



# **Cambridge Technicals Business**

Unit 1: The Business Environment

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

## **Mark Scheme for June 2018**

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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

**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
<b>SECTION A</b>			
1	Indicative content: <b>C</b>	1	For one mark.
2	Indicative content: <b>B</b>	1	For one mark.
3	Indicative content: <b>C</b>	1	For one mark.
4	Indicative content: <b>D</b>	1	For one mark.
5	Indicative content: <b>A</b>	1	For one mark.
6	Indicative content: <b>D</b>	1	For one mark.
7	Indicative content: <b>C</b>	1	For one mark.
8	Indicative content: <b>C</b>	1	For one mark.
9	Indicative content: <b>C</b>	1	For one mark.
10	Indicative content: <b>B</b>	1	For one mark.
11	Indicative content: <b>C</b>	1	For one mark.
12	Indicative content: <b>A</b>	1	For one mark.
13	Indicative content: <b>C</b>	1	For one mark.
14	Indicative content: <b>D</b>	1	For one mark.
15	Indicative content: <b>D</b>	1	For one mark.
16	Indicative content: <b>C</b>	1	For one mark.
17	Indicative content: <b>C</b>	1	For one mark.
18	Indicative content: <b>A</b>	1	For one mark.
19	Indicative content: <b>A</b>	1	For one mark.
20	Indicative content: <b>B</b>	1	For one mark.

SECTION B			
Question	Answer	Marks	Guidance
21	<p>Responses include:</p> <ul style="list-style-type: none"> <li>• television advertising</li> <li>• radio advertising</li> <li>• newspaper advertising</li> <li>• posters/billboards</li> <li>• leaflets/flyers</li> <li>• celebrity endorsements</li> <li>• social media e.g. Twitter, You Tube, etc</li> <li>• websites</li> <li>• sales promotion e.g. discounts, price reductions, offers, vouchers, competitions, business cards, exhibitions, recipe cards, free magazines, etc</li> <li>• sponsorship</li> <li>• advertises special deals</li> <li>• advertises new product launches.</li> </ul> <p>Exemplar responses:</p> <p>Name of business: Chow Ling Activity of business: Chinese takeaway</p> <p>Chow Ling advertises its special offers <b>(1)</b> on local radio <b>(1)</b>.</p> <p>Chow Ling advertises on flyers <b>(1)</b> which it delivers through residents' doors <b>(1)</b>.</p> <p>Chow Ling uses social media <b>(1)</b> because it is a cheap way to advertise <b>(0)</b>.</p>	2	<p>Up to two marks.</p> <p>Description, rather than explanation, required. <b>Award how, what or example.</b> Do <b>not</b> award reasons why or benefits.</p> <p>Answers should relate to the business which the learner has researched.</p> <p>'Advertises its products' is too vague (TV) – more detail required e.g. advertising medium or content e.g. advertises on tv, or advertises new products, etc.</p>

Question	Answer	Marks	Guidance
22	<p>Responses include:</p> <ul style="list-style-type: none"> <li>• install solar panels</li> <li>• turn off lights/equipment when not in use</li> <li>• reduce heating to a minimum</li> <li>• minimise the need to travel</li> <li>• buy energy efficient equipment</li> <li>• reduce water usage</li> <li>• use email where possible</li> <li>• minimise unnecessary printing</li> <li>• buy recycled paper and envelopes</li> <li>• use recycled/recyclable packaging materials</li> <li>• reduce waste</li> <li>• recycle waste</li> <li>• reuse resources</li> <li>• reduce carbon emissions</li> <li>• limit the use of plastics</li> <li>• become carbon neutral</li> <li>• use renewable energy</li> <li>• use environmentally friendly transport e.g. bio-fuels</li> <li>• reduce air/food miles</li> <li>• tree planting scheme</li> <li>• label products as recyclable</li> <li>• refuse to sell environmentally damaging products.</li> </ul> <p>Exemplar responses:</p> <p>Name of business: DL Laundry Ltd Activity of business: Commercial Laundry</p> <p>DL Laundry Ltd could use electric, rather than petrol, vehicles <b>(1)</b>. This would reduce carbon emissions <b>(+1)</b>.</p> <p>DL Laundry Ltd could reduce carbon emissions <b>(+1)</b> by using electric, rather than petrol vehicles <b>(1)</b>.</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>Answers should relate to the business which the learner has researched.</p> <p><b>Method required to award a mark.</b> Additional mark for <b>improvement to the environment.</b></p> <p>Do <b>not</b> award 'more environmentally friendly' as that is the question.</p> <p>Do <b>not</b> award 'environmental campaigning' as this encourages environmentally friendly behaviour rather than being environmentally friendly per se.</p> <p>Do <b>not</b> award 'reduce litter'.</p>

