

**Cambridge Technicals  
Business**

**Unit 15: Change management**

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**

<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)	(i)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Weakening/lowering of the value of the pound</li> <li>• interest rate is currently very low</li> <li>• the UK is out of recession/experiencing recovery/economic growth</li> </ul>	2	<p>One mark for each correct identification up to a maximum of two identifications.</p> <p>Changes <b>must</b> be from Resource 1 of the case study.</p> <p>Changes must be economic e.g. do <b>not</b> award 'drop in sales'.</p>
1	(a)	(ii)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>• Growing demand</li> <li>• School groups are increasingly looking for visits</li> <li>• Over 55s are looking for industrial heritage attractions</li> <li>• Over 55s are looking for tourist attraction that serve good food and drink.</li> <li>• Increasing popularity of visitor centre attractions</li> </ul> <p><b>Exemplar response:</b></p> <p>There is a growing demand <b>(1)</b> for industrial heritage visitor centres. This should lead to the visitor centres at <i>Coalex Ltd</i> being popular <b>(1)</b>.</p>	2	<p>One mark for identification plus one mark for development.</p> <p>The market driver <b>must</b> be from Resource 1 of the case study.</p> <p>Must be market changes that support the likely success of the visitor centre e.g. do <b>not</b> award 'reduction in demand for coal'.</p>

Question		Answer	Marks	Guidance
1	(b)	<p>Use levels of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• Lack of employee engagement</li> <li>• Lack of agreement on the need for change</li> <li>• Economic/financial implications</li> <li>• Well established stakeholder habits</li> <li>• Stakeholder inertia</li> <li>• Stakeholder fear</li> <li>• Existing power structures</li> <li>• Resistance from work groups</li> <li>• Failure of previous change initiatives</li> <li>• Poor leadership</li> </ul> <p><b>Exemplar response:</b> The unions are not supporting the project because they fear the mine may close (L2), and as a consequence may think there may not be any mining jobs at <i>Coalex Ltd</i>. This may lead to increased disruption due to industrial action (L3).</p> <p>Cash will be needed to fund the project because currently <i>Coalex Ltd</i> has limited cash (L2) this may mean they need to pay interest on a loan, increasing the cost of the visitor centre (L3).</p> <p>Staff will need to be trained but the budget is limited (L2). This may result in poorly trained miners running the <i>Coalex Ltd</i> visitor centre possibly leading to increased complaints from the visiting public about customer service (L3).</p> <p>Another example of a barrier is poor leadership (L1) as the board are assuming that they don't need a project manager to implement the new plans (L2). This may reduce the likelihood of the visitor centre being opening successfully and on time (L3).</p>	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>Coalex 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>Coalex Ltd</i> if not managed successfully.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate shows understanding of barrier(s) to change likely to impact on <i>Coalex Ltd</i> if not managed successfully.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies barrier(s) if not managed successfully.</p> <p>Answer <b>must</b> relate to Resource 1 of the case study.</p> <p><b>For Level 4:</b> <b>13 marks</b> – a judgement has been reached about which barrier has the greatest impact with a reasoned comment as to why. <b>14 marks</b> – a judgement has been reached with contextual argument as to why is has been chosen. <b>15 marks</b> – a judgement has been reached with reasoning and reference to why others were not selected.</p>

Question	Answer	Marks	Guidance
	<p>As this is a diversification project in a dangerous mine (<b>CONT</b>) environment, with new customers and new products and services, the biggest barrier to change is likely to be <i>Coalex Ltd</i> not using a project manager to implement the plans (<b>L4</b>). A project manager would help in winning over the trade unions, local council and potential visitor groups, like the schools (<b>L4</b>). This is more important than the other barriers to change because it affects not only the quality of the provision but the amount of additional revenue <i>Coalex Ltd</i> can earn (<b>L4</b>).</p>		<p><b>16 marks</b> – detailed and reasoned judgement is reached with a full comparative and contextual discussion as to why others were rejected.</p> <p><b>NB All four barriers must be analysed to allow access to L4.</b></p> <p>Possible L2 responses include:</p> <ul style="list-style-type: none"> <li>• no employee trade union support</li> <li>• fear that the mine may close</li> <li>• lack of planning permission</li> <li>• lack of budget for training to support the change in roles</li> <li>• health and safety danger, potential injuries, putting off potential visitors</li> <li>• the board's limited ability to see how to resolve problems, e.g. health and safety, training budget, advertising abroad</li> <li>• the directors thinking that they do not need a project manager to implement the plans for the new visitor centre</li> <li>• limited cash to build the café/repair the car park/convert the buildings</li> <li>• need to take out a loan</li> <li>• need for a new financial plan to get a loan</li> <li>• school perception of the mine as too dangerous to visit.</li> </ul>

