

GCE

New Business

H031/01: The local business environment

AS Level

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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PREPARATION FOR MARKING**RM ASSESSOR**

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal <http://www.rm.com/support/ca>.

YOU MUST MARK 5 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

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 RM 50% and 100% 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, email or via the RM messaging system.

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.

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 objects 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 a 'SEEN' annotation to confirm that the work has been seen.
7. There is a NR (No Response) option. Award NR (No Response)
 - if there is nothing written at all in the answer spaceNote: Award 0 marks – for an attempt that earns no credit (including copying out the question).
8. The **comments box** is used by your Team Leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
If you have any questions or comments for your Team Leader, use the phone, the RM messaging system, or e-mail.
9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

10. Annotations

	Blank page
	Tick
	Cross
	Highlighting tool
	Not answered question
	Own Figure Rule
	Benefit of Doubt
	Repeat
	Noted but no credit given
	Too vague/No use of context
	Unclear
	Knowledge
	Application of knowledge and understanding
	Analysis
	Developed Analysis
	Evaluation
	Effective evaluation

EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read when the paper is printed out in black & white.

[Questions 1-15 should ONLY be annotated with ticks, crosses or SEEN. Questions 16, 17, 18, 19 & 21 should be annotated with ticks, crosses, BOD, REP, TV, OFR, NAQ or ?. The number of ticks plus OFR MUST match the final mark awarded for that question. Ticks MUST NOT be used in Questions 20 & 22.]

IT IS VITAL THAT YOU SHOW AS MUCH ANNOTATION ON EACH PAGE AS POSSIBLE. IN PARTICULAR, WHERE AOs ARE REACHED, SO THAT YOUR TEAM LEADER CAN LOOK TO AGREE WITH YOUR FINAL MARK.

Subject-specific Marking Instructions

INTRODUCTION

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:

- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

Levels of response – Level descriptors

	Knowledge and understanding/ Application	Analysis	Evaluation
Strong		An explanation of causes and consequences, fully developing the links in the chain of argument.	A conclusion is drawn weighing up both sides, and reaches a supported judgement.
Good	Precision in the use of the terms in the question and applied in a focused way to the context of the question.	An explanation of causes and consequences, developing most of the links in the chain of argument.	A conclusion is drawn weighing up both sides, but without reaching a supported judgement.
Reasonable	Awareness of the meaning of the terms in the question and applied to the context of the question.	An explanation of causes and consequences, which omit some key links in the chain of argument.	Some attempt to come to a conclusion, which shows some recognition of the influencing factors.
Limited	Awareness of the meaning of the terms in the question.	Simple statement(s) of cause and consequence.	An unsupported assertion.

Candidates will be awarded marks for the demonstration of each skill (Knowledge and Understanding/Application/Analysis/Evaluation) according to the level (Strong/Good/Reasonable/Limited) seen. Their overall mark for Levels of Response questions will comprise the total of these four marks.

The descriptions in each levels of response question in this mark scheme describe a typical response at the top of that level.

USING THE MARK SCHEME

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co-ordination scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the co-ordination scripts then become part of this Mark Scheme.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

INSTRUCTIONS TO EXAMINERS:**A INDIVIDUAL ANSWERS**

- 1 The indicative content indicates the expected parameters for candidates' answers, but be prepared to recognise and credit unexpected approaches where they show relevance.
- 2 Be prepared to use the full range of marks. Do not reserve high band marks 'in case' something turns up of a quality you have not yet seen. If an answer gives clear evidence of the qualities described in the band descriptors, reward appropriately.

B TOTAL MARKS

- 1 The maximum mark for the paper is **60**.
- 2 The quality of extended responses is assessed in parts of this paper. The assessment of this skill is embedded within each of the levels and must be considered when determining the mark within the appropriate level

