



**Monday 17 JUNE 2013 - 1.30 PM**

**Level 4 Certificate in Management Consulting**

**10331/05** Unit 5 Business environment, structure and governance

**MARK SCHEME**

**Duration: 1 hour**

**MAXIMUM MARK 50**

**This document consists of 8 pages**

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All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers.

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## MARK SCHEME

Question	Answer/Indicative content	Marks	Guidance
1	Indicative content: <ul style="list-style-type: none"> <li>• companies which manage/own financial assets/property on behalf of a third party</li> </ul>	1	For one mark.
2	Indicative content: <ul style="list-style-type: none"> <li>• separation between ownership and control</li> <li>• shareholders own, directors/managers control</li> <li>• divergent interests</li> <li>• principal-agent relationship</li> <li>• to operate company in the best interests of shareholders</li> <li>• transparency</li> <li>• accountability</li> </ul> Exemplar response:  Eg In an incorporated business the managers and the owners are different groups of people <b>(1)</b> . This means that procedures must be put in place in order to ensure that the managers run the business in a way which benefits the owners, rather than themselves <b>(1)</b> .	2	Up to two marks.
3	Indicative content: <ul style="list-style-type: none"> <li>• not directly linked to the organisation, but have an interest in its operations</li> <li>• outside of the organisation</li> <li>• may be able to influence the organisation</li> </ul> Exemplar response:  Eg A person or group from outside of the organisation <b>(1)</b> who, nevertheless, has an interest in how the organisation conducts its affairs <b>(1)</b> .	2	Up to two marks.  Do <b>not</b> award examples.

Question	Answer/Indicative content	Marks	Guidance
4	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• managers' unique role</li> <li>• proactive/reactive</li> <li>• listen to stakeholder viewpoints – public meetings</li> <li>• communicate with stakeholders – discuss, negotiate</li> <li>• monitor stakeholder opinions and actions</li> <li>• respond to stakeholder concerns</li> <li>• reconcile divergent stakeholder interests</li> <li>• resolve conflict</li> <li>• fulfil contractual relationships</li> <li>• be aware of power differentials</li> <li>• resource allocation should have broad benefit</li> <li>• decision taken should maximise stakeholder benefit</li> <li>• use public relations, media</li> <li>• implement conflict management schemes - incentive systems, public reports, third-party review</li> </ul> <p>Exemplar response:</p> <p>Eg The executives need to open channels of communication with the workplace and take seriously any concerns which the employees raise <b>(L1)</b>. If possible, the entire workforce should be called to a single meeting to inform them all about the proposed relocation. Informing all workers at the same time should stop worrying rumours and misinformation from being circulated. Informing employees one at a time may lead to the media getting hold of the news before all staff have been informed, thus increasing the likelihood of a negative reaction from employees and fostering resentment <b>(L1)</b>. Employees who feel that they have been fully informed and supported throughout the entire period of change management are more likely to respond positively to the change. Good change management, despite taking up significant amount of time, is likely to minimise the number of staff who chose to leave, maximising the retention of skills within the organisation <b>(L2)</b>. Furthermore, proactive action which is sensitive to the needs of the workforce should encourage employees to remain loyal to the business, increasing motivation and commitment to the business in the long term <b>(L2)</b>.</p>	8	<p><b>Levels of response</b></p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains how to deal with the conflict of interest between company executives and employees.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies ways of dealing with conflicts of interest.</p>

Question	Answer/Indicative content	Marks	Guidance
5	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• correct goods, correct time, correct place, correct price</li> <li>• all aspects of sales</li> <li>• produce promotional material</li> <li>• public relations, sponsorship, advertising</li> <li>• market research</li> <li>• meeting customer needs</li> <li>• promoting and protecting brand image.</li> </ul> <p>Exemplar response:</p> <p>Eg The marketing function of a business is responsible for promoting the business in a positive light <b>(1)</b>, thus securing sales and profit <b>(1)</b>. It must ensure that all of the promotional material produced reinforces the organisation's corporate image <b>(1)</b>.</p>	3	One mark for each correct point of description up to a maximum of three such points, but allow development.
6	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• business must be registered</li> <li>• data obtained and processed lawfully</li> <li>• data kept only for the purposes registered</li> <li>• data adequate, relevant and not excessive</li> <li>• data accurate and kept up to date</li> <li>• data kept no longer than necessary</li> <li>• data to be corrected, if requested, in writing</li> <li>• staff must be fully trained</li> <li>• obligation to protect security</li> <li>• cannot disclose data to others without permission</li> <li>• restrictions on sale - EU</li> <li>• duty to disclose to data subject on request</li> <li>• organisational procedures – time/cost/staff/skills/ training</li> </ul> <p>Exemplar response:</p> <p>Eg The marketing department cannot sell customer details unless it has the customer's permission <b>(1)</b>. This mean devising forms which allow individual customers to give their explicit permission <b>(1)</b>.</p>	6	One mark for a correct identification up to a maximum of three identifications, plus a further one mark for each of three developments.

