

OCR

Oxford Cambridge and RSA

Friday 16 June 2017 - Morning

Level 4 Certificate in Management Consulting 10331

UNIT 4 Business Environment

MARK SCHEME

Duration: 2 hours 30 minutes

MAXIMUM MARK 88

Mark Schemes have been issued on the basis of **one** copy per Assistant examiner and **two** copies per Team Leader.

This document consists of 13 printed pages.

Question	Answer	Marks	Guidance	Levels of Response
1	Indicative content: <ul style="list-style-type: none">• to provide a service• to provide social benefits• to promote healthy living	2	One mark for each identification up to a maximum of two identifications.	
				[Total: 2]

Question	Answer	Marks	Guidance	Levels of Response
2(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> • energy-saving light bulbs • recycling wastes • use green products. <p>Exemplar response:</p> <p>To meet its environmental responsibility <i>Valewood Leisure Centre</i> could use energy-saving light bulbs (1). This helps to reduce CO₂ emissions (1).</p>	4	<p>One mark for each identification up to maximum of two identifications plus a further one mark for each of two explanations.</p>	
2(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> • promote active lifestyle • promote community spirit • educate public on healthy living. <p>Exemplar response:</p> <p>By promoting an active lifestyle (1) the general public will benefit from healthier lives (1).</p>	4	<p>One mark for each identification up to a maximum of two identifications plus a further one mark for each of two explanations.</p>	
[Total: 8]				

Question	Answer	Marks	Guidance	Levels of Response
3	<p>Indicative content:</p> <ul style="list-style-type: none"> • employees - good working environment, fair wage, job security • customers - quality of service, range of service, facilities, price, customer service • government - compliance with legislation, minimising wastes. <p>Exemplar response:</p> <p>Employees want job security (1) so that they can earn a living (1). David has secured their jobs by obtaining the grant from Sports UK (1).</p> <p>Customers want good facilities (1). By renovating the swimming pool (1) the customers will be able to enjoy their experience at the leisure centre (1).</p> <p>The government wants the law to be observed (1) to protect the public from harm or unfair practice (1). All staff are fully trained to comply with legislation (1).</p>	9	<p>One mark for each identification up to maximum of three identifications plus a further two marks for each of three explanations.</p>	
[Total: 9]				

Question	Answer	Marks	Guidance	Levels of Response
4(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> • take over by a private organisation • its primary objective would be to make a profit • a change of culture and working practices. 	1	One mark for a correct description.	
4(b)	<p>Indicative content:</p> <ul style="list-style-type: none"> • Advantages - will remain open, facilities might improve, improved quality/range of service • Disadvantages - higher prices, profit focussed. <p>Exemplar response:</p> <p>An advantage of privatisation is that the leisure centre would remain open (1) so customers can continue to enjoy the services (1).</p> <p>A disadvantage of privatisation could be higher prices (1) as it will now be operating in the private sector (1).</p>	4	One mark for each identification up to a maximum of two identifications plus a further one mark for each of two explanations.	

Question	Answer	Marks	Guidance	Levels of Response
4(c)(i)	<p>Indicative content:</p> <ul style="list-style-type: none"> • range of services • quality of services • type of services. <p>Exemplar response: <i>Valewood Leisure Centre</i> would have to strive to match the range of services provided (1) by its competitors. It will also have to ensure that the quality of its services is as good if not better than its competitors' (1).</p>	2	One mark for a correct identification plus a further one mark for an explanation.	
4(c)(ii)	<p>Indicative content:</p> <ul style="list-style-type: none"> • penetrative pricing • competitive pricing • price skimming. <p>Exemplar response:</p> <p><i>Valewood Leisure Centre</i> would have to price its services competitively (1) so as not to lose customers to its competitors (1).</p>	2	One mark for a correct identification plus a further one mark for an explanation.	
[Total: 9]				

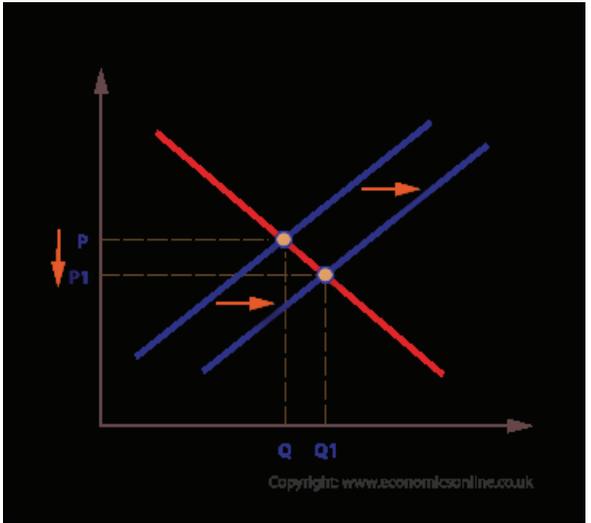
Question	Answer	Marks	Guidance	Levels of Response
5	<p>Indicative content:</p> <ul style="list-style-type: none"> • decrease in revenue • decrease in customer numbers • decrease in profit • higher running costs • less able to expand. <p>Exemplar response:</p> <p><i>Valewood Leisure Centre</i> would experience a decrease in revenue (1) as customers have less disposable income (1).</p>	4	<p>One mark for each identification up to a maximum of two identifications plus a further one mark for each of two explanations.</p>	
[Total: 4]				