SECTION A				
Question	Answer	Marks	AO	Rationale
1	B	1	2	Secondary is concerned with manufacturing which includes construction. Fishing and mining are both primary sector and banking is tertiary sector.
2	C	1	1	Capacity utilisation measures the extent to which a firm uses its productive capacity, i.e. actual output/maximum output. Knowing the firm's maximum production capability is a pre-requisite of calculating capacity utilisation, rather than what it measures. Margin of safety is a measure of how close a firm is to its break-even point. Determining whether an increase in output will decrease a firm's unit costs relates to economies/ diseconomies of scale
3	D	1	1	Using a cheaper supplier will reduce cash outflows and improve net cash flow. Allowing credit customers longer to pay, factoring fewer debts and reducing the overdraft limit will all serve to worsen any cash-flow problem that the business is experiencing.
4	B	1	2	When trading online, a business' customers cannot check the quality of the fabric before purchase. Being able to feel the quality of the fabric before purchase is likely to benefit the business because it will increase sales and reduce returns. (a) It is likely that a retail store has less storage space than a warehouse. (c) More sales assistants are required in a physical store rather than when selling online (which may not need any sales assistants at all). (d) the clothing is more likely to be damaged in store because it is being constantly handled and tried on by prospective customers.
5	B	1	1	There are four factors of production – land, labour, capital and enterprise. Capital, in this context, refers to buildings and machinery rather than money. Therefore, Finance is not a factor of production.
6	D	1	2Q	Employee lateness rate is calculated by dividing the number of late arrivals by total number of scheduled attendances i.e. $160/(15 \times 92) \times 100 = 160/1380 \times 100 = 11.6\%$. (b) Candidate correctly calculates 11.6% but then erroneously divides by 3 in an attempt to calculate a monthly figure i.e. $11.6\%/3 = 3.9\%$. (c) Candidate erroneously inverts the formula i.e. $(15 \times 92)/160 = 8.6$ and assumes this to be a percentage. (d) Candidate erroneously calculates 8.6 as in (c) and then divides by 3 in an attempt to calculate a monthly figure i.e. $8.6/3 = 2.9$.
7	C	1	1	Whilst Sales may use the Kitemark to increase sales of the product, consequently benefitting the business with increased revenues, it is the responsibility of the operations management function to meet the required quality standards and gain the right to use the BSI Kitemark on its products.
8	C	1	1	Stakeholder conflict is inevitable, but not welcomed so should not be encouraged. Instead, a business should deal with the expectations of stakeholders as best they can. To do this, instead of ignoring the conflict it should actively manage the conflict so as to minimise, rather than maximise, any impact on the business.

9	B	1	2	Ethics involves doing something good or morally right, that is above and beyond what the law requires. Donating surplus food to a local foodbank is not a legal requirement, and there is no legal sanction if the restaurant did not do so. Nevertheless, minimising food waste and helping reduce food poverty are deemed good things to do, and so would improve the ethical profile of the restaurant. (a) & (c) are legal requirements. (d) may improve the authenticity of the food, but it would increase air miles and so would not improve the ethical profile of the business.
10	A	1	2	All of the training methods are suitable for a junior doctor but only (a) is on-the-job training, i.e. training whilst performing their work role. (b), (c), and (d) are off-the-job training methods i.e. distinct from the job role.
11	C	1	1	Unreliable suppliers may cause a business to run out of stock due to late delivery or incorrect goods being sent. To overcome this problem a business is likely to hold high levels of stock. (a) high stock levels are likely to be held when demand is volatile rather than stable. (b) high storage and security costs are likely to reduce the amount of stock a business holds. (d) a short lead time means that additional supplies can be obtained quickly, thus reducing the need to hold high levels of stock.
12	B	1	2	Sale and leaseback is a long-term source of finance available to a sole trader. A share issue is also a long-term source of finance, but one that is only available to limited companies. An overdraft and trade credit, whilst available to sole traders, are short-term sources of finance.
13	D	1	1	The purpose of the non-disclosure statement is to keep the business' future plans under wraps, especially from its rivals. (a) a business may choose to show potential financiers its business plan in the hope of receiving investment, so this is not the purpose of the non-disclosure statement. (b) keeping plans under wraps may heighten, rather than allay, employee concerns about job security; either way it is not the purpose of the non-disclosure statement. (c) senior managers need to carefully consider all aspects of the plan - it is not the purpose of the non-disclosure statement to restrict their access to this document.
14	B	1	2Q	With a market share of 60% in 2016, only 40% of the market remains for all other firms in the market. Therefore, GSN plc must have the greatest market share, i.e. be the market leader. (a) GSN plc's market share increased from 2015 to 2016 but not necessarily the quantity of satnavs sold, as this would be dependent on the size of the market. (c) The graph shows a peak in 2019 but this is of GSN plc's market share, the graph does not show market demand. (d) Likewise, the graph shows that in 2018 GSN plc's market share increased but it does not give any information about market growth.
15	A	1	2	Despite its title, a limited liability partnership is an incorporated business. All members have limited liability. Anna is therefore only liable for the amount she has invested i.e. £8000. (d) candidate erroneously assumes joint liability i.e. £8000 + £4000 + £4000. Answers (b) and (c) erroneously assume unlimited liability. (b) £30,000 debt divided by 3 members. (c) as per an ordinary partnership where the liability would be for the pro rata full value of the debt

