

# OCR

Oxford Cambridge and RSA

**Wednesday 17 June 2015 9.30 am**

**Level 4 Certificate in Management Consulting**  
**10331/04** Unit 4 Business Environment

**MARK SCHEME**

**Duration:** 2 hour 30 minutes

**MAXIMUM MARK 90**

**DRAFT**

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**This document consists of 10 pages**

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
1		Contestable	1	For one mark
2		<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• profitability</li> <li>• degree of exposure to the business environment</li> <li>• quality of services</li> <li>• customer need</li> <li>• extent of growth</li> <li>• objectives</li> </ul>	2	<b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications.
3		<p>Indicative content:</p> <p>Stakeholders include:</p> <ul style="list-style-type: none"> <li>• owner</li> <li>• diners</li> <li>• the Board of <i>EGL</i></li> <li>• employees</li> <li>• central government</li> <li>• local government</li> <li>• public health department</li> <li>• general public</li> <li>• competitors</li> <li>• suppliers</li> <li>• Michelin</li> <li>• Lord Mayor of London's Food Save Scheme</li> </ul> <p>Exemplar response: The owner and CEO, Ben, is a stakeholder <b>[1]</b>. One objective of this stakeholder is to ensure that the restaurant delivers 'seamless diner services' to the highest quality and hygiene standards <b>[1]</b>.</p>	6	<b>One</b> mark for each correct identification up to a maximum of <b>three</b> identifications, plus a further <b>one</b> mark for stating a relevant stakeholder objective.

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4	<p>Indicative content:</p> <p>EGL's responsibilities toward Michelin might be to:</p> <ul style="list-style-type: none"> <li>• prepare distinctive, carefully crafted dishes;</li> <li>• recruit high calibre, motivated staff;</li> <li>• invest in staff training to Michelin standards;</li> <li>• ensure consistent food preparation and service standards at each restaurant outlet;</li> <li>• use the best ingredients to prepare food;</li> <li>• maintain the highest standards of food hygiene;</li> <li>• deliver good value for money;</li> <li>• remain customer focused.</li> </ul> <p>Exemplar response: Among EGL's responsibilities toward Michelin are to ensure the preparation and crafting of distinctive dishes <b>[1]</b> which deliver good value for money <b>[1]</b>. This will require EGL to invest in high calibre, motivated and well trained staff <b>[1]</b> capable of performing at the levels needed to focus on diner needs and maintain consistently high standards of cuisine and hygiene <b>[1]</b>.</p>	4	<p><b>One</b> mark for each correct point of explanation up to a maximum for <b>four</b> such explanatory points, but allow development marks.</p>
5	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• concerns at board level</li> <li>• loss of revenue at the particular outlet</li> <li>• complaints from diners</li> <li>• loss of reputation</li> <li>• effects on menu choices</li> <li>• damaged trust between <i>EGL</i> and suppliers</li> <li>• alternative supplier</li> <li>• opportunity to develop other dishes.</li> </ul>	6	<p><b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications, plus up to a further <b>two</b> marks for each of two explanations.</p>

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	<p>Exemplar response: A loss of supply of a principal ingredient resulting in withdrawal of the signature dish, could potentially damage EGL's reputation for 'seamless diner services' [1]. This may be because of a direct association in the minds of the diner between the signature dish and EGL's philosophy of 'seamless diner services' [1].</p>		
6	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• competition among restaurant outlets;</li> <li>• standard setting as a signal for quality and hygiene;</li> <li>• random audits as a semblance of uncertainty;</li> <li>• reduced exposure to operational risk;</li> <li>• increased organisational learning;</li> <li>• process standardisation</li> <li>• economies of scale and economies of scope;</li> <li>• increased organisational tensions</li> <li>• reinforcement of silo mentality among outlets</li> <li>• heightened fear and resentment arising from internal rivalries</li> </ul> <p>Exemplar response: Internal audits are a proxy means of introducing competition among internal business units such as <i>EGL's</i> four restaurant outlets [L2]. The element of randomness in conducting these audits provides a way of simulating the 'market risks' one might expect from businesses competing within an eternal market [L3]. In undertaking internal audits, <i>EGL</i> is likely to experience both positive and negative impacts [L2]. For example, a positive impact may be the increased organisational learning that might come from shared good practices [L1]. Conversely, a negative impact might be the potential resentment arising from the perceived waste of</p>	16	<p><b>Levels of response:</b></p> <p><b>Level 4 (13 – 16 marks):</b> Candidate evaluates the likely impacts on <i>EGL's</i> activities of undertaking the random internal quality control and hygiene audits.</p> <p><b>Level 3 (9 – 12 marks):</b> Candidate analyses the likely impacts on <i>EGL's</i> activities of undertaking the random internal quality control and hygiene audits.</p> <p><b>Level 2 (5 – 8 marks):</b> Candidate explains the likely impacts on <i>EGL's</i> activities of undertaking the random internal quality control and hygiene audits.</p> <p><b>Level 1 (1 – 4 marks):</b> Candidate describes the likely impacts on <i>EGL's</i> activities of undertaking the random internal quality control and hygiene audits.</p> <p><b>NB:</b> allow <b>one</b> mark only for the simple identification of <b>one</b> (or more) impact(s).</p>