Question	Answer	Marks	Guidance	Levels of Response
6	<p>Indicative content:</p> <ul style="list-style-type: none"> • cuts in public spending • cuts in benefit payments • increase in VAT <p>Exemplar response:</p> <p>Cuts in public spending reduce investment in public facilities (L1). This means that <i>Valewood Leisure Centre</i> would not have the funds to renovate the swimming pool as planned (L2). This affects its ability to compete with other health clubs in the area possibly leading to a decrease in visitor numbers (L3). The cuts would have meant job losses (L2) as the government reduced the budgets issued to local councils. Job losses reduce the spending power of the general public which would reduce the leisure centre's revenue (L3).</p> <p>An increase in VAT would indirectly affect consumers' disposable income (L1) which might lead to a reduction in spending on unessential items such as leisure activities (L2). This would again impact negatively on the leisure centre's ability to break even (L3).</p> <p>Overall, the fiscal policy change which would have the most direct impact on the leisure centre was the budget cuts to local councils (L4). This could potentially lead to the closure of the leisure centre as the local councils are not required by law to provide leisure activities (L4). Unless other sources of funding are found, most leisure centres would at best have to face the threat of</p>	20		<p>Levels of response</p> <p>Level 4: (16–20 marks)</p> <p>Candidate evaluates impact of changes in fiscal policy on <i>Valewood Leisure Centre</i> with justification.</p> <p>Level 3: (11–15 marks)</p> <p>Candidate analyses impact of change(s) in fiscal policy on <i>Valewood Leisure Centre</i>.</p> <p>Level 2: (6–10 marks)</p> <p>Candidate explains impact of change(s) in fiscal policy on <i>Valewood Leisure Centre</i>.</p> <p>Level 1: (1-5 marks)</p> <p>Candidate identifies impact of change(s) in fiscal policy on an organisation.</p>

Question	Answer	Marks	Guidance	Levels of Response
	cuts to the services they are able to provide and at worst, the closure of the facilities altogether (L4).			
				[Total: 20]

Question	Answer	Marks	Guidance	Levels of Response
7	<p>Indicative content:</p> <ul style="list-style-type: none"> focus more on 18-34 year olds update gym equipment renovate swimming pool provide fitness class activities organise walking groups. <p>Exemplar response:</p> <p>As 76% of regular exercisers are 18-34 year olds (1) VLC should make sure that it caters for this group of customers according to the type of exercise/activities they prefer (1).</p>	6	<p>One mark for a correct identification up to a maximum of three identifications plus a further one mark for each of three explanations.</p>	
				[Total: 6]

Question	Answer	Marks	Guidance	Levels of Response
8	<p>Indicative content:</p> <p>Likely responses could be:</p> <ul style="list-style-type: none"> • reduce prices • improve facilities • increase range of services • employ fewer workers. <p>Exemplar response</p> <p>When the supply for a product increases there is an increase in the number of supplier at each price level (1), assuming that demand remains constant (1). In order to compete, suppliers of the product might respond by reducing its selling price (1), this pressure is felt more significantly by the smaller suppliers (1). Valewood Leisure Centre might have to take the tough decision of reducing the prices in order to stimulate sales (1). The consequence of this will be a reduction in profit levels (1).</p> <p>Other likely responses include improving its current facilities to compete with the hotel (1). However, this would depend on whether he could secure the funds to do so (1) and in the current political climate it is not very likely (1).</p> <p>Graphical Response: Indicative content Exemplar response using a diagram and explanation as follows:</p>	16	<p>Maximum of 9 marks for narrative and 7 marks for a graphical representation.</p> <p>Up to seven marks for a diagram.</p> <p>Award as follows:</p> <p>1 mark for original demand line correctly drawn and labelled.</p> <p>1 mark for original supply line correctly drawn and labelled.</p> <p>1 mark for second supply line shifted right plus</p> <p>1 mark for indicating a decrease in equilibrium price (also accept a textual explanation).</p> <p>1 mark for indicating an increase in equilibrium quantity (also accept a textual explanation).</p> <p>1 mark for labelling the x-axis correctly.</p> <p>1 mark for labelling the y-axis correctly.</p>	

Question	Answer	Marks	Guidance	Levels of Response
	 <p>The graph shows a downward-sloping red demand curve and two upward-sloping blue supply curves. The initial equilibrium is at the intersection of the red curve and the left blue curve, with price P and quantity Q. A rightward shift in supply is shown by the second blue curve, with an orange arrow pointing right. A new equilibrium is at the intersection of the red curve and the right blue curve, with price P_1 and quantity Q_1. An orange arrow points down from P to P_1. Dashed lines connect the equilibrium points to the axes. A copyright notice at the bottom reads 'Copyright © www.economicsonline.co.uk'.</p>			
				[Total: 16]

Question	Answer	Marks	Guidance	Levels of Response
9	<p>Indicative content:</p> <ul style="list-style-type: none"> • increase in customers/revenue • can increase price • increased competition • can expand more easily • take on more staff. <p>Exemplar response:</p> <p>An increase in obesity is likely to lead to an increase in people wanting to do exercise (1). This could mean an increase in customer numbers (1) provided <i>Valewood Leisure Centre</i> offers the facilities they require (1) leading to an increase in revenue (1).</p>	12	<p>One mark for each identification up to a maximum of three identifications plus up to a further three marks for each analytical development to a maximum of three developments.</p>	
				[Total: 12]

Question	Answer	Marks	Guidance	Levels of Response
10	<p>Indicative content:</p> <ul style="list-style-type: none"> • bigger pool of labour to choose from • more skilled labour • lower wages • more competition for skilled labour. <p>Exemplar response:</p> <p>There will be a bigger pool of labour to choose from (1) easing the process of recruitment and selection (1).</p>	4	<p>One mark for each identification up to a maximum of two identifications plus a further one mark for each of two explanations.</p>	
[Total: 4]				