



January 2017

Level 4 Certificate in Management Consulting 10331

Unit 4 Business Environment

MARK SCHEME

Duration: 2 hour 30 minutes

MAXIMUM MARK 90

Post Amec

Version: 2.0 Last updated: **15/03/2016**

(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:

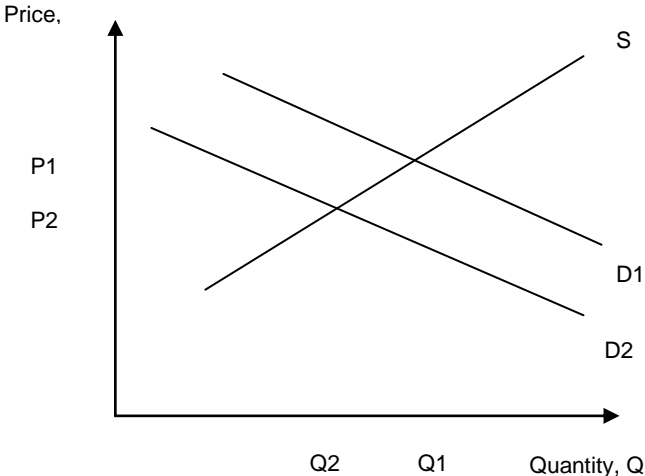
Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above 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"> • not for profit • social benefit/to support children with communication disorders • raise awareness. 	2	<p>One mark for each correct identification up to a maximum of two identifications.</p>
2	<p>Indicative content:</p> <ul style="list-style-type: none"> • on donations/gift aid • on profits from trading • on rental or investments e.g. bank interest • on profits when disposing assets when buying properties • capital allowances on asset purchase • lower business rates • VAT. 	2	<p>One mark for each correct identification up to a maximum of two identifications.</p>
3	<p>Indicative content:</p> <ul style="list-style-type: none"> • customers – provides goods at reasonable prices • government – pays tax/register as a charity • creditors – debts are cleared on time • employees – ensure that the shops operate in a clean/safe environment • local community – minimise disruption. <p>Exemplar response:</p> <p>Customers [1] of the charity shops are provided with goods which are of reasonable quality and prices [1].</p>	2	<p>Up to two marks for a correct description.</p>

Question	Answer/Indicative Content	Marks	Guidance
4	<p>Indicative content:</p> <p>The Working Time Regulations govern the hours most workers can work and set:</p> <ul style="list-style-type: none"> • limits on an average working week • statutory entitlement to paid leave for most workers • limits on the normal hours of night work and regular health assessments • special regulations for young workers. <p>Exemplar response:</p> <p>When employing charity shop managers Whispers must consider the daily rest period [L1] which require a 20 minute break [L2] to be given if the working day is longer than 6 hours. This means that Whispers must ensure that there are sufficient workers in the charity shops for managers to have a rest break every day [L3].</p> <p>Employees are entitled to paid annual leaves of 5.6 weeks a year [L1]. Whispers needs to manage its human resources so that its charity shops somebody is in charge when the managers are away [L2]. This could potentially increase running costs [L3].</p> <p>Overall, the directors must plan human resources carefully to ensure that the charity shops are run smoothly. They must make sure charity shop managers do not work over the time allowed [L4] and annual leaves are scheduled to minimise potential disruptions caused [L4].</p>	8	<p>Levels of response</p> <p>Level 4: (7 – 8 marks) Candidate evaluates the impact of legislation/regulations on employment of charity shop managers.</p> <p>Level 3: (5 – 6 marks) Candidate analyses the impact of legislation/regulations on employment of charity shop managers.</p> <p>Level 2: (3 – 4 marks) Candidate explains the impact of legislation/regulations on employment of charity shop managers.</p> <p>Level 1: (1 – 2 marks) Candidate identifies the impact of legislation/regulations on employment charity shop managers.</p>
5	<p>Indicative content:</p> <ul style="list-style-type: none"> • low barriers to entry/exit • low sunk costs • low customer loyalty 	2	<p>One mark for each point of explanation to a maximum of two such points, but allow development.</p>