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	<p>scarce organisational resources expended on the internal auditing process [L1]. There is also likely to be inter-outlet disagreements about the fairness of the standard setting process and the appropriateness of the metrics used to assess standards [L3]. The constant monitoring of food hygiene is critical to <i>EGL</i>'s mission and values [L3]. The lessons learned from a norovirus outbreak in Heston Blumenthal's flagship restaurant a few years ago show just how a single event of this kind is sufficient to potentially irreversibly damage the fortunes of a restaurant [L4].</p>		
7	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• aggregate food supply is influenced</li> <li>• firms may be incentivised</li> <li>• firms may not be incentivised</li> <li>• firms may innovate and develop alternatives</li> <li>• threshold may be set too high or too low</li> </ul> <p>• food wastage may increase or decrease or remain unaffected</p> <p>Exemplar response: By imposing this type of fiscal restraint on firms which waste food [L1] the government is attempting to influence the aggregate supply of food in the economy [L2]. Taxing firms in this way may incentivise them to develop alternative techniques for processing and cooking food, which as the market readjusts over time, could feed through in reduced food waste [L3]. However, the effectiveness of this fiscal instrument will depend largely on the level at which the threshold weight is set by the government [L2]. If set too high [L3], this may, on the one hand, act as a disincentive for firms to innovate [L4]. On the other hand, if set too low [L3],</p>	20	<p><b>Levels of response:</b></p> <p><b>Level 4 (16 – 20 marks):</b> Candidate evaluates the likely consequences of this fiscal policy on <i>EGL</i>'s activities.</p> <p><b>Level 3 (11 – 15 marks):</b> Candidate analyses the likely consequences of this fiscal policy on <i>EGL</i>'s activities.</p> <p><b>Level 2 (6 – 10 marks):</b> Candidate explains the likely consequences of this fiscal policy on <i>EGL</i>'s activities.</p> <p><b>Level 1 (1 – 5 marks):</b> Candidate identifies the likely consequences of this fiscal policy on <i>EGL</i>'s activities.</p> <p><b>NB:</b> allow <b>one</b> mark only for the simple identification of one (or more) impact(s).</p>

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	firms may elect merely to pay the tax and do nothing to reduce food waste [L4]. The willingness of <i>EGL</i> 's discerning diners to pay for good food at premium prices suggests that such a tax may not provide a strong enough incentive to prevent waste at <i>EGL</i> [L4].		
8	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• increased compliance costs/administrative burden</li> <li>• increased customer safe-guarding</li> <li>• increased staffing</li> <li>• reduced customer choice</li> <li>• reduced efficiency</li> <li>• reduced risk exposure</li> <li>• increased business uncertainty</li> <li>• reduced potential to innovate and invest</li> <li>• reduced revenue and profit</li> <li>• switching to substitute products/services</li> <li>• reduced competition</li> </ul> <p>Exemplar response:  <i>EGL</i> is likely to experience positive and negative impacts of regulation of the restaurant industry by the UK Food Standards Agency (UKFSA) [L1]. Suppose that to stem the spread of a certain strain of virus in chickens the UKFSA decides to ban temporarily the sale and preparation of all poultry meat [L2], while <i>EGL</i>'s existing culture of and experience in internal auditing will enable a more rapid response than some of its competitors to this situation, it will incur additional costs as it attempts to establish the new practices and procedures needed to be able to demonstrate compliance [L3]. As these new practices and procedures become embedded, <i>EGL</i>'s diners, as well as the business itself, will be safeguarded from the risks associated with the consumption and preparation of</p>	12	<p><b>Levels of response:</b></p> <p><b>Level 4 (10 – 12 marks):</b> Candidate evaluates the impacts on <i>EGL</i> of regulation in the restaurant industry.</p> <p><b>Level 3 (7 – 9 marks):</b> Candidate analyses the impacts on <i>EGL</i> of regulation in the restaurant industry.</p> <p><b>Level 2 (4 – 6 marks):</b> Candidate explains the impacts on <i>EGL</i> of regulation in the restaurant industry.</p> <p><b>Level 1 (1 – 3 marks):</b> Candidate identifies the impacts on <i>EGL</i> of regulation in the restaurant industry.</p> <p><b>NB:</b> allow up to <b>two</b> marks only for the simple identification of <b>one</b> (or more) impact(s).</p>