Question	Answer	Marks	Guidance
	<p>DL Laundry Ltd could turn down its heating thermostat <b>(1)</b> as this would save money <b>(0)</b>.</p> <p>DL Laundry Ltd could contact customers by email rather than paper <b>(1)</b> as this is environmentally friendly <b>(0)</b>.</p>		
23	<p>Responses include:</p> <ul style="list-style-type: none"> <li>• legal e.g. being sued, court action, legal costs, fines, pay compensation, time implications, cost of legal support</li> <li>• non-legal e.g. bad publicity, pressure groups, poorer reputation, negative effect on corporate image, loss of trading licence, loss of customers, customer boycott, recruitment difficulties, poor employer-employee relations, industrial action, staff leaving, absenteeism, being short staffed.</li> </ul> <p>Exemplar response:</p> <p>Name of business: Youth Today Activity of business: Children's charity</p> <p>One legal consequence to Youth Today of failing to comply with the Equality Act is that it might be fined <b>(1)</b> if its selection procedure favours men <b>(1)</b>.</p> <p>One non-legal consequence to Youth Today of failing to comply with the Equality Act is that charity might gain a bad reputation <b>(1)</b> for treating its staff unfairly <b>(1)</b>.</p>	4	<p>One mark for a legal consequence, plus a further one mark for understanding of the Equality Act. AND One mark for a non-legal consequence, plus a further one mark for understanding of the Equality Act.</p> <p>Answer should relate to the business which the learner has researched.</p> <p><b>Consequence required to award a mark.</b> Additional mark for <b>understanding</b> of the <b>Equality Act</b>.</p>

Question	Answer	Marks	Guidance
24	<p>Responses include:</p> <ul style="list-style-type: none"> <li>• advantage e.g. close to market, responds to local culture, gain local custom, customer service enhanced by speaking to local representative, local managers understand local behaviour, can target local customer needs, motivated by local goals, strong collaborative teams (not remote workers)</li> <li>• disadvantage e.g. duplication of effort and activities, duplication of infrastructure and business support services, high cost, lack of economies of scale, lack of consistency across the organisation, regions may compete for organisational resources, employee expertise does not easily transfer to other branch locations.</li> </ul> <p>Exemplar response:</p> <p>Name of business: Go Insurance Ltd Activity of business: Insurance Broker</p> <p>One advantage to Go Insurance Ltd of being organised by geographic location is that the workforce is taken from the local area <b>(1)</b>. The workforce should, therefore, have a good understanding of the needs of customers in the area <b>(1)</b>, leading to better customer satisfaction and higher sales revenue <b>(1)</b>.</p> <p>One disadvantage to Go Insurance Ltd of being organised by geographic location is that each branch requires its own IT and printing facilities <b>(1)</b>. This means that resources are duplicated across the company's branches <b>(1)</b>, leading to higher operating costs <b>(1)</b>.</p>	6	<p>One mark for an advantage, plus one mark for explanation and a further one mark for analysis. AND One mark for a disadvantage, plus one mark for explanation and a further one mark for analysis.</p> <p>Answer should relate to the business which the learner has researched.</p> <p>In each case:</p> <ul style="list-style-type: none"> <li>• First mark for advantage/disadvantage to the business.</li> <li>• Second mark for any development (including explanation, description, further consequence or analysis).</li> <li>• Third mark must be analytical i.e. consequence to the business (not to customers, employees etc).</li> </ul> <p><b>NB</b> Question is about being <b>organised</b> by location, not about having several locations. Do <b>not</b> award arguments relating to location of business, having several branches or the amount of competition.</p> <p>Do <b>not</b> award arguments relating to centralisation.</p>