Question	Answer/Indicative Content	Marks	Guidance
	<ul style="list-style-type: none"> • access to technology. <p>Exemplar response:</p> <p>In a contestable market there are low barriers to entry [1], this means that it is relatively easy for new businesses to enter the market which means a competitive pricing strategy is recommended [1].</p>		
6	<p>Indicative content:</p> <ul style="list-style-type: none"> • avoid damage to environment • avoid noise pollution • avoid traffic congestion • avoid disruption to the local community • recycling waste. <p>Exemplar response:</p> <p>Reduce noise pollution [1] by turning down the volume of the music [1].</p>	4	<p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two developments.</p>
7	<p>Indicative content:</p> <ul style="list-style-type: none"> • aims of objectives of founders • skills and expertise of founders • attitude of trustees • charitable status • aims and objectives of Whispers • financial constraints • organisational structure of Whispers • leadership style • mission. 	16	<p>Levels of response</p> <p>Level 4: (13 – 16 marks) Candidate evaluates factors in the internal business environment that may have shaped the way in which Whispers operates.</p> <p>Level 3: (9 – 12 marks) Candidate analyses factors in the internal business environment that may have</p>

Question	Answer/Indicative Content	Marks	Guidance
	<p>Exemplar response:</p> <p>Whispers is a charity and as such is expected to be ethical in its practices [L1]. Bad publicity will reduce the amount of donations for its shops [L2] which might lead to a decrease in revenue [L3].</p> <p>The founders' main aim is to provide help and support to parents, carers and children with communication disorders [L1]. The annual conferences provide opportunities for parents and carers to find out the help and support available [L2].</p> <p>In line with its charitable status Whispers does not charge a high price for its music festival [L1]. This pricing strategy enables more parents and carers to attend the music festival [L2] which helps raise awareness of the charity [L3].</p> <p>Bridget and James believe in sustainability [L1]. This attitude might have led to Whispers' decision to recycle 90% of the waste at the music festival [L2]. This will enhance its reputation as an ethical organisation [L3].</p> <p>The trustees' decision to use renewable energy, etc, goes beyond the requirements of the law and it is mainly a result of the trustees' attitude towards ethics and sustainability [L4].</p>		<p>shaped the way in which Whispers operates.</p> <p>Level 2: (5 – 8 marks) Candidate explains factors in the internal business environment that may have shaped the way in which Whispers operates.</p> <p>Level 1: (1 – 4 marks) Candidate identifies factors in the internal business environment that may have shaped the way in which Whispers operates.</p>
8	<p>Indicative content:</p> <ul style="list-style-type: none"> • command economy – the government allocates resources • free economy – resources are allocated through the price mechanism • mixed economy – resources are provided by the public and private sectors. <p>Exemplar responses:</p> <p>In a command economy resources are allocated by the government [1] according to its own view of what people need [1]. Market prices play a</p>	9	<p>Three marks for each explanation up to a maximum of three explanations.</p>

Question	Answer/Indicative Content	Marks	Guidance
	<p>limited or no role in resource allocation decisions [1].</p> <p>In a free economy resources are allocated through the price mechanism [1]. As demand increases, price increases [1], the government plays a limited role in a free economy [1].</p> <p>In a mixed economy resources are provided by both the public and private sectors [1]. The public sector typically provides merit goods [1] and intervenes when there is market failure [1].</p>		
9	<p>Graphical response</p> 	13	<p>Maximum of six marks for narrative and seven marks for a graphical representation.</p> <p>Up to seven marks for a fully labelled diagram.</p> <p>Award as follows:</p> <p>1 mark for axes labels P and Q both correct.</p> <p>1 mark for supply line correctly drawn and labelled.</p> <p>1 mark for original demand line correctly drawn and labelled.</p> <p>1 mark for second demand line shifted left plus 1 further mark for correctly labelling this demand line.</p> <p>1 mark for indicating a decrease in equilibrium price</p>

