

**Cambridge Technicals  
Business**

**Unit 15: Change management**

Level 3 Cambridge Technical in Business  
**05834 - 05837**

**Mark Scheme for January 2019**

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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**Annotations**

<b>Annotation</b>	<b>Meaning</b>
Tick	Valid point, mark awarded
Cross	Incorrect
Question mark	Response unclear
BOD	Benefit of doubt (mark awarded)
TV	Too vague (mark not awarded)
REP	Repetition (no additional marks awarded)
NAQ	Not answered question (incorrect focus)
L1	Level 1 response (identification)
L2	Level 2 response (explanation)
L3	Level 3 response (analysis)
L4	Level 4 response (evaluation)
CONT	Context (required for high L4 award only)

**Subject-specific marking instructions**

For Level of Response marked questions marked over 4 levels, the candidate can access at L1 or L2. In either case, they can analyse the point made and proceed directly to L3.

L3 analysis is required before L4 can be accessed.

Question		Answer	Marks	Guidance
1	(a)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>market changes <b>(1)</b> e.g. increased competition <b>(1)</b></li> <li>social change <b>(1)</b> e.g. consumers tastes changing away from sugary fizzy drinks to mineral water or sugar-free drinks <b>(1)</b></li> <li>legal change <b>(1)</b> e.g. new fizzy drink ‘sugar tax’ <b>(1)</b>.</li> </ul> <p><b>Exemplar response:</b></p> <p>One external driver for change is that consumers are switching from sugary, fizzy drinks to water <b>(1)</b>. This is a social change <b>(1)</b> and means that <i>Citru Ltd</i> has to look for new ways to increase sales in the future <b>(1)</b>.</p> <p>Competition from rival firms <b>(1)</b> will result in costs increasing but prices falling <b>(0)</b>.</p>	3 marks x 2	<p>One mark for each correct identification up to a maximum of two identifications, plus up to two further marks for each of two developments.</p> <p><b>This question includes two embedded marks for applying knowledge from Unit 1 LO6 Understand the external influences and constraints on business and how businesses could respond.</b></p> <p>NB: Market change refers to change in market structure.</p> <p>Driver <b>must</b> be from the case study.</p>
	(b)	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>lack of employee engagement/production worker resistance e.g. ineffective, lack of employee buy-in</li> <li>employee concern over changing role/lack of skills, training needs and moving from a factory job to working in a factory shop, operating new systems and processes, additional workload</li> <li>reduced employee motivation</li> <li>inexperience of this new channel of distribution selling/retail directly to the public</li> <li>the creating of the factory shop will take time/need space</li> <li>cost of building the shop</li> <li>cost of marketing</li> <li>cost of training</li> <li>lack of funds.</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates which barrier to change is likely to have the greatest impact on <i>Citru Ltd</i> if not managed successfully.</p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses barrier(s) to change likely to impact on <i>Citru Ltd</i> if not managed successfully.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains barrier(s) to change likely to impact on <i>Citru Ltd</i> if not managed successfully.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies barrier(s) to change likely to impact on a business.</p>

Question	Answer	Marks	Guidance
	<p><b>Exemplar response:</b></p> <p>Some of the factory employees may not want to work for part of the time in a factory shop <b>(L1)</b> and may quit their jobs <b>(L2)</b>, increasing labour turnover <b>(L3)</b>.</p> <p>Others may not have the customer service skills <b>(L1)</b> for example dealing with customer complaints <b>(L2)</b>. This may lead to poor service in the factory shop <b>(L3)</b>.</p> <p>Furthermore, physical changes to the business take time, which is a barrier to change <b>(L1)</b> and creating the factory shop will not be easy <b>(L2)</b> This may have an impact on productivity in the factory <b>(L3)</b>.</p> <p>Another barrier is the cost of building the shop <b>(L1)</b>. This will have a negative effect on the cash flow of <i>Citru Ltd</i> <b>(L3)</b>.</p> <p>As this is a company whose customers are all local, the biggest barrier to change is likely to be employee resistance because without them the factory cannot operate as expected <b>(L4)</b>.</p>		<p><b>NB: Do not award limiters to success only barriers to the change. Limiters to success are post change taking place.</b></p> <p><b>NB: Four Level 3 points are required to access marks at Level 4</b></p>

Question	Answer	Marks	Guidance
(c)	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• create urgency</li> <li>• form a powerful coalition</li> <li>• create a vision for change</li> <li>• communicate the vision</li> <li>• remove barriers to change/obstacles</li> <li>• create and celebrate short-term wins</li> <li>• build on the change</li> <li>• anchor the changes in corporate culture.</li> </ul> <p><b>Exemplar response:</b></p> <p><i>Citru Ltd</i> needs to create urgency (L1) by holding a meeting with employees (L2), so that they try and make a success of the factory shop to boost sale revenue (L3).</p> <p><i>Citru Ltd</i> needs to create a vision (L1) by producing a leaflet outlining the vision (L2), so that they work harder to increase productivity (L3).</p> <p><i>Citru Ltd</i> needs to remove barriers to the change (L1) by securing additional finance to fund the change (L2), so that the factory shop can be built to the required specification (L3).</p> <p><i>Citru Ltd</i> should form a powerful coalition (L1) by appointing change champions (L2) so that the workforce are united in its efforts to implement the change (L3).</p> <p>An advantage of using Kotter's model is that it is deemed to be an effective way to manage change because it minimises the likelihood of resistance and, by identifying issues such as the lack of retail skills</p>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates the advantages to <i>Citru Ltd</i> of implementing the steps using Kotter's change management theory.</p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses action(s) that <i>Citru Ltd</i> should take.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains action(s) that <i>Citru Ltd</i> should take.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies one or more of Kotter's eight steps to be included in a change management plan of action for a business.</p> <p><b>This question includes one embedded mark for applying knowledge from Unit 1 LO5 Understand the relationship between businesses and stakeholders.</b></p> <p><b>NB: Level 1, Level 2, Level 3 progression required</b></p> <p><b>NB: The answer to this question requires an action plan</b></p> <p><b>13 marks</b> – Advantage with reason but no context.  <b>14 marks</b> – Show prioritisation/comparison with reason but no context.  <b>15 marks</b> – Advantage with reason and context.</p>

