

Cambridge Technicals Business

Unit 3: Business decisions

Level 3 Cambridge Technical in Business
05834 - 05837

Mark Scheme for June 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

Annotation	Meaning
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)	<table border="1"> <thead> <tr> <th>Objective</th> <th>Tick (✓)</th> </tr> </thead> <tbody> <tr> <td>All gym equipment should be safe to use</td> <td></td> </tr> <tr> <td>Not pressuring customers into buying fitness accessories</td> <td>✓</td> </tr> <tr> <td>Supply free <u>WiFi</u> to café customers</td> <td></td> </tr> <tr> <td>All employees should be paid more than the national minimum wage</td> <td>✓</td> </tr> </tbody> </table>	Objective	Tick (✓)	All gym equipment should be safe to use		Not pressuring customers into buying fitness accessories	✓	Supply free <u>WiFi</u> to café customers		All employees should be paid more than the national minimum wage	✓	2	<p>This question assesses synoptic knowledge from Unit 1 LO6: Understand the external influences and constraints on businesses and how businesses could respond.</p> <p>One mark for each correctly circled item.</p> <p>Mark first two ticks only (from top downwards).</p>
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All employees should be paid more than the national minimum wage	✓													
1	(b)	(i) <p>Responses include:</p> <ul style="list-style-type: none"> limited time to <u>consult</u> limited time to <u>gather information</u> limited time to <u>analyse information</u> limited time to <u>make a decision</u> limited time to <u>prepare a case</u> decision may be rushed <p>Exemplar response: Tania has limited time to gather information (1). This means that she may not have enough information to enable her to choose between the three options (1).</p> <p>She may not be able to take into account all relevant factors (1) resulting in a poor decision (1)</p>	2	<p>One mark for an identification and one mark for an explanation.</p> <p>Accept generic context.</p> <p>Accept an appropriate example for the second mark.</p> <p>Do not accept responses which argue that 3 weeks is adequate time for a detailed proposal.</p> <p>No mark for simply recognising impact is bad.</p>										

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1	(b)	(ii)	<p>Responses include:</p> <ul style="list-style-type: none"> • may not be able to use software effectively • may take too long in using it • may make mistakes • may not be able to interpret the software's output correctly <p>Exemplar response: It may take Tania longer to use the software than if she had received training (1). This means that she will have even less time in which to make a decision (1).</p>	2	<p>One mark for an identification and one mark for an explanation.</p> <p>Accept generic context.</p> <p>Accept an appropriate example for the second mark.</p> <p>No mark for simply recognising impact is bad.</p>
1	(b)	(iii)	<p>Responses include:</p> <ul style="list-style-type: none"> • improved decision-making ability • improved ability to analyse data • more likely to make an appropriate decision • more confident (in her decision-making ability) <p>Exemplar response: Tania will be able to analyse data when making her decision (1). This means that her decision will be better as she is able to take into account quantitative data (1).</p>	2	<p>One mark for an identification and one mark for an explanation.</p> <p>Accept generic context.</p> <p>Accept an appropriate example for the second mark.</p> <p>No mark for simply recognising impact is good.</p>

Question		Answer	Marks	Guidance
2	(a)	<p>Indicative content:</p> <p>Margin of safety: Number of members – Break-even membership</p> <p>$500 - 470 = 30$ members</p> <p>Exemplar response:</p> <p>30 (2)</p> <p>$500 - 470 (1) = 20$</p> <p>Operating level – break-even level (1)</p>	2	<p>Up to two marks:</p> <p>No workings required</p> <p>Award full (2) marks for 30.</p> <p>Workings should only be marked if the final answer is incorrect. In which case award max one mark for the correct formula, if seen, whether in words or numbers.</p>
2	(b)	<p>Responses include:</p> <ul style="list-style-type: none"> • Lower fixed costs • Lower variable costs • Lower costs/expenses/spending • Raise membership price • Increase revenue/income from membership <p>Exemplar response SLC could reduce variable costs (1). For example they could reduce the amount they spend on wages (1).</p> <p>If SLC could earn more money each month from each member (1) then they would need fewer members to cover the same amount of costs (1).</p>	2	<p>One mark for an identification. One mark for an explanation.</p> <p>Accept an explanation which is:</p> <ul style="list-style-type: none"> • a valid example of the action identified • an explanation of how the action would alter the break-even level of output/one of its components.