Question	Guidance	Marks	Answer
16	Explain what is meant by 'sustainability'. Award: Two marks for a full explanation. One mark for a partial explanation and/or examples. NB For full marks the answer must address the need long-term/future aspect. No context required. Do not award marks for using the word 'sustainability' to explain 'sustainability'.	2 (AO1 2)	Indicative content: • Being environmentally friendly/kind to the planet/avoiding depleting natural resources • Meeting current needs in a way that ensure the needs of future generations can still be met • The long-term endurance of productive systems and processes Exemplar response: Meeting our current needs without harming the environment in such a way that the planet cannot meet the needs of future generations (2). Meeting today's needs without compromising the ability of future generations to meet theirs (2). Treating the earth with respect by not using up all of its natural resources (1). ARA

17		Explain one way that the third sector differs from the private sector. Award: Two marks for a full explanation i.e. a difference. One mark for a partial explanation i.e. a factor. No context required. Do not award marks for examples of businesses in the sectors. E.g. do not award 'the third sector is comprised of charities' or 'the private sector has sole traders and public limited companies'.	2 (AO1 2)	Indicative content: • Purpose – serve the public v make returns for owners • Goals – social v profit • Personnel – volunteers v employees Exemplar response: Third sector organisations reinvest any profit that they make (1) rather than paying it as dividends to shareholders (1). Their goals differ (1) as third sector organisations do not aim to make a profit (1). The aims of the businesses in each sector differ (1). Private sector businesses aim to make a profit (1). Third sector businesses serve the public (1). ARA
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18		Identify one reason why a business may choose to recruit a new employee. One mark for identification. No context required.	1 (AO1 1)	Indicative content: • An employee has left/resigned/retired • Current staff cannot deal with the workload • The business is expanding • To fill a vacancy/business is understaffed • To fill a skills gap. ARA
19	a	Calculate the product wastage rate for Elveley Ltd in 2020. Award 2 marks for the correct answer (with or without workings). 1 mark for evidence of a correct attempt at calculation or 3.18 (without percentage sign).	2 (AO2 2)	$\frac{\text{Wastage}}{\text{Total production}} \times 100$ $\frac{28\,000}{880\,000} (1) \times 100$ = 3.18% (Accept 3% or 3.2%) or 0.0318 (Accept 0.03 or 0.032)
19	b	Calculate labour productivity for Elveley Ltd in 2020. Award 2 marks for the correct answer (with or without workings). Accept answer with no units. 1 mark for evidence of a correct attempt at calculation.	2 (AO2 2)	$\frac{\text{Output during the year}}{\text{Number of employees during the year}}$ $\frac{880,000}{32} (1) \text{ metres}$ = 27,500 (1) metres
20*		Evaluate possible impacts on Scrapstore of an increase in costs. Level 4 (10-12) Candidate shows strong knowledge, understanding, analysis and evaluation of impacts on Scrapstore of an increase in costs. <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i>	12 (AO1 2) (AO2 2) (AO3 4) (AO4 4)	Impacts include: • May need to increase the price charged for the workshops • The workshops may become unviable and need to be cancelled • May need to increase the selling price of the basket/trolley of items it sells • It may not be able to pay their bills/overheads/expenses • It may need to reduce the number of employees • May need other cost cutting measures e.g. heat and light

