

OCR

Oxford Cambridge and RSA

Level 4 Certificate in Management Consulting 10331

UNIT 5 Business environment, structure and governance

MARK SCHEME

Duration: 1 hour

MAXIMUM MARK 50

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

This document consists of 9 printed pages.

Q	Answer	Marks	Guidance
1	<p>Indicative content:</p> <ul style="list-style-type: none"> structured e.g. split into departments with specific skills specialisms, split into sales, marketing, production, finance, administration etc. managed e.g. departmental manager to oversee the function, line managed. <p>Exemplar response:</p> <p>Eg The employees will be organised by section, according to their role e.g. sales or IT support (1). Each section will be headed by a departmental manager who is responsible for the performance of that functional area (1).</p>	2	<p>One mark for how structured.</p> <p>One mark for how managed.</p>
2	<p>Indicative content:</p> <ul style="list-style-type: none"> operational level e.g. short-term, practical/hands-on, day to day decisions, straightforward/routine decisions, departmental or task specific. strategic level e.g. long-term, complex decisions, policy decisions, overall business direction, affect entire organisation. 	2	<p>One mark for each correct identification, to a maximum to two identifications.</p>
3	<p>Indicative content:</p> <ul style="list-style-type: none"> examples - e.g. business' bank, business' accountant, business' solicitor, marketing agency used by business, etc. meaning - a stakeholder that is not part of the business but has a direct (and usually contractual) link to it. <p>Exemplar response:</p> <p>Eg A connected stakeholder is a third party that has a specific link to the business (1) e.g. the bank where the business has an account (1).</p>	2	<p>One mark for correct example.</p> <p>One mark for correct meaning.</p> <p>Do not award 'bank', 'accountant' etc for the example. The example must clearly show the business connection e.g. the business' bank or the business' accountant.</p>

Q	Answer	Marks	Guidance
4	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • role of purchasing function e.g. stock, stationery, processing equipment etc • social benefit • fairness/honesty/integrity • buying Fair Trade products • buy local produce • supply chain management e.g. ethical producers • treating suppliers fairly • paying suppliers decent prices • issuing contracts to suppliers • avoiding slave labour. <p>Exemplar response:</p> <p>Eg The purchasing function can help the business meet its corporate social responsibilities with careful supply chain management (L1). The company should only buy its fruit and vegetables from growers who treat their workers well. In addition they should pay an acceptable price for the produce (L1) so that those who do the backbreaking work on the farms can receive a decent wage and have an acceptable standard of living (L2).</p> <p>The company will, hopefully, become known as one that treats its suppliers well. This will help the business stand out from the competition, especially since it operates in an industry which frequently uses its power to undermine and mistreat those who work in the agri-foods industry (L2).</p>	8	<p>Levels of response.</p> <p>Level 2 (5-8 marks)</p> <p>Candidate explains how Tinned Groceries plc's purchasing function can help the company meet its corporate social responsibilities.</p> <p>Level 1 (1-4 marks)</p> <p>Candidate identifies how the purchasing function of a business can help it meet its corporate social responsibilities.</p>

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5	<p>Indicative content:</p> <ul style="list-style-type: none"> • political factors • economic factors • social factors • technological factors • legal factors • environmental factors. <p>Exemplar response:</p> <p>Eg Technological factors may affect the culture of an organisation (1). For example, the issuing of mobile phones to all staff would make them contactable outside of office hours, putting pressure on staff to conform to the 24/7 culture of the day (1).</p>	6	One mark for a correct identification to a maximum of three identifications, plus one mark for each of two explanations.
6	<p>Indicative content:</p> <ul style="list-style-type: none"> • receive dividends • sell the shares for a profit - buy at low price, sell at higher price • long game • short game • fencing • balance their share portfolio • be invited to the AGM • obtain voting rights • gain control of the company. 	3	One mark for each correct identification to a maximum of three identifications.