Question	Answer	Marks	Guidance
25	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• human resources - recruitment e.g. advertising vacancies; selection e.g. interviewing; skills gap analysis; training e.g. induction, on-the-job, off-the-job; issue contracts of employment; payroll; reward systems; discipline; dismissal e.g. redundancy; dealing with sickness and personal issues.</li> <li>• operations management – production e.g. quality, quantity; stock control; quality control; quality assurance; packaging; despatch; on-site maintenance and repair.</li> </ul> <p>Exemplar responses:</p> <p>Name of business: Pintot plc Activity of business: Chocolate manufacturer</p> <p>Human resources ensure staff are trained to operate the chocolate-making <b>(CONT)</b> machines safely <b>(L2 – 4 marks)</b>.</p> <p>Human resources ensure staff are trained to operate the production-line machines safely <b>(L2 – 3 marks)</b>.</p> <p>The operations functional area makes chocolate <b>(CONT)</b> <b>(L1 – 2 marks)</b>.</p> <p>Human resources recruit staff whereas operations makes things <b>(L1 – 1 mark)</b>.</p>	4	<p>Levels of response</p> <p><b>Level 2 (3 – 4 marks)</b> Candidate shows understanding of how the human resources and the operations management function can work together to benefit the business.</p> <p><b>Level 1 (1 – 2 marks)</b> Candidate shows some knowledge of what the human resources function and/or operations management function does.</p> <p><b>Award bottom</b> of the appropriate level for a <b>non-contextual</b> response.</p> <p><b>Award top</b> of the appropriate level for a <b>contextual</b> response <b>(CONT)</b> annotation required).</p> <p><b>Minimum requirement for Level 2:</b> Knowledge of what HR does (e.g. HR recruit); knowledge of what Operations does (e.g. Operations make products); working together.</p> <p>Do <b>not</b> award Level 2 to responses that suggest Operations is in overall control of the business.</p> <p>Do <b>not</b> award ‘HR responsible for employees’, annotate TV.</p> <p>Do award ‘HR responsible for the welfare of the employees’.</p> <p>Do award ‘HR responsible for the safety of the employees’.</p>

SECTION C				
Question		Answer	Marks	Guidance
26		Indicative content: <ul style="list-style-type: none"> <li>secondary.</li> </ul>	1	For one mark.
27		Responses include: <ul style="list-style-type: none"> <li>business name, address, email, phone number etc</li> <li>business ownership</li> <li>executive summary</li> <li>identification of product/service</li> <li>target market</li> <li>unique selling point</li> <li>how product/service will be protected</li> <li>business aims/objectives/mission statement</li> <li>market research</li> <li>competitor analysis</li> <li>contingency plans</li> <li>marketing e.g. advertising <b>(1)</b>, sales promotion <b>(1)</b></li> <li>production e.g. process <b>(1)</b>, quantity <b>(1)</b>, quality <b>(1)</b></li> <li>financial data e.g. cash flow <b>(1)</b>, income statement <b>(1)</b>, statement of financial position <b>(1)</b>, costings <b>(1)</b>, revenue forecast <b>(1)</b>, budgets <b>(1)</b>, break-even <b>(1)</b>, profit forecast <b>(1)</b>, assets <b>(1)</b>, liabilities <b>(1)</b>, finance available <b>(1)</b>, balance at bank <b>(1)</b>, overdraft limit <b>(1)</b>, size of bank loan <b>(1)</b>, length of loan <b>(1)</b></li> <li>human resources e.g. number of employees <b>(1)</b>, skills of employees <b>(1)</b>, wage details <b>(1)</b></li> <li>physical resource requirements e.g. premises <b>(1)</b>, equipment/IT <b>(1)</b>, location <b>(1)</b>.</li> </ul>	2	One mark for each correct identification up to a maximum of two identifications.  Maximum one mark for business contact details.  Do <b>not</b> award vague answers such as 'dates', 'plan for the future' or 'planning documents'. Please annotate TV. However, accept 'date business started' or 'financial plan'.