Question	Answer/Indicative content	Marks	Guidance
7	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• number and size of competitors/ monopoly, oligopoly, perfect competition</li> <li>• degree of differentiation</li> <li>• barriers to entry</li> <li>• power of consumer</li> <li>• power of supplier</li> <li>• arrival of new competition</li> <li>• reputation</li> </ul> <p>Exemplar response:</p> <p>Eg If a business is able to differentiate itself from the competition it should be able to charge higher prices than it otherwise would be able to do <b>(1)</b>.</p>	2	<p>One mark for each correct identification up to a maximum of two identifications.</p>
8	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• lifestyle patterns</li> <li>• buyer behaviour</li> <li>• employee work patterns</li> <li>• cultural and ethical beliefs</li> <li>• ageing market</li> </ul> <p>Exemplar response:</p> <p>Eg As the proportion of elderly people in society increases, the demand for various products changes <b>(L1)</b>. This may mean that, to secure higher revenues, a business may need to alter its product or image to suit the more 'mature' market <b>(L2)</b>. In order to be able to make appropriate changes, whether to the product range or image, the business must constantly monitor demographic changes. Monitoring costs money but is essential if the business is going to adapt to the changes in population in the market in which it operates <b>(L2)</b>. Managing these changes successfully should allow the business to maintain, or even increase, its revenues and profits. Ignoring the fact that an increasing proportion of the population are over 60 is likely to lead a business to lose some of its customers to its competitors <b>(L2)</b>.</p>	10	<p><b>Levels of response</b></p> <p><b>Level 2 (6 – 10 marks)</b> Candidate explains how an ageing population may affect a business.</p> <p><b>Level 1 (1 – 5 marks)</b> Candidate identifies how an ageing population may affect a business.</p>

Question	Answer/Indicative content	Marks	Guidance
9	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• an expression of an organisation's collective values, beliefs and behaviours</li> <li>• 'the way it's done round here'</li> <li>• affects the way in which people interact with one another</li> <li>• holistic norms, artefacts and behaviours</li> <li>• essence of business</li> <li>• business philosophy</li> </ul> <p>Exemplar response:</p> <p>Eg An expression of the values and beliefs of an organisation <b>(1)</b> which affects the philosophy by which it operates <b>(1)</b>.</p>	2	Up to two marks.
10	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• three layers</li> <li>• artefacts</li> <li>• espoused values</li> <li>• underlying assumptions</li> <li>• shared/holistic</li> <li>• external adaptation</li> <li>• internal integration</li> <li>• large extent unconscious</li> <li>• learned result of experience</li> <li>• paradoxical behaviour can be expected</li> <li>• difficult to change organisation culture</li> <li>• explains why difficult to achieve organisational change.</li> </ul> <p>Exemplar response:</p> <p>Eg Schein's theory suggests that organisation culture is to a large extent unconscious <b>(1)</b>, a learned behaviour which is the result of past experiences <b>(1)</b>. Because of this it is difficult to change organisation culture <b>(1)</b> and paradoxical behaviour can be expected <b>(1)</b>.</p>	4	One mark for each correct explanatory point up to a maximum of four such points, but allow development.

Question	Answer/Indicative content	Marks	Guidance
11	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• centralised - majority of decisions taken by senior manager and passed down the organisational hierarchy</li> <li>• decentralised - organisations delegate authority down the chain of command</li> </ul> <p>Exemplar response:</p> <p>Eg Decisions in a centralised organisation tend to be made by senior managers <b>(1)</b>, whereas in decentralised organisation authority to make decisions is delegated to individuals further down the scalar chain <b>(1)</b>.</p>	2	One mark for centralised. One mark for decentralised.
12	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• sponsorship</li> <li>• social benefit</li> </ul> <p>Exemplar response:</p> <p>Eg A business could sponsor sporting activities for local children <b>(L1)</b>. By engaging young people in activities which develop their confidence the business is using some of its resources to benefit the society in which it operates <b>(L2)</b>.#Sponsoring such sporting activities is likely to enhance the reputation of the business, making it more likely that the business would receive better word of mouth publicity from local residents <b>(L2)</b>. Such sponsorship is also likely to lead to greater commitment from workers who value what the business is doing in the area in which they live and work. Enhanced workforce commitment is likely to minimise absenteeism and labour turnover and maximise productivity, benefitting the business in the long run <b>(L2)</b>.</p>	8	<p><b>Levels of response</b></p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains how sponsorship can be used to meet corporate social responsibilities.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies ways of using sponsorship to meet corporate social responsibilities.</p>