Q	Answer	Marks	Guidance
7	<p>Indicative content:</p> <ul style="list-style-type: none"> • speed of production • constant speed/no breaks required • accuracy/precision • high quality output • increased output • consistent quality • resource efficiency • near continuous production • error minimisation • economies of scale • less labour intensive/fewer employees required • less wastage • can work in hazardous conditions • hydraulics can lift heavy loads • cost benefits. 	3	<p>One mark for each correct identification to a maximum of three identifications.</p>

Q	Answer	Marks	Guidance
8	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • UK Corporate Governance Code • non-executive directors • remuneration committees • nomination committees • audit committees • risk committees • external scrutiny. • full disclosure • justification of decisions made. <p>Exemplar response:</p> <p>Eg One of the recommendations in the UK Corporate Governance Code is that an audit committee should form an integral part of a company's structure. The audit committee would approve the appointment of an external auditor and ensure that the financial affairs of the company are rigorously examined (L1). The external scrutinising body must vouch that the contents of the financial reports are a true and accurate reflection of the company's position. In addition the Chairperson's report requires full disclosure. This independent scrutiny on its contents increases the accountability and transparency of the company by enhancing the public's trust in the financial statements and affairs of the company (L2).</p>	8	<p>Levels of response.</p> <p>Level 2 (5-8 marks)</p> <p>Candidate explains how best practice in corporate governance can enhance the accountability and transparency of a listed company.</p> <p>Level 1 (1-4 marks)</p> <p>Candidate identifies best practice in corporate governance.</p>

Q	Answer	Marks	Guidance
9	<p>Indicative content:</p> <ul style="list-style-type: none"> • air pollution • water pollution • land/soil pollution • noise pollution • light pollution • visual pollution • thermal pollution • radioactive pollution. 	4	<p>One mark for a correct identification to a maximum of four identifications.</p>
10	<p>Indicative content:</p> <ul style="list-style-type: none"> • agency theory e.g. considers shareholder objectives, aims to run the company for the benefit of shareholders, directors are beholden to the owners of the company • stakeholder agency theory e.g. considers the objectives of all stakeholders, tries to balance the objectives of all stakeholders, directors are beholden to all stakeholders. <p>Exemplar response:</p> <p>Eg Agency theory only requires directors/managers to consider the interests of shareholders (1) whereas stakeholder agency theory requires that they try and balance the interests of all stakeholders (1).</p>	2	<p>One mark for agency theory and one mark for stakeholder agency theory.</p> <p>NB To award full (two) marks the difference must be explicit.</p>

Q	Answer	Marks	Guidance
11	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • greater availability of labour • pay lower wages • reduced disposable income • fall in demand for new (private) homes • increase in demand for social housing • market re-positioning • change target market • change product range • reduce prices • set up payment schemes • offer purchasing incentives • more marketing • effect on revenue • effect on costs • effect on cash flow • effect on profit. <p>Exemplar response:</p> <p>Eg At times of high unemployment labour is readily available (L1). This means that the building firm is likely to be able to employ bricklayers and general labourers on lower wages than in more prosperous times (L1). This is likely to reduce building costs and increase the building firm's profit margin (L2).</p> <p>However, high unemployment means that disposable income levels fall (L1).</p>	10	<p>Levels of response.</p> <p>Level 2 (6-10 marks)</p> <p>Candidate explains how operating during times of high unemployment may affect the building firm.</p> <p>Level 1 (1-5 marks)</p> <p>Candidate identifies impacts of high unemployment on a business.</p>

Q	Answer	Marks	Guidance
	<p>This will mean that fewer people can afford a mortgage or decide to move home, leading to a fall in demand for the building firm's houses. So, whilst high unemployment may reduce production costs it may also cause revenue to fall. The building firm currently sells mid-priced family homes, it may need to consider reducing its prices to attract potential buyers or re-positioning itself at the budget end of the family homes market, at least until unemployment levels begin to fall (L2).</p>		
			[Total: 50]