

Cambridge Technicals Business

Unit 3: Business decisions

Level 3 Cambridge Technical in Business
05834 - 05837 & 05878

Mark Scheme for June 2022

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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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MARKING INSTRUCTIONS

PREPARATION FOR MARKING

TRADITIONAL

Before the Standardisation meeting you must mark at least 10 scripts from several centres. For this preliminary marking you should use **pencil** and follow the **mark scheme**. Bring these **marked scripts** to the meeting.

MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the traditional 40% Batch 1 and 100% Batch 2 deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or by email.
5. **Crossed Out Responses**
Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then zero should be awarded (as it is not possible to determine which was the first response selected by the candidate).

When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. (The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)

Short Answer Questions (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional lined pages if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add an annotation to confirm that the work has been seen.
7. Assistant Examiners will email a brief report on the performance of candidates to your Team Leader (Supervisor) by the end of the marking period. Your report should contain notes on particular strength displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

8. 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)

9. Subject-specific marking instructions

For Level of Response marked questions marked over 4 levels, a higher Level (e.g. L2) can only be awarded if the lower Level (e.g. L1) has been awarded in the thread/chain. For example, to award L3 (analysis of impact) the point being developed must first have achieved L1 and then L2. L3 analysis is required before L4 can be accessed.

Question		Answer	Marks	Guidance												
1	(a)	<table border="1"> <thead> <tr> <th>Porter's Five Forces:</th> <th>High or Low?</th> </tr> </thead> <tbody> <tr> <td>Bargaining power of suppliers</td> <td></td> </tr> <tr> <td>Bargaining power of buyers</td> <td>low</td> </tr> <tr> <td>Degree of rivalry</td> <td>low</td> </tr> <tr> <td>Threat of new entrants</td> <td>low</td> </tr> <tr> <td>Threat of substitutes</td> <td></td> </tr> </tbody> </table>	Porter's Five Forces:	High or Low?	Bargaining power of suppliers		Bargaining power of buyers	low	Degree of rivalry	low	Threat of new entrants	low	Threat of substitutes		3	1 mark for each correct response.
Porter's Five Forces:	High or Low?															
Bargaining power of suppliers																
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1	(b)	<p>Answer is C.</p> <p>Possible reasons include:</p> <ul style="list-style-type: none"> • Overall trend is downwards • Pattern is cyclical • A trough follows a peak on an annual basis • Only C continues this trend <p>Example responses: C (1) because the trend is downwards (1) and only C continues this into the future (1). C (1) because every year it goes up and down (1) and the next move is down (1).</p>	3	<p>1 mark for correct response (C).</p> <p>1 mark for description of the trend</p> <p>1 mark for recognising that C continues the trend</p> <p>Do not credit discussion of the pre-release or Options 1, 2 or 3 unless it relates to the downward trend in passenger numbers.</p> <p>Award zero if 'C' is not identified as the correct answer.</p>												

Question		Answer	Marks	Guidance
2	(a)	<p>Possible responses include:</p> <ul style="list-style-type: none"> • STC is a public sector organisation • STC does not have a profit objective. • STC has set new objectives for the next 3 years including: <ul style="list-style-type: none"> ○ improving local transport ○ supporting local businesses, especially retailers • The park and ride scheme can be funded from sources other than income from users • STC might be concerned about the political impact of the scheme/their reputation in the local community • An option might be better if it meets some of STC's other/wider objectives <p>Example response: STC is a government organisation (1) with other objectives such as supporting local retailers (1) so it could choose a scheme because it achieves its other objectives, not because it has the best financial impact (1).</p>	3	<p>This question assesses synoptic knowledge from Unit 1 LO1: Understand different types of businesses and their objectives.</p> <p>Up to 3 marks for explaining why any one of STC 's non-financial objectives might override financial considerations.</p> <p>Award 1 mark max for a reference to one or more of STC's objectives.</p> <p>Do not credit discussion of the potential impact of Options 1, 2 or 3.</p> <p>Do not credit discussion of risk unless one of the types of risk in the specification is specified.</p>
2	(b)	<p>Responses include:</p> <ul style="list-style-type: none"> • only local shopkeepers were consulted • local shopkeepers will benefit (financially) if P&R is a success • local shopkeepers are also residents who will benefit from the scheme • FSSB exists to promote the interests of its members 	2	<p>1 mark for each of two valid reasons.</p> <p>Credit any response that identifies a valid source of bias resulting from a benefit of the scheme to local shopkeepers who are also residents.</p> <p>Do not credit generic responses e.g. 'people might not truthfully answer a survey' or statistical bias e.g. 'small survey' 'not random'</p>