Question	Answer	Marks	Guidance
28	<p>Responses include:</p> <ul style="list-style-type: none"> <li>• lack of focus/strategic vision</li> <li>• disputes between owners</li> <li>• no gap in the market</li> <li>• poor financial control</li> <li>• poor organisational skills</li> <li>• inadequate cost control</li> <li>• lack of knowledge of the market</li> <li>• lack of entrepreneurial expertise/experience</li> <li>• lack of training</li> <li>• lack of clear unique selling point</li> <li>• relying on one major customer</li> <li>• relying on one supplier</li> <li>• insufficient custom/unable to attract customers</li> <li>• limited customer awareness</li> <li>• unable to keep up with orders</li> <li>• poor customer service</li> <li>• poor employee relations</li> <li>• taking too many risks</li> <li>• inadequate insurance</li> <li>• incorrect pricing</li> <li>• inadequate workforce</li> <li>• incorrect location</li> <li>• cannot break even</li> <li>• costs too high</li> <li>• revenue too low</li> <li>• making a loss/lack of profit</li> <li>• insufficient funds/finance</li> <li>• insufficient physical/IT resources</li> <li>• cash flow difficulties</li> <li>• competition/competitor behaviour</li> <li>• barriers to entry</li> </ul>	3	<p>One mark for each correct identification up to a maximum of three identifications.</p> <p>Do <b>not</b> award poor planning of any type e.g. do <b>not</b> award 'flawed business plans', 'lack of financial planning', 'lack of a marketing plan' etc, as these are excluded by the question.</p> <p>Do <b>not</b> award vague answers such as 'poor management' or 'poor business control'. Management of what? Control of what? Insufficient resources. What resources? Please annotate TV.</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• economic reasons e.g. recession <b>(1)</b>, high interest rates <b>(1)</b>, unfavourable exchange rates <b>(1)</b>, high unemployment <b>(1)</b>, inflation <b>(1)</b>, etc</li> <li>• social factors e.g. change in buying behaviour <b>(1)</b>, social trends <b>(1)</b>, demographic change <b>(1)</b>, etc</li> <li>• legal reasons</li> <li>• environmental reasons</li> <li>• ethical reasons</li> <li>• technological reasons</li> <li>• political reasons.</li> </ul>		
29	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• positive opening balance for January</li> <li>• negative closing balance for April</li> <li>• insufficient revenue</li> <li>• haemorrhaging cash</li> <li>• April closing balance close to overdraft limit of £50,000</li> <li>• revenue sporadic, only two houses built and sold this year (instead of the predicted four)</li> <li>• February's sale had a reduction of £10,000 – faster sale but lower revenue</li> <li>• variable costs remain constant</li> <li>• some overtime appears to have been used</li> <li>• cash outflow is higher than inflow on three of the four months</li> <li>• need to complete Ms Tait's house to gain sufficient income to pay wages and salaries in May</li> <li>• 13% return is good, but may be unrealistic long term</li> </ul>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 - 12 marks)</b> Candidate evaluates whether Robert should be concerned about the state of <i>RB Builders'</i> finances.</p> <p><b>Level 3 (7 - 9 marks)</b> Candidate analyses <i>RB Builders'</i> finances.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains <i>RB Builders'</i> finances.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies <i>RB Builders'</i> finances.</p> <p>The question solely relates to the <b>financial</b> state of the business.</p> <p><b>L1</b> – makes accurate statements from the financial data/information e.g. January opening balance £180,000.</p> <p><b>L2</b> – shows understanding of the financial data/information e.g. the closing balance in April was negative; or causes of issues identified.</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• possibly reduce price to gain more sales (industry average return of 6% indicates selling price in the region of £140,000)</li> <li>• need a larger overdraft or additional source of finance</li> <li>• cannot afford to pay the workforce the going rate</li> <li>• could lose Ms Tait's custom, further jeopardising cash flow.</li> </ul> <p>Exemplar response:</p> <p>e.g. Revenue in March was zero (<b>L1</b>). Failure to complete one house per month is leading to a lack of revenue (<b>L2</b>). Although the houses will eventually be completed and sold, this delay is crippling the business' cash flow position (<b>L3</b>).</p> <p>The closing balance for April is virtually on the overdraft limit (<b>L2</b>). Robert needs to ask the bank to extend the overdraft limit, even if it is just for one month until the current two houses are sold (<b>L3</b>).</p> <p>Whilst cash flow problems in the construction industry (<b>CONT</b>) are to be expected, if the bank refuses to extend <i>RB Builders'</i> overdraft then the business is in a very serious situation and Robert should be extremely concerned. He will need to secure an immediate alternative source of finance or employees will not be paid and the business will not survive (<b>L4</b>).</p>		<p><b>L3</b> – consideration of whether the L1/L2 point is good/bad for the business with reasoning i.e. this is worrying because ..., or suggested action which needs to be taken to improve the situation.</p> <p><b>L4</b> – overall judgement of the financial state of the business which builds from previous analysis. Award 10 marks for a generic argument e.g. should/should not be concerned because ... Award 11 marks for an argument with context e.g. should/should not be concerned because ... (with context). Award 12 marks for a detailed, contextual, two-sided argument e.g. weighing up both positive and negative aspects or weighing up the current versus future situation or the short term versus long term situation.</p> <p>NB Do <b>not</b> award causes and/or solutions to issues as L4. L4 requires a judgment of the financial state of the business, not what caused it or how it can be improved.</p>

