

OCR

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Level 4 Certificate in Management Consulting 10331

Unit 4 Business Environment

MARK SCHEME

Duration: 2 hour 30 minutes

MAXIMUM MARK 90

DRAFT

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(FOR OFFICE USE ONLY)

This document consists of 11 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:

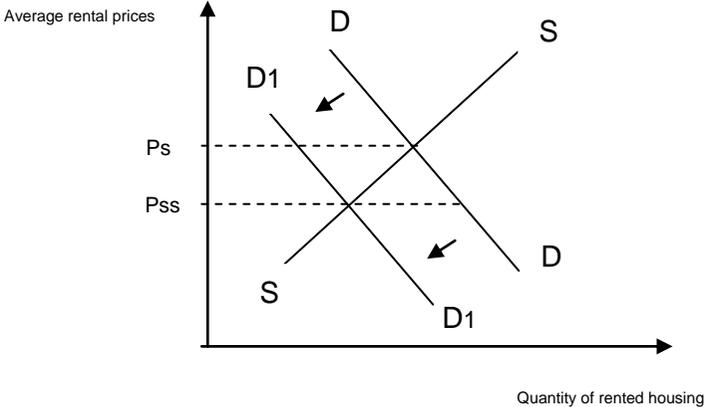
Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above 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	<p>Indicative content:</p> <ul style="list-style-type: none"> • Provision of product and service • For profit <p>Exemplar response: Provides renovation services (1)</p>	2	One mark for each identification, up to a maximum of two identifications.
2	<p>Indicative content:</p> <ul style="list-style-type: none"> • team dynamics • wage packet • skill set • work/life balance • employment contract • career prospects <p>Exemplar response: One effect on Tulip's tradespeople of being asked to work in the South East of England is their work/life balance (1). Many may have sound familial and/or social reasons for not wanting to disturb this balance (1).</p>	6	One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations.
3	<p>Indicative content:</p> <ul style="list-style-type: none"> • access to professional networks • potential business opportunities • prestige of continued membership • personal/professional development • keeping abreast of professional practice and new regulations <p>Exemplar response: Adrian's membership of the Royal Institute of Chartered Surveyors helps Tulip Ltd to fulfil its responsibilities to its different stakeholder groups. To customers, his membership, gives them reassurance of his qualifications (1) and his ability to do the job with a high level of expertise</p>	6	One mark for each point of explanation up to a maximum of six such points, but allow development marks.

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	<p>and skill (1). This fulfils their expectations that Tulip Ltd will provide a professional standard of service (1), and in the unlikely event that it did not the customer would have recourse to the professional body (1). Other tradespersons at Tulip Ltd may be inspired to work towards professional membership themselves (1) as they witness the high quality of workmanship produced by Adrian as he leads by example (1).</p>		
4	<p>Indicative content:</p> <ul style="list-style-type: none"> • Shortages and surpluses <p>Exemplar response: Without government funding to support apprenticeships, there is likely to be under-provision of trades skills in the labour market (1) because of what economists describe as the free rider problem (1). As a result of this problem, firms such as Tulip Ltd would be reluctant to invest in training and development (1) since to do so would risk them losing their apprentices to competitor firms (1). This general reluctance of firms to invest in training and development is overcome by the government providing funding to firm's that train apprentices (1). This re-balances the under-provision of trade skills by moving the cost from the firm to the government (1).</p>	6	<p>One mark for each point of explanation up to a maximum of six such points, but allow development marks.</p>
5	<p>Indicative content:</p> <ul style="list-style-type: none"> • motivation and morale • productivity • higher disposable income for customers • increased demand for renovations • ability to respond to changes in demand • skills deficiencies • skills profiles • revenue 	8	<p>Levels of response:</p> <p>Level 4 (7 – 8 marks): Candidate assesses the impact on Tulip Ltd of raising the government income tax personal allowance.</p> <p>Level 3 (5 – 6 marks): Candidate analyses the impact on Tulip Ltd of raising the government income tax personal allowance.</p>