Question			Answer	Marks	Guidance
2	(c)	(i)	Benefits include: <ul style="list-style-type: none"> • An outsiders/unbiased viewpoint • Has relevant knowledge/skills/expertise/experience • May gain news ideas 	1	1 mark for a valid benefit. Accept any response that recognises the value of using an expert who is not directly involved in the success or failure of the decision. Do not credit vague responses e.g. 'helps to reduce confusion'
2	(c)	(ii)	Drawbacks include: <ul style="list-style-type: none"> • May not understand <u>the local context</u> • May be expensive • May not be available at the time needed • May delay the decision-making process 	2	1 mark for each of two valid drawbacks. Do not credit responses which contradict the benefits of using an external consultant in 2ci; e.g. do not credit 'may be biased', 'may lack skills', 'may not promote interests of residents/shopkeepers' etc.
3			Use level of response criteria Benefits of consulting with the local community include: <ul style="list-style-type: none"> • Better ideas/decision-making • Can gauge reaction to options if implemented • Might reduce complaints after decision is announced • Helps to minimise conflict/increase the acceptability of the chosen option • <i>STC</i> will appear more responsive to local community • Improves <i>STC</i>'s reputation Exemplar response If <i>STC</i> consult with local residents then they can get feedback from them on the options (L1). This means they will know which options residents prefer (L2) which means that the decision will reflect the interests of local residents so that the council takes the decision that best meets the interests of residents (L3).	12	This question assesses synoptic knowledge from Unit 1 LO5: Understand the relationship between businesses and stakeholders Levels of response: Level 4 (10 – 12 marks) Candidate evaluates benefits to <i>STC</i> of consulting with the local community by recommending which option is the most important – with justification. Level 3 (7 – 9 marks) Candidate analyses benefits to <i>STC</i> of consulting with the local community. Level 2 (4 – 6 marks) Candidate explains benefits to <i>STC</i> of consulting with the local community. Level 1 (1 – 3 marks)

Question	Answer	Marks	Guidance
	<p>Residents will also feel that they have been listened to which means they are more likely to support the decision when it is announced (L2). As a result of this improvement, <i>STC</i> is likely to face less opposition to its decision meaning it does not need to waste resources defending it (L3).</p> <p>Overall I feel that gaining feedback is the best benefit (not yet L4) because it means the decision can take residents views into account (L4), since they are currently affected by the town's traffic congestion (CONT) and are the people who elect the council so their opinion should matter a great deal to the long-term success of <i>STC</i> (L4+)</p>		<p>Candidate identifies benefits to <i>STC</i> of consulting with the local community.</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 or specific contextual justification.</p> <p>L3 analysis: analysis must discuss the benefits of consultation in terms of their impact on decision-making, not the choice of option.</p> <p>Benefits must be business-facing i.e. for <i>STC</i>.</p> <p>No marks for knowledge of local community/consultation methods.</p> <p>Do not credit discussion of the impact of implementing Options 1, 2 or 3.</p>