Question		Answer	Marks	Guidance
30	(a)	<p>Indicative content:</p> $\frac{\pounds 290,000}{\pounds 150,000 - \pounds 105,000} = \frac{\pounds 290,000}{\pounds 45,000} = 6.44 \text{ (+1).}$ <p><b>Correct answer = 7.</b></p> <p>e.g. 7 <b>(3)</b></p> <p>e.g. 6.44 <b>(2)</b></p> <p>e.g. 6 <b>(2)</b></p> <p>e.g. £45,000 <b>(1)</b></p>	3	<p>Up to three marks.</p> <p>Award full marks for the correct answer (i.e. 7) irrespective of workings.</p> <p>Award max. two marks for failing to round or rounding down i.e. 6, 6.4, 6.44 etc.</p> <p>Else award 1 mark for £45,000 if seen.</p> <p><b>NB</b> No units are required '7' is entirely sufficient for 3 marks. However, if incorrect units are given e.g. '£7' then award max two marks.</p>
30	(b)	<p>Responses include:</p> <ul style="list-style-type: none"> <li>increase selling price</li> <li>decrease variable costs e.g. find a new supplier for materials, buy cheaper land, use less overtime, buy in bulk, reduce the number of labourers, find a cheaper overdraft, reduce overdraft interest charges by using an alternative source of funds, etc</li> <li>decrease fixed costs e.g. reduce salaries, vehicle costs, find a cheaper bank loan, marketing, insurance, etc.</li> </ul> <p>Exemplar response:</p> <p><i>RB Builders</i> could lower its break-even point by finding a cheaper supplier <b>(1)</b> of building materials. This will lower its variable costs <b>(1)</b>.</p> <p><i>RB Builders</i> could increase the price it charges for each house <b>(1)</b>, to increase total revenue <b>(1)</b>.</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>Accept any specific examples that are appropriate for <i>RB Builders</i>.</p> <p>Accept 'decrease costs' only if it is not a repeat i.e. do not accept 'decreased fixed costs' if it has already been given.</p> <p>Do <b>not</b> award answers which relate to increased/improved marketing or lowering prices or selling more as these do not lower the break-even point, they only help the business reach breakeven sooner.</p> <p>Award 'increase revenue' as the explanation mark only.</p> <p>Accept explanations relating to increasing the contribution.</p> <p>Watch out for repetition.</p>