Question		Answer	Marks	Guidance
1	(c)	<p>Use levels of response criteria.</p> <p>Responses include:</p> <p>Activities:</p> <ul style="list-style-type: none"> <li>• challenge the idea that a project manager isn't needed</li> <li>• appoint a Project Manager</li> <li>• discuss the trade unions with the need for <i>Coalex Ltd</i> to earn additional revenue to keep the mine open, and that they should therefore support the project</li> <li>• make the board realise some issues like health and safety, planning training and finance can be delivered with the right change management and that funding needs to be organised urgently</li> <li>• discuss with the local council the need for <i>Coalex Ltd</i> to increase its revenue and that the ability to convert buildings is fundamental to the plan to survive in the long term, secure jobs and bring wealth to the council ultimately</li> <li>• consult with key stakeholders e.g. shareholders, managers, employees, trade customers, suppliers, local council, Visit Yorkshire</li> <li>• set the change in process by developing a clear agreed plan</li> <li>• set clear aims and objectives for the change e.g. timing and stages, departmental targets</li> <li>• identify resource requirements for the change e.g. planning time, building costs, marketing costs and training costs</li> <li>• present plans to stakeholders e.g. existing coal trade customers and employees, especially miners and all administration staff</li> <li>• evaluate stakeholder feedback e.g. respond to fears and concerns</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates the most important activity in their plan of action, using Lewins' change management theory.</p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses an appropriate plan of action for <i>Coalex Ltd</i>.</p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains issues to be included in a plan of action for <i>Coalex Ltd</i>.</p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies issues to be included in a change management plan of action for <i>Coalex Ltd</i>.</p> <p>Answer <b>must</b> relate to Resource 1 of the case study.</p> <p><b>For Level 4:</b> <b>13 marks</b> – a judgement has been reached about which is the most important activity with a reasoned comment as to why. <b>14 marks</b> – a judgement has been reached about which is the most important activity with a reasoned comment as to why, linked to a stage of Lewin's change management theory. <b>15 marks</b> – a judgement has been reached about which is the most important activity with a developed comment as to why, linked to a stage of Lewin's change management theory.</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• set standards for how the elements of the visitor centre should operate</li> <li>• monitor and ensure the employees work to the newly agreed health and safety rules.</li> <li>• review effectiveness of leadership, to maintain the agreed change at <i>Coalex Ltd</i>.</li> </ul> <p>Lewins' change management theory:</p> <ul style="list-style-type: none"> <li>• unfreeze stage</li> <li>• change stage</li> <li>• freeze stage.</li> </ul> <p><b>Exemplar response:</b></p> <p>The board of <i>Coalex Ltd</i> needs to open up to the idea of having a Project Manager (<b>L1</b>), this will help bring on board other stakeholders in the project (<b>L2</b>) and may lead to a faster and more effective change programme (<b>L3</b>).</p> <p>The board need to engage with the problems associated with opening the visitor centre plan (<b>L1</b>) especially the need to tackle training and funding (<b>L2</b>). This may help to free up resources so that the miners can be trained more effectively how to work alongside members of the public in the visitor centre (<b>L3</b>).</p> <p><i>Coalex Ltd</i> needs to contact the local council (<b>L1</b>) and get them to consider agreeing to the use of the Victorian buildings (<b>L2</b>) enabling key resources like the Victorian buildings to be available for the developments they have planned (<b>L3</b>).</p> <p>The change Plan needs to be agreed by all stakeholders (<b>L1</b>), in particular the board of <i>Coalex Ltd</i> and the trade unions (<b>L2</b>). This should lead to reduced resistance to change and the successful launch of the visitor centre (<b>L3</b>).</p>		<p><b>16 marks</b> - a judgement has been reached about which is the most important activity with fully developed reason as to why, linked to a stage of Lewin's change management theory.</p> <p>Four activities analysed to enter Level 4.</p>

Question	Answer	Marks	Guidance
	<p>The most important stage is to deal with the trade unions in order to gain agreement of all stakeholders. <b>(L4)</b> This is part of the first phase of Lewin's change management theory, the unfreeze stage. <b>(L4)</b>. This is because as a traditional business in a primary sector of industry, it is hard for them to see a move to a business in the tertiary sector offering a service. They see it as a mine, not as a visitor centre. Unless they open their minds to change they will not open themselves up to the need to change and move into a whole new type of business <b>(L4)</b>. It is essential to the whole change process because it is only when they are open minded can they plan the change and set up what they want to do to open a visitor centre <b>(L4)</b>.</p>		