Question			Answer	Marks	Guidance
4	(a)		$\text{Change in revenue} = (180,000 - 120,000) \times \text{£}2.50$ $= 60,000 \times \text{£}2.50$ $= \text{£}150,000$	2	<p>This question assesses synoptic knowledge from Unit 1 LO4: Be able to use financial information to check the financial health of businesses.</p> <p>Up to 2 marks.</p> <p>No workings required. Award 2 marks for the correct answer '150,000' (£) if written at the bottom of the answer space or clearly indicated as the answer.</p> <p>Else award:</p> <p>1 mark for a power of ten error e.g. 150, 15,000, 1,500,000.</p> <p>1 mark for a negative answer e.g. -150,000 or (150,000).</p> <p>No OFR.</p>
4	(b)	(i)	<p>Break-even level of output will be reduced.</p> <p>Reasons include:</p> <ul style="list-style-type: none"> • Revenue per user will increase • Fewer users needed to cover (fixed and variable) costs <p>Example response: Fewer users are needed to cover costs (1) so break-even is lowered (1). Fewer car users are needed to break-even (1) because each one will now pay more (1)</p>	2	<p>This question assesses synoptic knowledge from Unit 1 LO4: Be able to use financial information to check the financial health of businesses.</p> <p>1 mark for identifying that break-even level of output will reduce. Do not accept 'improve' – the direction of change must be stated.</p> <p>1 mark for a valid reason that relates to the increased revenue received from each car-user.</p> <p>Do not accept reasons unrelated to the new car-parking charge (e.g. do not credit a change in costs).</p>

Question			Answer	Marks	Guidance
4	(b)	(ii)	<p>Allow any action other than the new car-parking charge that could lower the break-even level of output.</p> <p>Responses include:</p> <ul style="list-style-type: none"> • Increase the bus-fare • Reduce fixed costs e.g. <ul style="list-style-type: none"> ○ Negotiate a lower rent with the landowner • Reduce variable costs e.g. <ul style="list-style-type: none"> ○ Lower the wages of bus drivers <p>Example responses: Increase the bus fare (1) Pay drivers less (1). Lower fixed (1) / variable (1) costs. Lower costs (1).</p>	2	<p>This question assesses synoptic knowledge from Unit 1 LO4: Be able to use financial information to check the financial health of businesses.</p> <p>1 mark for each of two valid actions. Actions must be different e.g. Two changes to variable costs = tick and REP.</p> <p>Actions must directly impact on prices or costs.</p> <p>Do not credit any action that might increase the number of users.</p> <p>Credit 'They could increase prices/charges' but annotate as BOD.</p> <p>Do not credit 'closing a car park' as this is Option 3 not Option 2.</p> <p>Context is not required.</p>

Question		Answer	Marks	Guidance
5	(a)	<p>Benefits include:</p> <ul style="list-style-type: none"> • Buses can still operate whilst drivers are being trained • Lower costs e.g. do not need to send drivers to specialist training centres, no need to find and book a venue, pay training fees, driver expenses etc • Training can be specific to <i>STC</i>'s needs <p>Example responses: Buses can still be operated whilst drivers are being trained (1) so <i>STC</i> still receive revenue from passengers using the buses (1). Training can be specific to <i>STC</i>'s needs (1) which means that drivers will be more productive (1). Saves money (1) as drivers can work whilst being trained (1).</p>	4	<p>One mark for identification to a maximum of two identifications, plus one further mark for each of two explanations.</p> <p>Benefits must be to <i>STC</i> and not to drivers or passengers.</p> <p>Answers which imply but do not state a specific benefit to <i>STC</i> may be given 1 mark. Example: 'Drivers will learn the route quicker'. Annotate as BOD.</p>
5	(b)	<p>Workforce performance indicators include:</p> <ul style="list-style-type: none"> • absenteeism • labour turnover • wastage • productivity/output-rate 	2	<p>1 mark for each of correct response.</p> <p>Allow contextual responses e.g. 'number of accidents per driver'.</p> <p>Accept any two different indicators.</p> <p>Do not credit responses that show no understanding of performance indicators.</p>