Question		Answer	Marks	Guidance
2	(c)	<p>Possible drawbacks include:</p> <ul style="list-style-type: none"> • BE assumes only one product is made • BE assumes only one type of customer • BE Assumes all customers pay the same amount • BE assumes that any price increase will be paid by all current customers • Assumes all products made are sold <p>Exemplar response Break-even analysis assumes every customer would pay a price increase (1) but some customers would stop buying the product (1)</p> <p>Break-even analysis assumes all customers pay the same price but <i>SLC</i> has different types of customer paying different prices (1), e.g. general public, clubs, schools (CONT)</p>	2	<p>One mark for a valid limitation of break-even analysis.</p> <p>One mark for development.</p> <p>A contextual example of the limitation is sufficient for the second mark.</p> <p>DNA accept 'only valid for a specific time period'</p>
3	(a)	<p>Indicative content:</p> <ul style="list-style-type: none"> • the number of employees leaving as a proportion of the total workforce (in a specific time period) 	1	<p>For one mark.</p> <p>Credit a correct mathematical formula</p> <p>DNA 'the number of employees leaving the business'</p> <p>Mark as TV 'the <i>rate</i> at which employees leave'</p>

Question		Answer	Marks	Guidance
3	(b)	<p>Possible drawbacks include:</p> <ul style="list-style-type: none"> • fewer experienced staff • higher recruitment costs • more time when under-staffed • harder to have effective workforce planning • may make it harder to attract new applicants <p>Exemplar response A high labour turnover means they will have fewer experienced staff (1). This means that the quality of service they offer to customers is likely to be lower (1). This may lead to customer numbers falling (1).</p> <p>It will mean recruitment costs are higher (1) so the amount of money available for the refurbishment of the gym and studio may be lower (1), meaning that the facilities may still not be of as good a standard as other leisure centres in the area (1).</p>	3	<p>Award one mark for a valid impact AND Award one further mark for an explanation of the impact AND Award one further mark for analysis of the impact (by showing how the business is affected)</p> <p>Mark first answer only. If the discussion ends and is followed by an unrelated impact – stop marking.</p>

Question			Answer	Marks	Guidance
3	(c)		<p>Possible actions include:</p> <ul style="list-style-type: none"> • Increase pay • Increase/provide fringe benefits • Improve working conditions • Offer better career prospects • Improve communications between employees and management • Be more ethical/responsible 	2	<p>One mark for identification, to a maximum of two identifications.</p> <p>Actions must aim to improve the retention of existing employees.</p> <p>Must be actions, not outcomes of actions. E.g. Do not accept 'Improve motivation', 'make workers want to stay'. Please annotate as 'TV'.</p>
4	(a)	(i)	<p>Indicative content:</p> <ul style="list-style-type: none"> • Membership levels declining • Eventually to zero. <p>Exemplar response: Membership will fall (1) to zero (1). The leisure centre will lose members (1), until there are none left (1).</p>	2	Up to two marks.

Question			Answer	Marks	Guidance
4	(a)	(ii)	<p>Possible reasons:</p> <ul style="list-style-type: none"> • It ignores the data up to 2016 which shows a rising/consistent trend • Downward trend from 2016 could be a short-term blip • It is unlikely that all members will leave • <i>SLC</i> is likely to take action to correct the fall from 2016 • (Changes to) external factors e.g. competitors closing <p>Exemplar response: Some members will remain (1) because most of the older members are happy with the services offered by <i>SLC</i> (1)</p> <p>It is unrealistic because some customers will always remain (1).</p> <p>A competitor may close (1) so some people will switch to <i>SLC</i> (1)</p>	2	<p>One mark for a valid reason.</p> <p>Credit any plausible reason why membership will not continue to fall to zero.</p> <p>One mark for valid explanation/development</p>

Question		Answer	Marks	Guidance
4	(b)	<p>Possible reasons:</p> <ul style="list-style-type: none"> • Publicity material illegal/breaches consumer protection legislation/breaches Consumer Rights Act • Advertisement not honest or truthful • Slogan is misleading/customers could misinterpret it • Potentially unethical/seen as 'body shaming' • Will result in some members being dissatisfied if the promise is not achieved with them • May upset some customers/implies they are currently unhealthy <p>Exemplar response: The slogan makes a promise it cannot always fulfil (1). This is misleading advertising (1).</p> <p>The advert would break the law (1) because for some people it won't be true (1).</p>	2	<p>One mark for identification, plus one mark for explanation.</p> <p>No context required.</p> <p>DNA 'it means they are only interested in attracting unhealthy people' DNA 'only older/younger people are likely to be unhealthy'</p>

Question	Answer	Marks	Guidance
5	<p>Use level of response criteria</p> <p>Responses include:</p> <p>Benefits include:</p> <ul style="list-style-type: none"> • Greater range of opinions received • May receive useful ideas to improve one or more options • May result in less criticism once decision has been made <p>Drawbacks include:</p> <ul style="list-style-type: none"> • Increased time and cost of the decision-making process • May raise expectations amongst stakeholders that their opinions will be taken into account • May provoke criticism and negative publicity • Existing stakeholders may represent existing customer profile so may provide limited information <p>Exemplar response L4 If <i>SLC</i> consults with stakeholders then it will take time (L1) because she will need to agree dates for meetings with affected groups such as the local swimming club (L2). As a result, the amount of time she will have to consider the options is less (L2) meaning it is less likely that she will be able to make the best decision for <i>SLC</i> (L3). On the other hand she will be able to receive feedback from each group (L1) for example about their response to each option (L2) which means that her estimates of the impact of each option on future income for <i>SLC</i> are likely to be more accurate (L3).</p> <p>Overall, I believe that the benefits are greater than the drawbacks. I recommend that Tania consults with stakeholder</p>	12	<p>This question assesses synoptic knowledge from Unit 1 LO5 Understand the relationship between businesses and stakeholders.</p> <p>Levels of response:</p> <p>Level 4 (10 – 12 marks) Candidate evaluates the benefits/drawbacks to <i>SLC</i> of consulting with stakeholders.</p> <p>Level 3 (7 – 9 marks) Candidate analyses the benefit(s)/drawback(s) to <i>SLC</i> of consulting with stakeholders.</p> <p>Level 2 (4 – 6 marks) Candidate explains the benefit(s)/drawback(s) to <i>SLC</i> of consulting with stakeholders.</p> <p>Level 1 (1 – 3 marks) Candidate identifies benefit(s)/drawback(s) to <i>SLC</i> of consulting with stakeholders.</p> <p>L4 evaluation: Award 10 marks for a general justification. Award 11 marks for a general justification with context. Award 12 marks for a detailed <i>or</i> specific contextual justification.</p> <p>L3 analysis: analysis must do more than loop back to the question (which states that the aim is to help Tania choose between options 1, 2 and 3).</p> <p>Benefits/drawbacks must be business-facing i.e. for <i>SLC</i>.</p>