Question		Answer	Marks	Guidance
2	(a)	<p>Use levels of response criteria.</p> <p>Issues include:</p> <ul style="list-style-type: none"> <li>total revenue is £53,000, well below £174,000 target (difference of £121,000)</li> <li>food and refreshment revenue at £16 000 is 13% of the 6 month target of £120 000 (difference of £104,000)</li> <li>school party revenue is 50% of the £4 000 target at £2 000 (difference of £2000)</li> <li>gift shop and mine tour revenue had a target of £26 000 but was actually £3 000 (difference of £23 000)</li> <li>an increase of 3 accidents per month for visitors</li> <li>a doubling of days lost from industrial action</li> <li>the non-opening of the café and restaurant is a major issue</li> <li>poorly stocked, outdoor, tea and coffee facility</li> <li>not meeting customer product needs in the shop</li> <li>some disappointed customer feedback especially about there being no tours, unfinished exhibits</li> <li>health and safety issues in the car park</li> <li>poor product selection for school children in the shop</li> <li>need for more research</li> <li>delay in local council planning approval for the building work for the restaurant and café.</li> <li>Brand image is suffering</li> <li>schools like the facility, but they recognise it isn't finished</li> <li>possible poor reputation amongst schools</li> <li>no real understanding of what customers think and want to see developed at the visitor centre</li> </ul>	16	<p><b>Levels of response</b></p> <p><b>Level 4 (13 - 16 marks)</b> Candidate evaluates issues to be monitored for managing change and justifies the choice of the most important issues to be monitor at <i>Coalex Ltd.</i></p> <p><b>Level 3 (9 - 12 marks)</b> Candidate analyses the issues that need to monitored, to support the change management process at <i>Coalex Ltd.</i></p> <p><b>Level 2 (5 – 8 marks)</b> Candidate explains the issues that need to be monitored, to support the change management process at <i>Coalex Ltd.</i></p> <p><b>Level 1 (1 – 4 marks)</b> Candidate identifies issues that a business needs to monitor to support a change management process.</p> <p>Answer <b>must</b> relate to Resource 2 of the case study.</p> <p><b>For Level 4:</b> <b>13 marks</b> – a judgement has been reached about which issue is the most important with weak justification. <b>14 marks</b> – a judgement has been reached about which issue is the most important with sound justification.</p>

Question	Answer	Marks	Guidance
	<p><b>Exemplar response:</b></p> <p>The data shows that total revenue is below target <b>(L1)</b>. With overall sales £121,000 down against target <b>(L2)</b>, which will reduce profit in the long run. <b>(L3)</b>.</p> <p>Sales from food and refreshments are down against target <b>(L1)</b>, by a massive 87% <b>(L2)</b>. This shows that the opportunity to make additional revenue is being missed <b>(L3)</b>.</p> <p>Accidents are occurring <b>(L1)</b> which have increased by 3 since opening the centre <b>(L2)</b>. The investigation of accidents is a legal requirement which would take up manager's time investigating the issue <b>(L3)</b>.</p> <p>The most important issue for <i>Coalex Ltd</i> to monitor is the progress of the planning application for the café and restaurant. This is because opening the café and restaurant could dramatically improve the income generated from what its visitor numbers <b>(L4)</b>. If most visitors spent more money on food and drink it could significantly improve the financial position of the <i>Coalex Ltd</i> project <b>(L4)</b>.</p>		<p><b>15 marks</b> – a judgement has been reached about which issue is the most important with good justification.</p> <p><b>16 marks</b> – a judgement has been reached about which issue is the most important which is fully justified.</p>

Question			Answer	Marks	Guidance
2	(b)	(i)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>to find out about their target market</li> <li>to find out about consumer/market trends</li> <li>to find out about their competition</li> <li>to find out where to advertise the centre</li> <li>to find out how to differentiate the centre</li> </ul> <p><b>Exemplar response:</b></p> <p>They could find out what type of toys to sell ( ✓ ✓ )</p> <p>To find out social trends ( ✓ ).</p>	4	<p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Identifying a benefit ( ✓ ) with context marked with ( ✓ ✓ )</p> <p>Context includes:</p> <p>Toys, children, over 55s, restaurant/café, food and drink, refreshments, gift shop, museum, mine, exhibits, schools, visitors, tourists, car park</p> <p>Do not award visitor centre as context as stated in the question</p>
2	(b)	(ii)	<p><b>Indicative content:</b></p> <ul style="list-style-type: none"> <li>financial cost of carrying out the survey</li> <li>time consuming</li> <li>opportunity cost</li> <li>potential bias if not conducted professionally</li> </ul> <p><b>Exemplar response:</b></p> <p>The research will take time to conduct ( ✓ ).</p> <p>Conducting further research will add to business costs. For example investigating new interactive displays may mean a visit to a national supplier of such exhibits ( ✓ ✓ ).</p>	4	<p>One mark for each correct identification up to a maximum of two identifications, plus a further one mark for each of two explanations.</p> <p>Identifying a drawback ( ✓ ) with context marked with ( ✓ ✓ )</p> <p>Context includes:</p> <p>Toys, children, over 55s, restaurant/café, food and drink, refreshments, gift shop, museum, mine, exhibits, schools, visitors, tourists, car park</p> <p>Do not award visitor centre as context as stated in the question</p>

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