Question		Answer	Marks	Guidance
6	(a)	<p>Possible reasons include:</p> <ul style="list-style-type: none"> • concerns about impact on pay or other rewards • concerns about impact on working conditions • fear of the unknown/uncertainty/change to working practices • inertia/an innate tendency to dislike change • lack of engagement/not convinced of the need to change • lack of agreement/disagree with the change • lack of job security/fear of redundancy <p>Example response: Drivers may be worried that they will need to work harder for the same money (1) they will want their job to stay as it is (1). Drivers may be worried about change (1) and fear that their working conditions will get worse (1).</p>	4	<p>One mark for identification to a maximum of two identifications, plus one further mark for each of two explanations.</p> <p>Do not credit actions that the business might take to overcome resistance e.g. drivers are resistant because STC hasn't explained the reason for the changes.</p>
6	(b)	<p>Possible actions include:</p> <ul style="list-style-type: none"> • Consult with bus drivers • Explain aims/objectives • Emphasise the benefits of change • Involve bus drivers in the decision-making process • Training 	2	<p>1 mark for each of two valid actions.</p> <p>Do not credit offering any financial rewards e.g. increasing pay, bonuses, holidays, 'improve working conditions' etc.</p> <p>Do not credit responses that ignore the context of implementing Options 2 or 3 e.g. 'offer job security'</p> <p>Annotate 'improve communication' 'motivate by praising drivers' as TV.</p>

Question		Answer			Marks	Guidance
7			Option 1 – New bus lanes	Option 2 – New car- parking charge	Option 3 – Close one car park	<p>16</p> <p>This question assesses synoptic knowledge from Unit 1 LO7: Understand why businesses plan.</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, or combination of options, <i>STC</i> should take, based on analysis.</p> <p>Level 3 (9 – 12 marks) Candidate analyses one or more options under consideration at <i>STC</i>.</p> <p>Level 2 (5 – 8 marks) Candidate explains issue(s) relating to one or more options under consideration at <i>STC</i>.</p> <p>Level 1 (1 – 4 marks) Candidate identifies issue(s) relating to one or more options under consideration at <i>STC</i>.</p> <p>L4 evaluation: Award 13 marks for suggesting the most beneficial option or combination of options for <i>STC</i> with justification for the choice. Award 14 marks for suggesting the best option or combination of options 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 or combination of options.</p>
		Capital cost	£37,500 (25% of £150,000)	£25,000	£50,000	
		Payback	23 months.	15 months	18 months	
		ARR	20%	50%	27%	
		Revenue expenditure p.a.	+£100,000	+£30,000	reduce revenue expenditure (and income)	

Question	Answer	Marks	Guidance
	<p>Example response</p> <p>Option 2 is the cheapest option (L1), it will save the council money because, even though fewer people will use the service (L1) because it will be more expensive (L2), it will increase the revenue earned by the service overall and this will help the council to achieve its aim of not increasing taxes (L3).</p> <p>However, it will reduce the number of users and it is likely that this will increase traffic congestion in the town (L1) because more people will drive into town instead of using the service (L2). This will make it harder for the council to achieve its objective of improving transport in the town (L3).</p> <p>Option 1 will increase the number of park and ride users (L1) because it will reduce journey times (L2), increasing revenue and contributing towards lower costs (L3). A drawback is the six months construction time (REP case study) which will increase congestion in the town (L1) making it harder for the council to achieve its aim to keep local business owners happy (L3).</p> <p>I would not choose Option 3 because it will dramatically reduce the number of users (L1) increasing traffic in the town (REP). Overall, I would choose a combination of Option 1 and Option 2. Option 1 will help to make the scheme more attractive, increasing revenue (L4) and the car parking charge will further increase this even though it will lose some passengers (CONT) because it is unlikely to lose as many as would be lost if Option 2 were chosen on its own (L4+). Therefore, this combination is likely to maximise the increase in revenue helping to reduce the overall deficit <i>STC</i> as much as possible (L4++)</p>		

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