**







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## **SPECIMEN ASSESSMENT MARK SCHEME**

Certificate in Management Consulting – 10331 – Level 4

Unit 4 Business Environment

Duration: 2 hours 30 minutes

Maximum mark: 90

For answers marked by levels of response:

- a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer.
- b. **To determine the mark within the level**, consider the following:

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

Question		Answer/Indicative Content	Marks	Guidance
Q1		<p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• private versus third sector.</li> <li>• for-profit versus not-for profit</li> <li>• service/product provision versus social benefit</li> </ul> <p><b>Exemplar response</b></p> <p><i>One way in which the purpose of a third sector organisation is likely to differ from that of a supermarket is whether the organisation is for-profit or not-for-profit. A private organisation's main purpose is to return profits to shareholders in the form of dividend payments. [1] By contrast the main purpose of a third sector organisation is to deliver social benefit without making profit. [1]</i></p>	2	Up to <b>two</b> marks
2		<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• needy families,</li> <li>• volunteers,</li> <li>• supermarket chains</li> <li>• Breadline's Executive</li> </ul> <p><b>Exemplar response:</b></p> <p><i>The case study states that unsold bread is not being targeted to families in need. [1]</i>  <i>This implies that needy families may not be receiving as much bread as they require. [1]</i>  <i>In which case Breadline's objectives are not being consistently met. [1]</i></p>	3	<b>One</b> mark for each correct identification, plus up to a further <b>two</b> marks for a description

Question	Answer/Indicative Content	Marks	Guidance
3	<p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• legal</li> <li>• ethical</li> <li>• social</li> <li>• environmental</li> <li>• stakeholders</li> <li>• taxation</li> </ul> <p><b>Exemplar response:</b></p> <p><i>Devising and enforcing a strict set of protocol/rules for issuing bread-stocks at food-banks, enables Breadline to better meet its responsibility of ensure that bread is targeted to those stakeholders (families and individuals) most in need. [1] The donating supermarket chain is also assured that its bread-stocks, albeit unsold, are being used purposefully (and may even receive a tax break as a result of this donation). [1] Also devising an exchange system of issuing bread tokens as a way of 'purchasing' a loaf of bread creates a sense where, socially, bread is seen to be distributed fairly and equitably among stakeholders. [1] In turn this may result in more efficient targeting of bread supplies and reduce possible conflicts between families and individuals at the point of distribution. [1]</i></p>	4	<p><b>One</b> mark for each correct explanatory statement up to a maximum of four such statements, but allow development marks.</p>



Question	Answer/Indicative Content	Marks	Guidance
4	<p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• what is fiscal policy</li> <li>• forms of fiscal policy</li> <li>• the main two functions of fiscal policy</li> <li>• the elements of fiscal policy bearing directly on Breadline's operations e.g. the government's fiscal stance, reducing taxation, lower/increased public spending, restraining demand, etc.</li> </ul> <p><b>Exemplar response:</b></p> <p><i>Fiscal policy describes a government's stance on how overall demand and supply in an economy should be managed. The particular stance held by a government can be expansionary – that to raise overall levels of demand is the best way to stimulate the economy – or, contractionary - that a better alternative is to depress levels of overall demand and so create stimulus in the economy. [L1] In a recession, an expansionary government would seek to invest in large-scale public expenditure projects and so create employment and public sector jobs. This could stimulate consumer spending and thus kick-start supply-side activities. On the other hand, a contractionary government may prefer to use lower taxes, as this, it argues would stimulate the owners of capital to invest funds in private initiatives which better stimulate supply-side activities. [L2]</i></p> <p><i>Current fiscal policy seems to be a combination of both an expansionary and a contractionary stance. The impact of lower spending on public services as a response to the recession increases need and has the effect of reinforcing the need for Breadline's activities. [L3] But, because of the recession, the impact of lower taxes may of itself not be a strong enough stimulus to kick-start the economy and may also be widening the gap between rich and poor. This, too, maybe reinforcing the need for Breadline's activities. [L4]</i></p>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Assesses the impact of fiscal policy on Breadline's activities</p> <p><b>Level 3 (9 - 12 marks)</b> Analyses the impact of fiscal policy on Breadline's activities</p> <p><b>Level 2 (5 – 8 marks)</b> Shows an understanding of fiscal policy</p> <p><b>Level 1 (1 – 4 marks)</b> Shows knowledge of fiscal policy</p>

