



Oxford Cambridge and RSA

**Friday 16 June 2017 - Morning**

**Level 4 Certificate in Management Consulting 10331**

**UNIT 5** Business environment, structure and governance

**MARK SCHEME**

**Duration:** 1 hour

**MAXIMUM MARK 40**

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

**This document consists of 14 printed pages.**

Question	Answer	Marks	Guidance	Level of response
1(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• third sector</li> <li>• charitable/voluntary organisation</li> <li>• aims to help a cause/purpose/mission</li> <li>• not for the financial benefit of itself/owners.</li> </ul> <p><b>Exemplar response:</b></p> <p>A not-for-profit organisation is a business which does not earn profits for its owners <b>(1)</b>. Instead it exists to benefit a specific, often charitable, cause <b>(1)</b>.</p>	<b>2</b>	<p>Up to <b>two</b> marks.</p> <p>Do <b>not</b> award 'does not aim to make a profit'.</p> <p>Do <b>not</b> award examples.</p>	
1(b)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• raising funds</li> <li>• logging donations</li> <li>• keeping financial records</li> <li>• financial monitoring</li> <li>• cash-flow planning</li> <li>• budgetary control</li> <li>• financial accounting</li> <li>• management accounting</li> <li>• dealing with taxation issues</li> <li>• preparing company reports</li> <li>• liaising with auditors.</li> </ul>	<b>3</b>	<p><b>One</b> mark for a correct identification to a maximum of <b>three</b> identifications.</p> <p>Do not award answers relating to profit.</p>	

Question	Answer	Marks	Guidance	Level of response
2	<b>Indicative content:</b> <ul style="list-style-type: none"><li>• capacity - ability/authority to make a contract.</li><li>• intention - both parties have it in mind to be legally bound.</li><li>• consideration - some mutual exchange of value.</li></ul>	<b>3</b>	<b>One</b> mark for each correct identification to a maximum of <b>three</b> identifications.	

Question	Answer	Marks	Guidance	Level of response
3	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• to monitor board activity</li> <li>• increase accountability and transparency</li> <li>• to ensure financial statements are rigorously reviewed</li> <li>• to strengthen control and position of shareholders</li> <li>• to free up directors to concentrate on key aspects of their roles</li> <li>• to give additional time and focus to oversee board roles</li> <li>• to give greater assurance of the integrity of financial reporting</li> <li>• to stand up to external scrutiny</li> <li>• to increase public confidence</li> <li>• to follow best practice</li> <li>• to be seen to be following latest guidelines</li> <li>• to monitor independence of auditors - internal and external.</li> <li>• to monitor the effectiveness of the internal controls and risk management control/processes</li> </ul>	3	<p><b>One</b> mark for a correct identification to a maximum of <b>three</b> identifications</p>	
4	<p>Use levels of response criteria.</p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• communicate with stakeholders – discuss, negotiate</li> </ul>	8		<p>Level 2[<b>5 - 8 marks</b>] Candidate explains how the directors should handle the conflict of interest.</p>

Question	Answer	Marks	Guidance	Level of response
	<ul style="list-style-type: none"> <li>• timing of communication with stakeholders</li> <li>• managers' unique role proactive/reactive</li> <li>• Mendelow's matrix – high interest, medium power -keep informed, allow some participation in decision-making</li> <li>• pro-active communication e.g. public meeting</li> <li>• listen to stakeholder viewpoints</li> <li>• monitor stakeholder opinions and actions</li> <li>• listen to concerns of local residents</li> <li>• respond to stakeholder concerns</li> <li>• reconcile divergent stakeholder interests, resolve or manage conflict</li> <li>• offer palliatives</li> <li>• compromise e.g. change to 2 x 10 hour shifts</li> <li>• decisions taken should consider local residents</li> <li>• use public relations, media, implement conflict management schemes - incentive systems, public reports, third-party review</li> <li>• continuous dialogue</li> <li>• two-way communication.</li> </ul> <p><b>Exemplar response:</b></p> <p>If possible, local residents should be invited to a public meeting to inform them about the proposed 24-hour continuous production and allow them to raise any concerns that they may have. Informing the residents should stop rumours and misinformation from being circulated. The</p>			<p>Level 1[1 - 4 marks] Candidate identifies how the directors should handle the conflict of interest.</p>