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	<ul style="list-style-type: none"> • cash flow • profits • sourcing additional contractors • sourcing additional raw materials <p>Exemplar response: An increase in income tax personal allowances will increase the weekly take-home pay for Tulip Ltd's tradespeople [L1]. As a result, this may improve the short-term motivation and morale of Tulip Ltd's tradespeople [L2] and, in turn, feed through to short-term gains in productivity [L3]. Since an intervention such as raising income tax personal allowances may, according to Herzberg, be regarded as a hygiene factor and not a motivator, the motivation and morale of Tulip Ltd's tradespeople may be short-lived [L4]. Therefore, a negative impact of this intervention could be a loss of productivity at Tulip Ltd [L4].</p>		<p>Level 2 (3 – 4 marks): Candidate explains the impact on Tulip Ltd of raising the government income tax personal allowance.</p> <p>Level 1 (1 – 2 marks): Candidate describes the impact on Tulip Ltd of raising the government income tax personal allowance.</p> <p>NB: allow one mark only for the simple identification of one (or more) impact(s). Also, impact(s) can be positive or negative.</p>
6	<p>Indicative content:</p> <ul style="list-style-type: none"> • competitive edge • commissioned work • timescales • profit margins • investment in technical skills • installation and equipment costs • administrative costs • technical and legal risks • on going repair and maintenance • contractual agreements • training <p>Exemplar response: If there is undue delay in installing this new technological requirement [L1] Tulip Ltd could lose ground to its competitors [L2]. In turn, this could lead to a loss of</p>	16	<p>Levels of response:</p> <p>Level 4 (13 – 16 marks): Candidate evaluates the likely impact on Tulip Ltd of the government imposed requirement.</p> <p>Level 3 (9 – 12 marks): Candidate analyses the likely impact on Tulip Ltd of the government imposed requirement.</p> <p>Level 2 (5 – 8 marks): Candidate explains the likely impact on Tulip Ltd of the government imposed requirement.</p> <p>Level 1 (1 – 4 marks): Candidate describes the likely impact on Tulip Ltd of the government imposed requirement.</p>

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	<p>commissioned work and lower margins [L3]. Even though the rationale for the technical change is government-imposed, the embedding of any new technology in the workplace often arouses fear and resentment towards the changes which will no doubt need to be made to ensure success [L4]. So both Martin and Adrian will need to ensure that a plan for implementing the new technology is carefully drawn up and achieves the buy-in of all tradespeople [L4]. This plan should also be backed with a fully funded training and development budget to support any up-skilling requirements and the on-site installation and commissioning of the new technical system [L4].</p>		<p>NB: allow up to two marks for the simple identification of one (or more) impact (s). Also impact (s) can be positive or negative.</p>
7	<p>Indicative content:</p> <ul style="list-style-type: none"> • changes in supply and demand • limits to available land • higher rental prices • unsatisfied demand for rented accommodation • landlords maximise profits • tenants minimise profits • decreased demand for renovations work <p>Exemplar response: As the population of an area increases, limits to the amount of land available to build new rented accommodation are reached (1), resulting in higher rental prices and unsatisfied demand for rented accommodation (1). To maximise profits from rental income, landlords will tend to minimise the expenditure on and frequency of renovations work (1). As tenants attempt to minimise their rental expenditure by occupying substandard accommodation, the net effect may be a decrease in the demand for renovations work (1).</p>	4	<p>One mark for each correct point of explanation up to a maximum of four such points, but allow development marks.</p>

Question	Answer/Indicative Content	Marks	Guidance
	<p>Or illustrative</p> 		<p>1 mark – correctly labelled price/quantity axes</p> <p>1 mark – correctly labelled DD line</p> <p>1 mark – correctly labelled SS line</p> <p>1 mark – correctly labelled shifted D1D1 line</p>
<p>8</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> • interaction of market forces – supply/demand • equilibrium despite imperfect information <p>Exemplar response: Price is determined through the interaction of supply and demand (1). Despite imperfect knowledge, an equilibrium price will be achieved where quantity demanded equals quantity supplied (1).</p>	<p>2</p>	<p>Up to two marks.</p>