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	<p>poultry meat [L3]. However, the positive impact of safeguarding is likely to result in the negative impact of reduced diner choice and, in turn, this may change diner habits which could result in some diners switching to alternative substitute meals [L4]. The case study was not specific about the nature of <i>EGL</i>'s signature dish, but if this were comprised of poultry meat, then the consequent change in diner eating habits could in turn reduce <i>EGL</i>'s revenue and profit [L4].</p>		
9	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• restraints on working time</li> <li>• inconsistencies in food preparation and waiter services</li> <li>• increased frequency of 'handovers'</li> <li>• risks of staff disengagement</li> <li>• may result in motivating some staff</li> <li>• promotes more favourable work/life balance</li> <li>• facilitates individual choice</li> <li>• fragmented staff rotas</li> <li>• toxic combination of rota fragmentation and random audits</li> <li>• lowered staff morale</li> <li>• increased absenteeism</li> <li>• reduced quality, timeliness and depth of staff training</li> <li>• potentially improvements in health and safety</li> <li>• emerging case histories on the Working Time Directive – e.g. requirements to pay staff who are on call, paid annual leave, etc</li> </ul> <p>Exemplar response: The impacts of the European Working Time Directive will be felt most acutely in <i>EGL</i>'s kitchens and front-of-house operations [L1]. More particularly, however, this restraint</p>	8	<p><b>Levels of response:</b></p> <p><b>Level 4 (7 – 8 marks):</b> Candidate evaluates the Impacts of the European Work Directive on the activities of <i>EGL</i>.</p> <p><b>Level 3 (5 – 6 marks):</b> Candidate analyses the impacts of the European Work Directive on the activities of <i>EGL</i>.</p> <p><b>Level 2 (3 – 4 marks):</b> Candidate explains the impacts of the European Work Directive on the activities of <i>EGL</i>.</p> <p><b>Level 1 (1 – 2 marks):</b> Candidate identifies the impacts of the European Work Directive on the activities of <i>EGL</i>.</p> <p><b>NB:</b> allow up to <b>two</b> marks only for the simple identification of <b>one</b> (or more) impact(s).</p>



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	<p>on working time [L1] is likely to impact significantly the levels of consistency of food preparation and front-of-house service provision [L2]. For example, in front-of-house the reliance on a diner-to-waiter ratio of 10:1 [L1] is likely to increase the frequency of hand-overs as one waiter ends and another begins his/her shift [L3]. In turn, this may risk disengagement of waiters and kitchen staff from the underlying philosophy of 'seamless diner services' at <i>EGL</i> [L4]. Moreover, the potentially toxic combination of disengaged staff on the one hand, and invasive random internal audits on the other, may serve to heighten tensions still further at <i>EGL</i> [L4]. Frequent hand-overs are also likely to result in the fragmentation of duty rotas [L2], which may adversely impact staff morale and lead to increased absenteeism [L3]. Frequent hand-overs and the consequent fragmentation of duty rotas [L2] could also undermine the quality, timeliness and depth of staff training [L3], leading to diner dis-satisfaction and lost revenues [L4].</p>		
10	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• temporary disruption to front-of-house and kitchen services</li> <li>• disruption of ingredient supplies</li> <li>• temporary, reduced ability for quality and process control</li> <li>• threat to <i>EGL</i>'s underlying philosophy of 'seamless diner services'</li> <li>• spread of virus</li> <li>• additional temporary staff may be needed</li> <li>• potential loss of revenues</li> </ul> <p>Exemplar response: EG will be concerned about the potential damage a computer virus could wreak on its front-of-house and kitchen services [L1]. But it will be especially concerned</p>	9	<p><b>Levels of response:</b></p> <p><b>Level 3 (7 – 9 marks):</b> Candidate analyses the impacts of this incidence on <i>EGL</i>'s activities.</p> <p><b>Level 2 (4 – 6 marks):</b> Candidate explains the impacts of this incidence on <i>EGL</i>'s activities.</p> <p><b>Level 1 (1 – 3 marks):</b> Candidate identifies the impacts of this incidence on <i>EGL</i>'s activities.</p> <p>NB: allow <b>one</b> mark only for the simple identification of one</p>

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	<p>that its philosophy of 'seamless diner services' is not undermined by this incident [L3]. The most immediate impact will be to stem the spread of the virus by ensuring it is neutralised [L2] and to do this <i>EGL</i> will need to seek technical advice on of the point-of-sales system [L3]. At the same time, it would be prudent to inform diners of the incident [L1] and to beg their forbearance until this problem is resolved [L2]. Diner bills and orders for meals, as well as supplier queries will need to be dealt with manually which may require additional temporary staffing [L2]. When technological systems that support business processes fail in this way, short term loss of revenue is inevitable [L3]. However, effective communication with diners and other affected stakeholders [L2] coupled with rapid resolution of the problem, can minimise the potential loss of revenue [L3].</p>		(or more) impact(s).
11	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• staff buy-in to the growth plan</li> <li>• balancing the expansion with the day-to-day operations</li> <li>• likely risks of expansion</li> <li>• differing diner tastes and habits</li> <li>• differing management styles</li> <li>• needs for additional skills, capabilities and competences</li> <li>• communicating the expansion</li> </ul> <p>Exemplar response: One issue of which Ben should be aware when expanding <i>EGL</i>'s operations into Western Europe is the likely risks associated with the expansion. One likely risk could be the extent of support offered by local governments to foreign entrants to local markets [1].</p>	6	<p><b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications plus up to a further <b>two</b> marks for each of <b>two</b> analysis of the identified issues.</p>

Question	Answer/Indicative Content	Marks	Guidance
	Before deciding whether or not to expand, <i>EGL</i> should ensure it understands and factors these risks into an overall risk assessment [1] so as to support the decision whether or not to expand [1].		