Question	Answer	Marks	Guidance	Level of response
	<p>meeting should also help the residents feel that the company is listening to them and taking their viewpoints into consideration <b>(L1)</b>. The directors need to take seriously the views of the local residents. According to Mendelow's matrix, stakeholders with high interest but low power need to be kept informed. The earlier the company can begin communicating with local residents, the lower the conflict of interest is likely to be. Local residents who feel that they have been listened to are more likely to accept the proposed changes. Despite taking up a significant amount of time, it should minimise the likelihood of the residents organising a formal protest. In turn, protecting the company from negative publicity or damage to its reputation which would ensue if any formal of protest went ahead <b>(L2)</b>.</p>			

Question	Answer	Marks	Guidance	Level of response
5	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• competitive advantage</li> <li>• gain custom from competitors</li> <li>• modern/technologically advanced image</li> <li>• seen to be leading the way</li> <li>• be ahead of the competition</li> <li>• marketing advantages</li> <li>• financial advantages</li> <li>• speed of production</li> <li>• increased output</li> <li>• improved accuracy/quality</li> <li>• resource efficiency</li> <li>• less waste</li> <li>• less labour intensive</li> <li>• time savings.</li> </ul>	2	<p><b>One</b> mark for each correct identification up to a maximum of <b>two</b> identifications.</p>	

Question	Answer	Marks	Guidance	Level of response
6	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• fall in equilibrium price</li> <li>• recycled aluminium become cheaper</li> <li>• lower cost of supplies</li> <li>• can charge less for ornaments</li> <li>• potential to make more profit.</li> </ul> <p><b>Exemplar response:</b></p> <p>The business' production costs will fall <b>(1)</b> because the interaction of demand and supply in the market will lead to a lower equilibrium price for the recycled aluminium <b>(1)</b>.</p>	2	<p><b>One</b> mark for a correct identification plus a further <b>one</b> mark for explanation.</p>	



Question	Answer	Marks	Guidance	Level of response
7	<p>Use levels of response criteria.</p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• more single parent families</li> <li>• more people living alone</li> <li>• shorter/longer working hours</li> <li>• multiple jobs</li> <li>• increase in part-time/flexible working fewer jobs for life/economic mobility</li> <li>• cashless society</li> <li>• Internet shopping</li> <li>• increased use of social networks</li> <li>• increased use of communication technologies</li> <li>• mobile phones – purchasing, payment</li> <li>• emphasis on work-life balance</li> <li>• increased emphasis on sport and fitness/ increased awareness of health issues</li> <li>• dietary changes and snacking</li> <li>• more days out, holidays and travel</li> <li>• green/ethical consumerism</li> <li>• increased emphasis on food quality, provenance</li> <li>• environmental, ethical concerns, green consumerism</li> <li>• enhanced awareness of business' corporate social responsibility</li> </ul>	10		<p>Level 2[<b>6 - 10 marks</b>] Candidate explains how recent changes in consumer lifestyle patterns may affect a business.</p> <p>Level 1[<b>1 - 5 marks</b>] Candidate identifies recent changes in consumer lifestyle patterns.</p>

Question	Answer	Marks	Guidance	Level of response
	<ul style="list-style-type: none"> <li>• increased brand awareness</li> <li>improved standard of living</li> <li>24/7 society</li> <li>• increased speed of life</li> <li>instant society</li> <li>• other social trends.</li> </ul> <p><b>Exemplar response:</b></p> <p>In recent years there have been many changes in consumer lifestyle patterns. Increasingly we are demanding our needs are met quickly, if not instantly. We are becoming a 24/7 society. Mobile phones are being used more and more to order and pay for goods and services whilst on the go. Leisure time is becoming an increasingly valuable commodity <b>(L1)</b>. These changes in consumer lifestyle patterns will greatly affect retailers who, by their nature, deal directly with consumers. The 24/7 society may require retailers to offer extended opening times or be open unsociable hours. Physical stores may need to develop an Internet presence to allow potential customers to browse. E-commerce stores will need to offer mobile sites and Apps. Parcel delivery times for Internet-based stores may become a key driver of business success. Those businesses that are willing and able to adapt to the ever changing needs of consumers' lifestyle patterns are likely reap further success. Those who do not adapt will fail. <b>(L2)</b>.</p>			