Question	Answer/Indicative Content	Marks	Guidance
9	<p>Indicative content:</p> <ul style="list-style-type: none"> • government policy • interest rate • inflation rate • foreign direct investment • supply of domestic housing • demand for domestic housing • prices • rental sector • construction industry • unemployment levels • working time directive • energy prices <p>Exemplar response: Tulip Ltd's decision not to tender for the renovation work in London may be influenced by a number of important factors stemming from its external business environment [L1]. Government macro-economic policy is likely to be a key factor in Tulip Ltd's decision not to enter into this new venture [L2]. The continuity of macro-economic policies across successive Governments will certainly be a concern [L3], as will be the extent to which this unprecedented period of stable, low interest and inflation rates is likely to remain unchanged for the foreseeable future [L4]. The stability of factors in the external business environment is important, not only because this engenders general business confidence, but because it also contributes to sounder business decisions [L4]. Foreign direct investment into the UK domestic housing market [L2], and the extent to which this factor is sustainable, creates further uncertainty [L3]. This could be another contributory factor to Tulip Ltd's decision not to tender for this new business [L4].</p>	20	<p>Levels of response:</p> <p>Level 4 (16 – 20 marks): Candidate evaluates the factors influencing Tulip Ltd's decision not to tender.</p> <p>Level 3 (11 - 15 marks): Candidate analyses the factors influencing Tulip Ltd's decision not to tender.</p> <p>Level 2 (6 – 10 marks): Candidate explains the factors influencing Tulip Ltd's decision not to tender.</p> <p>Level 1 (1 – 5 marks): Candidate describes the factors influencing Tulip Ltd's decision not to tender.</p> <p>NB: allow up to two marks only for the simple identification of one (or more) factor(s).</p>

Question	Answer/Indicative Content	Marks	Guidance
10	<p>Indicative content:</p> <ul style="list-style-type: none"> • integration of economies/markets around the world • global network of trade/communication/transportation • increased interconnectivity of industries/cultures • increased international trade • more multinational organisations. <p>Exemplar response: Globalisation is the process by which the world is becoming increasingly interconnected (1) especially in terms of global trade networks and protocols (1).</p>	2	Up to two marks.
11	<p>Indicative content:</p> <ul style="list-style-type: none"> • cost • record of reliability • ease of installation • system attributes/features • comparative advantage • well-developed supply chain • unavailability • systems integration <p>Exemplar response: One reason why Tulip Ltd has decided to source the domestic smart fire detection system from a Korean supplier could be due to inadequate local supplies (1). A longer order fulfilment timescale could result in a loss of first-mover advantage for Tulip Ltd, leading to a loss of income (1).</p>	6	One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations.

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12	<p>Indicative content:</p> <ul style="list-style-type: none"> • competition for Tulip Ltd jobs across EU • resentment by Tulip Ltd tradespeople • staff morale and cohesion • loyalty • community reaction • customer reaction • loss of tradespeople • reputation • language and cultural fit • learning curve • legal and recruitment costs red tape • wage bill • diversity of skills and new ideas <p>Exemplar response: If Tulip Ltd decides to take up the new business opportunity in the London area, the Single Market for trade skills is likely to impact on its activities in a number of ways [L1]. While the principle of the free movement of labour across the EU has long been enshrined in EU law [L2], it is the possibility of expanding renovations work into London which makes this issue a prominent one [L3]. Tulip Ltd's existing complement of tradespeople may not be sufficient to satisfy the increased labour skills which the new renovations work demands [L4]. In the first instance, Tulip Ltd may decide to recruit from within the UK, but the difficulty of recruiting UK tradespeople, particularly in the London area where the required skills may be at a premium, could well force Tulip Ltd to recruit tradespeople from the wider EU [L3]. In these circumstances, the recruitment of tradespeople from poorer countries in the EU and the lure of a lower wage bill may prove hard for Tulip Ltd to resist [L4]. The case study alludes to a cohesive</p>	12	<p>Levels of response:</p> <p>Level 4 (10 – 12 marks): Candidate evaluates the impact of the Single Market for trades skills on Tulip Ltd's supply of skilled labour.</p> <p>Level 3 (7 – 9 marks): Candidate analyses the impact of the Single Market for trades skills on Tulip Ltd's supply of skilled labour.</p> <p>Level 2 (4 – 6 marks): Candidate explains the impact of the Single Market for trades skills on Tulip Ltd's supply of skilled labour.</p> <p>Level 1 (1 – 3 marks): Candidate identifies the impact of the Single Market for trades skills on Tulip Ltd's supply of skilled labour.</p> <p>NB: allow up to three marks only for the simple identification of one (or more) impact(s).</p>

Question	Answer/Indicative Content	Marks	Guidance
	team at Tulip Ltd [L1] . So the recruitment of tradespeople from the wider EU may well arouse concerns which, if poorly managed, could undermine morale and lead to resentment among the existing tradespeople at Tulip Ltd [L3] . Likewise, even though potential recruits from the EU could be targeted for the London-based renovation work, there could still be underlying concerns about EU workers taking British jobs [L4] .		