Question	Answer/Indicative Content	Marks	Guidance
5	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• culture</li> <li>• structure</li> <li>• systems and processes</li> <li>• leadership style</li> <li>• skills and capabilities</li> </ul> <p><b>Exemplar response:</b></p> <p><i>Culture is an internal influence which has an important bearing on an organisation's behaviour. Culture is intangible, but it reveals itself in the values and beliefs which lie behind the 'language', actions, policies, procedures and even strategies of the organisation. [L1] As a third sector organisation, Breadline is no less immune from the influences of its own internal culture and the case study hints at the possible beliefs and attitudes which may exist in this organisation. For example, 'volunteers are motivated and committed' and they 'recognise the good work they do'. [L2] This issue of the use of volunteers cannot help but shape Breadlines's behaviour since volunteering depends on goodwill, which is itself a scarce resource. The scarcity of goodwill itself may be a key factor in limiting the desire of Breadline's volunteers to expand the good work they already do. [L3] Likewise the reluctance of Breadline's Executive to expand the charity's activities into other UK cities may reflect a dilemma, where on the one hand, expansion may need more donating supermarket chains, and on the other, it also risks Breadline being perceived as disloyal by its existing donor. [L4]</i></p>	20	<p><b>Levels of response</b></p> <p><b>Level 4 (16 - 20 marks)</b> Evaluates how the internal business environment is likely to shape Breadline's behaviour</p> <p><b>Level 3 (11 - 15 marks)</b> Analyses how the internal business environment is likely to shape Breadline's behaviour</p> <p><b>Level 2 (6 – 10 marks)</b> Shows an understanding of how the internal business environment is likely to shape Breadline's behaviour</p> <p><b>Level 1 (1 – 5 marks)</b> Identifies how the internal business environment is likely to shape Breadline's behaviour</p>
6	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• suggestion that the price of £0.80 may be higher than the market clearing price</li> <li>• stocks of unsold white standard loaves of bread</li> <li>• the suspicion that the supermarkets may be acting as an oligopoly</li> <li>• evidence of unsatisfied need in the market</li> </ul> <p><b>Exemplar response:</b></p> <p><i>The evidence of unsatisfied need in the market suggests that the market is not in equilibrium [1] and that the price of £0.80 is too high to fully clear the market and bring about a balance between supply and demand. [1] The evidence of unsold bread stocks [1] strongly indicates that the supermarkets may be deliberately keeping bread off the market in order to maintain current prices. [1]</i></p>	4	<p><b>One mark for each correct explanatory statement up to a maximum of four such statements but allow development marks</b></p>

Question	Answer/Indicative Content	Marks	Guidance
7	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• charities which operate food-banks obtain their stocks through 'derived supply'</li> <li>• 'the buy one get one free' promotions self-perpetuate the 'sell by date' policies</li> <li>• oligopolistic behaviour among supermarket chains also institutes a culture of waste since higher than equilibrium prices require excess stock and thus waste</li> <li>• the lack of systems to target bread to those most in need could also lead to secondary waste.</li> </ul> <p><b>Exemplar response:</b>  <i>The 'buy one get one free' promotions and the doctrine of 'the sell by date' seem to be self-reinforcing actions by the supermarket chains. These actions contribute to the national culture of waste and could be impacting on the behaviour of food-banks in positive and negative ways. [L1] As with any other provider of services, food-banks need to make choices on the mix of supplies which they distribute in accordance with need. Excessive waste and oversupply could simply be transferred from the supermarket to the food-bank. [L2] There is a danger that food-banks could also be 'bribed' by the supermarket so that any supplies of unsold bread they manage to obtain may be released with 'strings attached'. [L3] For example, a food-bank obtaining free supplies from supermarket A may not be successful in obtaining supplies from supermarket B, because of the competitive context in which supermarkets have to survive. So the consequence of competition between supermarkets is also contributing to food waste. [L4]</i></p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Evaluates the impact on wasting food on food bank charities</p> <p><b>Level 3 (7 - 9 marks)</b> Analyses the impact on wasting food on food bank charities</p> <p><b>Level 2 (4 – 6 marks)</b> Shows an understanding of the impact on wasting food on food bank charities</p> <p><b>Level 1 (1 – 3 marks)</b> Shows knowledge of the impact on wasting food on food bank charities</p>

Question	Answer/Indicative Content	Marks	Guidance
8	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• reduces sales of the standard white loaf</li> <li>• reduces demand for wheat associated with producing the standard white loaf</li> <li>• changes the mix of wheat imports from USA, Germany and Scandinavia</li> <li>• may result in supply-side overcapacity in the production white loaves</li> </ul> <p><b>Exemplar response:</b></p> <p><i>Assuming that the overall market for bread (both white and brown) remains stable [1], the effect of increasing demand for brown bread on the white bread market will result in reduced sales of white bread. [1] In turn, this will reduce the demand for wheat associated with the producing white bread, [1] and increase the demand for wheat associated with producing brown bread. [1] Lower white bread sales could also lead to supply-side overcapacity in the production of white bread (e.g. lower plant capacity, unemployment). [1] Also because of the relative changes in demand for the different types of wheat, the relative mix of wheat imports from the USA, Germany and Scandinavia is also likely to change. [1]</i></p>	6	<p><b>One</b> mark each for correct explanatory statement up to a maximum of six such statements but allow for development.</p>

