

OCR

Oxford Cambridge and RSA

Monday 11 June 2018

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 12 printed pages.

Q	Answer	Marks	Guidance
1	<p>Indicative content:</p> <ul style="list-style-type: none"> • developing new products/services • improving existing products • improving packaging • developing new processes to produce products • utilise new materials • responding to research findings • creativity • innovation • meeting customer needs • designing prototypes • product testing. <p>Exemplar response:</p> <p>Eg The main role of the research and development function is to develop new products (1) in response to customer needs (1). The research and development function also tries to improve existing products (1).</p>	3	One mark for each correct point of description up to a maximum of three such points, but allow development.

Q	Answer	Marks	Guidance
2	<p>Indicative content:</p> <ul style="list-style-type: none"> • change in political party • change in government policy • change in tariffs and trade agreements • changes in legislation • changes in taxation • public service advertising campaigns • government initiatives • government partnerships. <p>Exemplar response:</p> <p>Eg Central government could put up corporation tax (1) this would mean that companies have to pay more of their profits to the public purse (1).</p>	6	One mark for each correct identification to a maximum of three identifications, plus one mark for each of three explanations.
3	<p>Indicative content:</p> <ul style="list-style-type: none"> • passing the responsibility for a task to a subordinate. 	1	For one mark.

Q	Answer	Marks	Guidance
4	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • choice of fuel e.g. fossil fuels, bio-fuels, wind-power, green fuels etc • utility provider e.g. eco-friendly, lowest tariff • turning equipment and lights off when not in use • appropriate use of standby mode on electrical equipment • acquisition of energy efficient machines e.g. computers, printers • use of energy efficient vehicles e.g. minibus • turning down thermostats • installing sensors e.g. for lighting • judicious use of printers, scanners, monitors, sound systems etc • use of rechargeable equipment e.g. vacuum cleaner • use of rechargeable batteries • implementation of an energy usage policy. <p>Exemplar response:</p> <p>Eg The management consultant should suggest that the charity change its gas and electricity supplier to ones with lower tariffs (L1). The charity can easily do this by using a comparison website. It should not assume that getting both fuels from the same provider is cheaper. It may well be able to save thousands of pounds by choosing the lowest supplier of each fuel separately (L2).</p> <p>In addition, when making purchasing decisions the charity should be encouraged to factor energy efficiency into its planning. It should ensure that all equipment, be it a fridge or a computer is 'A' rated for maximum energy efficiency (L1). Whilst a charity is unlikely to have the funds to immediately upgrade all of its equipment it can ensure that when the time comes this is the approach it takes (L2). And, even before it is able to upgrade its equipment it can reduce its energy</p>	8	<p>Levels of response.</p> <p>Level 2 (5-8 marks)</p> <p>Candidate explains factors relating to energy consumption which the management consultant should take into account when advising the charity.</p> <p>Level 1 (1-4 marks)</p> <p>Candidate identifies factors relating to energy consumption which a management consultant should take into account when advising a business.</p>

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	consumption simply by turning off printers and scanners etc when they are not in use, rather than leaving them on standby (L1) . This is because standby uses background power which, if left on for several hours overnight or over a weekend, significantly adds to electricity consumption and hence the size of the electricity bill (L2) .		
5	Indicative content: <ul style="list-style-type: none">• a sustained increase in the general price level of goods and services in an economy over a period of time.	1	For one mark.

Q	Answer	Marks	Guidance
6	<p>Indicative content:</p> <ul style="list-style-type: none"> • free entry to forests • protection/preservation of woodlands • accessibility of woodlands • preservation of wildlife • on-site safety • information centres • information boards, way marking and route planning • installation of facilities e.g. picnic tables, toilets, car parks, lighting • removal of litter • clean and tidy environment • effective resource management • budget reduction. <p>Exemplar response:</p> <p>Eg The general public are likely to want the Forestry Commission not to charge to walk in forests (1), allowing families to enjoy the great outdoors without undue expense (1).</p>	4	<p>One mark for a correct identification to a maximum of two identifications, plus one further mark for each of two explanations.</p>

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7	Indicative content: <ul style="list-style-type: none"> • reputation for quality may lead to higher prices • reputation for low quality may lead to lower prices • a good reputation may lead a firm to reduce its advertising spend • a poor reputation may require strong advertising • a reputation for quality may lead to a firm using non-price competition • a strong reputation may lead to market dominance • a strong reputation gives more market power to the business • a poor reputation gives more power to the consumer • a business may use differentiation to establish its reputation in the market • a business with a strong reputation could use its power to remove new entrants from the market • a business with a weak reputation may be forced to sacrifice profit to survive in the market. 	2	One mark for a correct identification, to a maximum of two identifications.