Question	Answer	Marks	Guidance
31	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• bank loan more expensive</li> <li>• overdraft costs more</li> <li>• mortgages more expensive</li> <li>• lower disposable income</li> <li>• increased tendency to save</li> <li>• less likely to borrow</li> <li>• less likely to spend</li> <li>• higher reward for savings</li> <li>• lower demand for house purchases</li> <li>• cheaper houses become more popular.</li> </ul> <p>Exemplar response:</p> <p>An increase in interest rates will increase the cost of borrowing (<b>L1</b>). This will mean <i>RB Builders</i> will have to pay out more each month (<b>L2</b>), leading to further cash flow problems (<b>L3</b>).</p> <p>An increase in interest rates will also make mortgages dearer for <i>RB Builders</i>' potential customers (<b>L1</b>). This may lead to a fall in sales (<b>L2</b>) making it harder for the business to reach its break-even point (<b>L3</b>).</p> <p>Overall, the effect on <i>RB Builders</i> caused by potential customers not being able to afford a mortgage (<b>CONT</b>) is likely to have a far greater impact than the change in the cost of its bank loan. This is because, whereas the change in interest rates may affect the business by a couple of hundred pounds a month, a loss of just one customer would mean a fall in revenue of £150,000.</p>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 – 12 marks)</b> Candidate evaluates likely impacts on <i>RB Builders</i> of an increase in interest rates.</p> <p><b>Level 3 (7 – 9 marks)</b> Candidate analyses likely impact(s) on <i>RB Builders</i> of an increase in interest rates.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains likely impact(s) on <i>RB Builders</i> of an increase in interest rates.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies likely impact(s) on <i>RB Builders</i> of an increase in interest rates.</p> <p><b>L1</b> – a relevant impact of increased interest rates (to the business or its stakeholders e.g. customers or employees).</p> <p><b>L2</b> – any development of identified impact which shows understanding but that stops short of being analytical.</p> <p><b>L3</b> – analysis which is business facing i.e. a (further) impact on the business (max one L3 per L1/L2 point).</p> <p><b>L4</b> – an overall judgement on the impacts of an increase in interest rates on the business, supported by previous analysis. Award 10 marks for a generic argument. Award 11 marks for an argument with context (within the evaluation itself). Award 12 marks for a detailed, specific, contextual argument (within the evaluation itself) which selects the greatest, most</p>