Question	Answer	Marks	Guidance
	<b>(CONT)</b> at an early stage <b>(L4)</b> .		<b>16 marks</b> – Show prioritisation/comparison with reason and context.

Question		Answer	Marks	Guidance
2	(a)	<p><b>Indicative content:</b></p> <p><b>Effects on:</b></p> <ul style="list-style-type: none"> <li>• job security</li> <li>• job satisfaction</li> <li>• personal safety/likelihood of accidents/injury</li> <li>• personal development e.g. learning new skills</li> <li>• job prospects for the future</li> <li>• stress levels</li> <li>• morale/motivation</li> <li>• anxiety</li> <li>• relationships with management.</li> </ul> <p><b>Exemplar response:</b></p> <p>The employees may experience improved job security. This is because the sales they generate may help the struggling business to survive, so it continues to employ them <b>(1)</b>.</p> <p>The employees may experience improved job security because the sales of drinks are likely to increase with a factory shop <b>(2)</b>.</p>	2 marks x 3	<p>Award two marks for contextual explanation and one mark for non-contextual explanation.</p> <p>Impacts can be positive or negative.</p> <p>Answer <b>must</b> relate to <i>Citru Ltd</i>.</p>

Question	Answer	Marks	Guidance
(b)	<p>Use levels of response criteria.</p> <p>Issues include:</p> <ul style="list-style-type: none"> <li>• all sales below target (10%/£200 000)</li> <li>• factory shop sales below target (40%/£40 000)</li> <li>• production errors higher than target (five times higher/500%)</li> <li>• labour turnover increased (doubled/200%)</li> <li>• reported accidents increase (2 per month/tripled/300%)</li> <li>• absenteeism increased (doubled/200%)</li> <li>• human resource indicators suggest motivation levels are falling</li> <li>• employees demotivated</li> <li>• lack of employee focus</li> <li>• confused employees do not know what they need to do</li> <li>• some employees find the work difficult</li> <li>• employees feel they are not trained properly</li> <li>• location of the shop/dangerous</li> <li>• some existing trade customers feel like Citru Ltd is now a competitor to them/selling directly to customers</li> <li>• some existing trade customers are taking their business from <i>Citru Ltd</i> as a result of it opening the factory shop</li> <li>• some competitors are offering fizzy drinks cheaper than <i>Citru Ltd</i></li> <li>• lack of customers/marketing</li> <li>• employees appear to be insufficiently trained e.g. not being able to use the till correctly</li> <li>• poorly trained employees are stopping some consumers from buying more</li> <li>• poor attention by employees to health and safety may be putting some consumers off visiting the factory shop.</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates issues that need to be addressed at <i>Citru Ltd</i>.</p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses issue(s) that need to be addressed at <i>Citru Ltd</i>.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains issue(s) that need to be addressed at <i>Citru Ltd</i>.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies issue(s) that need to be addressed at <i>Citru Ltd</i>.</p> <p><b>This question includes one embedded mark for applying knowledge from Unit 1 LO4 Be able to use financial information to check the health of businesses and two embedded marks for applying knowledge of Unit 1 LO8 Be able to assess the performance of businesses to inform future business activities.</b></p> <p><b>NB: A minimum of two analytical points are required to access Level 4</b></p> <p><b>13 marks</b> – a judgement has been reached about which issue(s) is the most important with weak justification.</p> <p><b>14 marks</b> – a judgement has been reached about which issue(s) is the most important with sound justification.</p>

Question	Answer	Marks	Guidance
	<p><b>Exemplar response:</b></p> <p>The data shows that sales are below target <b>(L1)</b>. With overall sales 10% down against target <b>(L2)</b>. This may jeopardise the company's objective to reverse its decline in sales revenue. <b>(L3)</b>.</p> <p>Existing trade customers appear to not like having a new competitor and some are looking to source fizzy drinks elsewhere <b>(L1)</b>. As a consequence, by not fully engaging with both the new and existing customers in the change process, sales are not being optimised <b>(L2)</b>. This would therefore compromise company growth <b>(L3)</b>.</p> <p>Some employees are unhappy <b>(L1)</b>. This will potentially lead to them taking more time off <b>(L2)</b> and this is having a consequence of doubling absenteeism and labour turnover <b>(L3)</b>.</p> <p>The most important issue for management to address is that employees are unhappy. It is very important that they are happy because happy employees would improve customer service which would increase the likelihood of repeat custom from the general public <b>(L4)</b>.</p>		<p><b>15 marks</b> – a judgement has been reached about which issue(s) is the most important with detailed justification.</p> <p><b>16 marks</b> – a judgement has been reached about which issue(s) is the most important with full justification.</p>

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