		Level 3 (7-9) Candidate shows good knowledge and understanding, analysis and evaluation of impacts on Scrapstore of an increase in costs. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> Level 2 (4-6) Candidate shows reasonable knowledge and understanding, analysis and evaluation of impacts on Scrapstore of an increase in costs. <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i> Level 1 (1-3) Candidate shows limited knowledge and understanding of impacts on Scrapstore of an increase in costs. <i>The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.</i> NB – award maximum of two marks for a non-contextualised response. 0 marks no response or no response worthy of credit.		• May need to increase fund raising efforts to increase donations/more promotion on social media • Greater cash outflows • Cashflow difficulties • Costs exceed income • Minimise/wipe out any surplus (profit) • Charity may need to close • Extract C shows income only just covers costs To achieve high marks, candidates must clearly evaluate the impact of an increase in costs, considering which impact will be most significant for Scrapstore. NB Watch out for responses answering about a price increase instead of a cost increase. Such responses are not awardable. Do not award the incorrect use of 'price' and 'cost'. ARA
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21		Explain one advantage and one disadvantage for Scrapstore of using social media as a method of promotion. One mark for each correct identification up to a maximum of two identifications, plus one mark for each of two contextual explanations. Award maximum of two marks if no reference to context. NB The amount of people on social media is an advantage for the business. Do not award a disadvantage mark for 'not everyone will see it'/'one third cannot access it'. Do not award arguments related to age or target audience. Social media is now widely used by all groups. Do not award 'zero cost' or 'free'.	4 (AO1 2) (AO2 2)	Indicative content: Advantages include: • A large proportion of the population (3.484 billion worldwide, 45 million in the UK) now use social media so will potentially see any promotion • Audience can be widened if customers re-post with friends (average UK user spends 1 hour 50 mins on social media each day so will regularly see friends' posts) • Customers can share photos of items that they have made using Scrapstore's materials • It is a low cost method of promotion, important for a charity with limited funds • Blogs can be used to reach groups with specific interests e.g. crafts Disadvantages include: • Sharing with friends nationwide/worldwide will be of little value as they will not be local to the Scrapstore charity • Accounts need constant monitoring, moderating and updating by an employee/volunteer • An employee/volunteer is needed to keep social media accounts up-to-date • Content is not easily managed, negative comments could be posted which damage the reputation of the charity Exemplar response (advantage): Customers can share photos of craft items (CONT) they have made on Scrapstore's social media accounts (1). This may attract new customers as they can see what items are sold and what can be made with them (1). Exemplar response (disadvantage):
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				If Scrapstore do not have an employee or volunteer (CONT) with the appropriate skills to keep the social media accounts up-to-date (1) then incorrect information may be given which may damage Scrapstore's reputation (1). To award the explanation mark, candidates must clearly explain the advantage/disadvantage to Scrapstore. ARA
22*		Recommend methods of motivation that Scrapstore could use to motivate its volunteers. Justify your view. Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of appropriate methods of motivation that Scrapstore could use to motivate its volunteers. <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i> Level 3 (11–15) Candidate shows good knowledge and understanding, analysis and evaluation of appropriate methods of motivation that Scrapstore could use to motivate its volunteers. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> Level 2 (7–10) Candidate shows reasonable knowledge and understanding, analysis and evaluation of appropriate methods of motivation that Scrapstore could use to motivate its volunteers.	20 (AO1 2) (AO2 2) (AO3 8) (AO4 8)	Suitable methods motivation include: • Empowerment • Flexible working • Job enlargement • Job enrichment • Job rotation • Team working • Increasing power e.g. senior volunteer role, etc • Increase achievement e.g. reinforce charity goals, etc • Increase affiliation e.g. social events, etc • Specific (non-financial) rewards e.g. free coffee, etc • Allow volunteers to take materials for free or at a discount • Recognition e.g. volunteer of the month, etc • Encourage inclusivity e.g. involve in decision making, etc • Praise, show gratitude, thank them • Training Methods must be relevant to volunteers i.e., they should not relate to being paid, such monetary methods of motivation are excluded. Do not award promotion, bonuses, monetary rewards, being given a job. Rewards TV, incentives TV, better working environment TV.

		<i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i> Level 1 (1–6) Candidate shows limited knowledge and understanding of methods of motivation that Scrapstore could use to motivate its volunteers with limited or no analysis and evaluation of appropriate methods. <i>The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.</i> 0 marks no response or no response worthy of credit. NB – award maximum of two marks for non-contextualised methods e.g. methods which would not be appropriate to volunteers.		To achieve higher marks, candidates must clearly recommend appropriate method(s) of motivation. To achieve high marks, candidates must justify their recommendations of which methods are most appropriate for Scrapstore to use to motivate its volunteers. NB do not award arguments relating to what the volunteers might find motivating or external motivating factors e.g. volunteering that the charity to improve their CV. The question is about motivation methods that the charity can implement. ARA
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