Question	Answer	Marks	Guidance
	<p>That said, since <i>RB Builders</i> produces small starter homes, the increase in interest rates might actually work in its favour. The business may see an increase in sales as customers, who were originally thinking of purchasing a more expensive property elsewhere, choose to buy a cheaper, more affordable basic home from <i>RB Builders</i> (L4).</p>		serious or most likely impact, etc.
32	<p>Use level of response criteria.</p> <p>Responses include:</p> <ul style="list-style-type: none"> <li>• loss of goodwill</li> <li>• workers may leave</li> <li>• being understaffed</li> <li>• higher absenteeism</li> <li>• poor punctuality</li> <li>• higher wastage</li> <li>• negative effect on motivation/morale</li> <li>• lower output e.g. fewer houses built</li> <li>• reduced productivity</li> <li>• lower quality</li> <li>• poor reputation/image</li> <li>• more problems with meeting deadlines</li> <li>• lose orders</li> <li>• increased costs</li> <li>• poor industrial relations</li> <li>• even more staff complaints</li> <li>• industrial action e.g. strikes, overtime ban</li> <li>• increased likelihood of accidents</li> <li>• risk of injuries/sickness/death</li> </ul>	12	<p><b>Levels of response</b></p> <p><b>Level 4 (10 – 12 marks)</b> Candidate evaluates possible consequences to <i>RB Builders</i> if Robert continues to ignore the concerns of the workforce.</p> <p><b>Level 3 (7 – 9 marks)</b> Candidate analyses possible consequence(s) to <i>RB Builders</i> if Robert continues to ignore the concerns of the workforce.</p> <p><b>Level 2 (4 – 6 marks)</b> Candidate explains possible consequence(s) to <i>RB Builders</i> if Robert continues to ignore the concerns of the workforce.</p> <p><b>Level 1 (1 – 3 marks)</b> Candidate identifies possible consequence(s) to <i>RB Builders</i> if Robert continues to ignore the concerns of the workforce.</p> <p><b>L1</b> – a possible consequence of ignoring concerns of the workforce (to the business or its stakeholders e.g. customers or employees).</p> <p><b>L2</b> – any development of identified consequence which shows understanding but that stops short of being analytical.</p> <p><b>L3</b> – analysis which is business facing i.e. a (further) consequence to the business (max one L3 per L1/L2 point).</p>

Question	Answer	Marks	Guidance
	<ul style="list-style-type: none"> <li>• legal action for breach of HASAW Act</li> <li>• bad publicity</li> <li>• additional recruitment costs.</li> </ul> <p>Exemplar response:</p> <p>If Robert continues to ignore the builders then they may become even more disillusioned <b>(L1)</b>. This may lead to them turning up on site late for their day's work <b>(L2)</b>, consequently leading to fewer houses being built <b>(L3)</b>.</p> <p>There is also a high likelihood that one of the four employees will be injured by the forklift truck if Robert does not arrange to have it fixed <b>(L1)</b>. Any injuries could lead to court action being taken against <i>RB Builders</i> <b>(L2)</b>. <i>RB Builders</i> may be required to compensate for any injuries, thus increasing the business' costs <b>(L3)</b>.</p> <p>Both of these consequences would have an impact on <i>RB Builders</i>' profits, the first by reducing revenues and the second by increasing costs. However, even more serious than this would be the effect of both of these on cash flow. Cash inflows would be reduced and outflows would be increased. This is a very serious problem given the business' current cash flow crisis <b>(CONT)</b>, the business may not survive <b>(L4)</b>.</p>		<p><b>L4</b> – an overall judgement on the consequences on a business of ignoring the concerns of the workforce, supported by previous analysis.</p> <p>Award 10 marks for a generic argument.</p> <p>Award 11 marks for an argument with context (within the evaluation itself).</p> <p>Award 12 marks for a detailed, specific, contextual argument (within the evaluation itself) which selects the greatest, most serious or most likely consequence, etc.</p> <p>Do <b>not</b> award solutions.</p> <p>Consequences must be negative.</p>

Question	Answer	Marks	Guidance
33	<p>Responses include:</p> <ul style="list-style-type: none"><li>• have to share the profit</li><li>• potential disagreements/conflict</li><li>• possibility of tension between partners/strained relationship</li><li>• decisions have to be agreed by both parties</li><li>• slower decision making</li><li>• bound by each other's decisions</li><li>• affected by each other's actions</li><li>• loss of control</li><li>• jointly and severally liable.</li></ul>	1	<p>One mark for a correct identification.</p> <p>Must be negative.</p> <p>Do <b>not</b> accept 'share revenue', 'share finances'.</p>

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