Question		Answer	Marks	Guidance
		groups because it will mean that she is able to make the decision using the most information possible (L4). As she only has three weeks to make the decision (CONT) she should do this only if she can consult with each group quickly. If it will take longer than a week to set up the meeting then she should consider not consulting with a particular group (L4).		No marks for definition/examples of stakeholders or discussion of methods (e.g. surveys) Only credit benefits/drawbacks of consulting – ignore other impacts (e.g. fundraising).
6	(a)	A: 2 Node 4: 10 Node 5: 11	3	Up to 3 marks
6	(b)	Possible responses <ul style="list-style-type: none"> • It enables the shortest completion time to be calculated/enables project to take the shortest possible time • It helps to decide which activities must be completed on time • Helps identify activities which can be delayed without impacting on the rest of the project • Enables resources to be <u>scheduled</u> for when they <u>might</u> be needed <p>Exemplar response: It enables the tasks which must be completed on time to be identified (1).</p> <p>It enables the shortest completion time to be calculated (1) so SLC can have its members using the gym again (CONT) as quickly as possible (1).</p>	3	One mark for identifying a way CPA could be useful. One mark for development. One mark for application to the context/use of example from Table 1/Diagram to support marks previously awarded. DNA a reference to SLC as sufficient for the context mark. E.g. “It enables SLC to identify the critical path to be identified....” is not enough for the context mark. Answers must relate to the identification of the critical path DNA ‘enables tasks/time take to be identified/viewed’ as this is not a function of CPA since prior knowledge of tasks is needed in order to construct a CP diagram. DNA descriptions of what a CPA comprises.

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Membership may continue to age and decline in total	Membership may continue to age and decline in total	Impact on swimming clubs?	16	<p>This question assesses synoptic knowledge from Unit 1 LO8: Assess business performance.</p> <p>NB: This question can be answered from a general business perspective or from the perspective of a specific pathway/function (or a hybrid of both). In all cases the same level of response criteria apply.</p> <p>Levels of response</p> <p>Level 4 (13 – 16 marks) Candidate recommends and justifies which option <i>SLC</i> should take, based on analysis.</p> <p>Level 3 (9 – 12 marks) Candidate analyses one or more options under consideration at <i>SLC</i>.</p> <p>Level 2 (5 – 8 marks) Candidate explains issues relating to one or more options under consideration at <i>SLC</i>.</p> <p>Level 1 (1 – 4 marks) Candidate identifies issues relating to one or more options under consideration at <i>SLC</i>.</p> <p>L4 evaluation: Award 13 marks for suggesting the most beneficial option for <i>SLC</i> with justification for the choice. Award 14 marks for suggesting the best option with contextual justification for the choice. Award 15 marks for a detailed <i>or</i> specific contextual judgement of the most suitable option. Award 16 marks for a detailed <i>and</i> specific contextual judgement of the most suitable option.</p>
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	<p>Exemplar response</p> <p>e.g. from a financial data and general business perspective</p> <p>Option 1 will appeal to young people (L1) because the new gym equipment will be compatible with smartphones and social media (L2). This means that <i>SLC</i> should see an increase in members and income (L3). This will also help to reduce the age profile of the leisure centre (L1) which will increase the chance of it being financially viable in the long term (L3).</p> <p>Option 2 will require the smallest capital outlay (L1) of only £10,000 and will require £2000 to be spent. Recruitment costs will be lower (L1) resulting in reduced variable costs for <i>SLC</i> (L3).</p> <p>Option 3 is the most expensive (L1) and also the most risky. It will not change the age profile of users (L1) so may not generate much additional revenue long term (L3) and this is reflected in the lowest ARR (L2). On the other hand, if the pool is not refurbished it may have to close (L1) resulting in the loss of use by local schools (L2) which will result in a substantial loss of income for <i>SLC</i> (L3).</p> <p>Overall, I recommend that Option 3 is chosen because if it isn't chosen then the future of <i>SLC</i> is at stake because of the potential loss of some of its main users such local schools (CONT)(L4).</p>		

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