Question	Answer/Indicative Content	Marks	Guidance
9	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• maximum price regulation</li> <li>• list of possible impacts: <ul style="list-style-type: none"> <li>– could result in under-supply of regulated product/service</li> <li>– government may compensate producers to maintain supply-levels</li> <li>– could result in lower quality for the regulated product/service</li> <li>– product/service made more affordable</li> </ul> </li> </ul> <p><b>Exemplar response:</b>  <i>Maximum price regulation describes a situation in which a regulator (in this case assumed to be the government) places an upper limit on the price which can be charged for a private good or service. This action would usually be taken when the service is regarded as being critical to the health and/or well-being of the consumers. [L1] By creating an artificial ‘ceiling’ to the products price (in this case the standard white loaf of bread) the ‘regulator’ ensures that more consumers than would be the case at equilibrium buy the product/service. [L2] Evidence in the case study does suggest over-supply and excessive waste of white bread and the factors of production used to produce it. [L3] However, since the quantities of unsold bread by the supermarkets seem to be as significant as those wasted by the consumer it is not clear whether the supermarket chains are more or less blameworthy than the consumers. So were the government to impose a maximum price on the standard white loaf on this basis, supermarkets may well regard this particular course of action as unfair. [L4]</i></p>	8	<p><b>Levels of response</b></p> <p><b>Level 4 (7 - 8 marks)</b> Evaluates the impact on supermarkets of a maximum price</p> <p><b>Level 3 (5 - 6 marks)</b> Analyses the impact on supermarkets of a maximum price</p> <p><b>Level 2 (3 – 4 marks)</b> Shows an understanding of the impact on supermarkets of a maximum price</p> <p><b>Level 1 (1 – 2 marks)</b> Shows knowledge of the impact on supermarkets of a maximum price</p>

Question	Answer/Indicative Content	Marks	Guidance
10	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• specific needs in UK markets</li> <li>• security of supply</li> <li>• natural over-production</li> </ul> <p><b>Exemplar response:</b></p> <p><i>One likely reason why the UK both imports and exports wheat could be to safeguard citizens against potential issues arising from ‘security of supply’. [1] Building positive international supply relations with ‘friendly’ nations is a way of ensuring that unforeseen events, such as in-land crop failure, or international disturbances to global wheat markets do not adversely affect food supplies. [1] There are also, of course, many more UK products which depend on wheat for their production for which security of supply is also an issue. The logistics of wheat supply also require investment in infrastructure which could not be easily replicated. [1]</i></p>	3	<p><b>One</b> mark for each correct identification, plus up to a further <b>two</b> marks for an explanation</p>
11	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Exogenous shocks <ul style="list-style-type: none"> <li>– Meaning, source and impact</li> <li>– causal chain of events</li> <li>– effect on industry and markets</li> <li>– effect on prices</li> </ul> </li> </ul> <p><b>Exemplar response:</b></p> <p><i>An exogenous shock describes a surprise event occurring outside an industry or country which imposes a dramatic and immediate impact on the performance of markets and firms within that industry or country. An example of an exogenous shock on the market for white bread could be the impact of a global event such as crop failure in the USA or another part of the globe affecting the world price of wheat. [L1]. An exogenous shock such as crop failure in a prolific region of wheat production, e.g. in the USA, initiates (and magnifies) a causal chain of events from the source of the initial problem to the impact it finally has on the industry and its markets, and in turn the activities of the supermarket chain. [L2] A rise in wheat prices leads to supermarkets to have to spend more on the production costs of bread (e.g. some 600 grams of flour needed in a standard white loaf of which, 450 grams is wheat) of bread, which in turn become reflected in higher prices for the standard white loaf. [L3]</i></p>	12	<p><b>Levels of response</b></p> <p><b>Level 3 (9 - 12 marks)</b> Analyses likely impact of a fall in the wheat crops on UK supermarkets</p> <p><b>Level 2 (5 – 8 marks)</b> Shows an understanding of the likely impact of a fall in the wheat crops on UK supermarkets</p> <p><b>Level 1 (1 – 4 marks)</b> Shows knowledge of the likely impact of a fall in the wheat crops on UK supermarkets</p>