Question	Answer/Indicative Content	Marks	Guidance
	<p>Narrative response: Indicative content:</p> <p>Likely responses could be:</p> <ul style="list-style-type: none"> • reduction in selling price • decrease spending • employ fewer workers. <p>Exemplar response:</p> <p>When demand for a product decreases, suppliers of the product could respond by reducing its selling price (1). Whispers might decide to reduce the ticket and food prices in order to stimulate sales (1). The consequence of this will be a reduction in profit levels (1). The severity of the impact, however, will depend on how long and how severe the economic downturn is (1).</p> <p>Other likely responses include using cheaper ingredients (1). This could possibly lead to poor quality and affect Whispers' reputation (1).</p>		<p>1 mark for indicating a decrease in equilibrium quantity</p> <p>One mark for each point of explanation up to a maximum of six marks but allow development</p>
10	<p>Indicative content:</p> <p>Advantages:</p> <ul style="list-style-type: none"> • better meets customer needs • easier transactions • cost saving <p>Disadvantages:</p> <ul style="list-style-type: none"> • cost implications • skills implications • reliability 	12	<p>Level of response criteria</p> <p>Level 3: (9 –12 marks) Candidate analyses the advantages and disadvantages to Whispers of using the latest global technology at the music festival.</p> <p>Level 2: (5 – 8 marks) Candidate explains the advantages and disadvantages to Whispers of using the latest global technology at the music festival.</p> <p>Level 1: (1 – 4 marks)</p>

Question	Answer/Indicative Content	Marks	Guidance
	<p>Exemplar response:</p> <p>The latest global technology can be used to produce visual effects during the music festivals to enhance the experience at these events [L1]. This helps to ensure customer satisfaction [L2] which will enhance Whispers' reputation [L3].</p> <p>Techno wristbands can be used to speed up transactions [L1]. This means customers can be served faster to reduce queues [L2] which can increase sales revenue as more customers can be served [L3].</p> <p>The latest global technology can be expensive to implement [L1], especially for a novice music festival organiser such as Whispers who lacks the funding needed [L2]. A loan might be needed which increases the cost [L3].</p> <p>The latest global technology can break down [L1] which could potentially cause disruption to the music festival leading to dissatisfied customers [L2]. This will have a negative impact on Whispers' reputation [L3].</p>		<p>Candidate identifies the advantages and disadvantages to Whispers of using the latest global technology at the music festival.</p>
11	<p>Indicative content:</p> <ul style="list-style-type: none"> • increase consumer spending power • increase demand for goods and services • increase in disposal income. <p>Exemplar response:</p> <p>A reduction in income tax will boost consumer spending power [L1] there will be more disposal income [L2]. This might have a negative effect on the sales of donated items at Whispers' charity shops as consumers are more likely to afford buying new goods [L3].</p> <p>However, Whispers could see an increase in the number of donated items [L1] as consumers can afford to buy new items more than before [L2].</p>	20	<p>Levels of response</p> <p>Level 4: (16 – 20 marks) Candidate evaluates the impact of a reduction in Income Tax on Whispers.</p> <p>Level 3: (11 – 15 marks) Candidate analyses the impact of a reduction in Income Tax on Whispers.</p> <p>Level 2: (6 – 10 marks) Candidate explains the impact of a reduction in Income Tax on Whispers.</p> <p>Level 1: (1 – 5 marks)</p>

Question	Answer/Indicative Content	Marks	Guidance
	<p>This could potentially increase the revenue at the charity shops [L3].</p> <p>Overall, a reduction in income tax is good news for businesses including charitable ones. As the level of disposal income increases, this encourages consumers to spend more leading to an increase in sales revenue [L4].</p>		Candidate identifies the impact of a reduction in Income Tax on Whispers.