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8	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • strategic level - long term, policy, complex, overall direction, affects entire operation • tactical level - medium term, links strategy to operations, how to achieve policy • operational level - short term, practical, day to day, straightforward, routine • different timescales • same overall aims • need to be appropriate • need for integration • need to be coordinated • need to be non-conflicting • need to work together/unified. <p>Exemplar response:</p> <p>Eg In order to be successful a business needs to make wise decisions at all three levels; one level is not more important than the others (L1). The strategic level of operation concerns making long term policy decisions which affect the overall direction of the business (L1). The operational level concerns routine, day to day decisions of a practical nature (L1). The tactical level provides the link between the two, working out how to achieve the policy over the medium term (L1).</p> <p>All three levels need to work together and be non-conflicting. For example, if the strategic direction of the business is to enter a new market then the tactics for doing so must match this new market, and the practical skills to do this on a daily basis must be put in place. Having a strategic policy, however good it may be, in and of itself achieves nothing. The required strategic direction cannot be</p>	8	<p>Levels of response.</p> <p>Level 2 (5-8 marks)</p> <p>Candidate explains why all three levels are important to the future success of a business.</p> <p>Level 1 (1-4 marks)</p> <p>Candidate identifies the meaning and purpose of the level(s).</p>

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	<p>achieved without the contribution of the tactical and operational levels. The tactical and operational levels must work as a unified whole to underpin the direction the business is taking. Likewise, if the day to day operations merely follow the 'same old', then the business will be incapable of changing its direction, whatever the strategic plan might say. It is for these reasons that all three levels are important to the success of the business - all three levels need to be coordinated or the business will tear itself apart (L2).</p>		
9	<p>Indicative content:</p> <ul style="list-style-type: none"> • priority to stakeholders with a contractual relationship with the business • stakeholders with a contractual relationship may be managed more closely • contractual stakeholders have more power over the business • non-contractual stakeholder interests may be overlooked • affects the power differential between stakeholders when compromise needs to be made • resource allocation to maximise stakeholders with a contractual relationship. <p>Exemplar response:</p> <p>Eg The business is likely to give priority to the needs of stakeholders who possess a contractual relationship with the business (1). This is because those with a contractual relationship have the greatest interest in the business and the greatest potential to cause the business harm if conflict is left unresolved (1).</p>	2	<p>One mark for a correct identification, plus one mark for explanation.</p>

Q	Answer	Marks	Guidance
10	<p>Indicative content:</p> <ul style="list-style-type: none"> • historic norms and expectations e.g. past experiences, pragmatic, historical male bias, entrenched, resistant to change, self-perpetuating. • the implementation of a new control system to monitor employee activity e.g. them v us, big brother is watching you, distrust, fear, tight control, accountability, praise, rewards. <p>Exemplar responses:</p> <p>Eg Historic norms and expectations are likely to have developed for pragmatic reasons (1) these are likely to be inflexible and lead to a culture that dislikes change (1).</p> <p>Eg The implementation of a new control system to monitor employee activity may create a 'them v us' culture between the workers and the management (1) because the workers feel that their every movement is being analysed and judged (1).</p>	4	<p>In each case, one mark for a correct identification plus one mark for explanation.</p>
11	<p>Indicative content:</p> <ul style="list-style-type: none"> • Companies Act(s) 	1	<p>For one mark.</p> <p>'Companies' is sufficient for the mark because 'Act' is given in the question.</p> <p>Do not award 'company'.</p>

Q	Answer	Marks	Guidance
12	<p>Use levels of response criteria.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • benefits of freeing up the Board of Directors' time e.g can concentrate on key aspects of their roles, more time for strategic decision making, better risk management, responsible for oversight, improved contingency planning • other benefits e.g. enhanced independence of directors, strengthen control and position of shareholders, accountability and transparency, additional time and focus to oversee board roles, greater assurance of integrity of financial reporting, withstand external scrutiny, increased public confidence • non-executive directors • remuneration committees • nomination committees • audit committees • risk committees. <p>Exemplar response:</p> <p>Eg Freeing up of the directors' time allows the bank's directors to concentrate on their core activities of strategic management and guidance (L1). Another benefit of incorporating best practice in corporate governance is that the bank will appoint a remuneration committee to advise the board on the remuneration of the CEO (L1).</p> <p>However in a bank which deals with people's money, a far greater benefit of corporate governance is the reassurance it gives to potential depositors that their money would be safe in HDM Savings Bank. Following the recommendations for best practice in corporate governance provides greater assurance of the integrity of the bank's financial reporting and the way it manages its affairs. This in turn bolsters public confidence and increases the number of customers at the bank (L2).</p>	10	<p>Levels of response.</p> <p>Level 2 (6-10 marks)</p> <p>Candidate explains whether the freeing up of the Board of Directors' time is the main benefit to the bank of corporate governance.</p> <p>Level 1 (1-5 marks)</p> <p>Candidate identifies benefits of corporate governance to a company.</p>

Q	Answer	Marks	Guidance
			[Total: 50]