Question	Answer	Marks	Guidance	Level of response
8(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• people can choose who to represent them</li> <li>• represent those who elected them</li> <li>• people's decision not the council's</li> <li>• democratic</li> <li>• mandate to make decisions</li> <li>• filtering system</li> <li>• not enough places for everyone</li> <li>• perceived prestige of position.</li> </ul>	<b>1</b>	<b>One</b> mark for a correct identification.	
8(b)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• voting</li> <li>• secret ballot</li> <li>• majority/unanimous decision.</li> </ul> <p><b>Exemplar response:</b></p> <p>Council members could each be given one vote <b>(1)</b> this may be done by a simple raising of hands <b>(1)</b>.</p>	<b>2</b>	<b>One</b> mark for a correct identification plus a further <b>one</b> mark for development.	

Question	Answer	Marks	Guidance	Level of response
9	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• role culture – illustrated by a building supported by columns, each column is a role, role occupants change but the role continues, strong functional areas coordinated by senior management, formalised and standardised, rules and procedures dictate.</li> <li>• person culture – illustrated by a constellation of stars, the individuals are the focal point, the organisation only exists to serve these individuals, uncommon as limited corporate control, comprised of specialists, not easy to manage.</li> </ul> <p><b>Exemplar response:</b></p> <p>In a role culture individuals are role occupants, their power does not arise from personal power but from allocation of work and responsibility <b>(1)</b>. This type of culture relies heavily on rules and procedures <b>(1)</b> and works best in a stable environment where the market is steady and predictable <b>(1)</b>.</p> <p>An organisation with a person culture exists to meet the needs of the individuals within it <b>(1)</b>. Private tutoring agencies, solicitors' practices and management consultants have a tendency towards this culture because of the skills of the individuals within the organisation <b>(1)</b>. Person cultures tend to have few control mechanisms and are difficult to manage <b>(1)</b>.</p>	6	For both classifications: <b>One</b> mark for each identification to a maximum of <b>three</b> identifications but allow development.	

Question	Answer	Marks	Guidance	Level of response
10	<p>Use levels of response criteria.</p> <p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• role of marketing function</li> <li>• social benefit</li> <li>• sponsorship</li> <li>• sports, social and educational activities</li> <li>• make donations to appropriate causes</li> <li>• promotion</li> <li>• boosts relationship with media</li> <li>• brand awareness/loyalty</li> <li>• better reputation.</li> </ul> <p><b>Exemplar response:</b></p> <p>The marketing function area is involved in promoting the business and ensuring that it has a good corporate image. One method of promotion is to sponsor an event or series of activities. The company could sponsor sporting activities for local children or provide sources of safe water in a third world country (<b>L1</b>). By engaging young people in activities which develop their confidence, or providing better sanitation to poorer countries, the business is using some of its resources to benefit the wider society. Such sponsorship schemes are likely to enhance the reputation of the company, making it more likely that the business would receive better word of mouth publicity not only locally, but nationally and internationally. This should not only improve the company's corporate social responsibility profile, it should increase awareness of its brand and lead to more customers wanting to buy its products, benefiting</p>	8		<p>Level 2[<b>5 - 8 marks</b>] Candidate explains how the marketing function can help a company meet its corporate social responsibilities.</p> <p>Level 1[<b>1 - 4 marks</b>] Candidate identifies how the marketing function can help a company meet its corporate social responsibilities.</p>

Question	Answer	Marks	Guidance	Level of response
	the company in the long term (L2).			
				[Total: 40]