

GCE

New Business

H031/02: The wider 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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MARKING INSTRUCTIONS

PREPARATION FOR MARKING RM ASSESSOR 3

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor 3 assessor Online Training*; *OCR Essential Guide to 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>
3. Log-in to RM Assessor 3 and mark the **required number** of practice responses (“scripts”) and the **number of required** standardisation responses.

YOU MUST MARK ALL PRACTICE AND 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 Assessor 3 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 or the RM Assessor 3 messaging system, 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.

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 tick to confirm that the work has been seen.
7. Award No Response (NR) if there is nothing written in the answer space
Award Zero '0' if anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor 3 **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 Assessor 3 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. For answers marked by levels of response: Not applicable in F501
- To determine the level** – start at the highest level and work down until you reach the level that matches the answer
 - To determine the mark within the level**, consider the following:

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. 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

12. 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

Answer			Marks	Guidance
1		One mark for each correct identification up to a maximum of two identifications.	2 (AO1 2)	Indicative content: • Vehicles • Buildings • Land • Property • Machines • Intellectual property/goodwill • Shares/investments in other businesses
2		One marks for correct identification of the meaning of redundancy. One further mark for correct explanation of the meaning of redundancy.	2 (AO1 2)	Exemplar response: Redundancy is a form of dismissal (1). It may occur when a business no longer requires a role to be completed within a business (1).
3		One mark for correct method. Two marks for correct answer (with or without working).	2 (AO2 2)	YED = $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in Income}}$ $\frac{-25\%}{5\%}$ Answer = -5 (2) Allow one mark for an answer of 5 (no minus sign)
4		One mark for each correct identification of a disadvantage to a business of using job production, up to a maximum of two. Plus one further mark for each correct explanation of a disadvantage to a business of using job production, up to a maximum of two.	4 (AO1 2) (AO2 2)	Disadvantages could include: • Speed – job production is likely to be slower than batch and flow production • Cost – job production is likely to have higher costs than batch and flow production • Likely to be labour intensive • Reliant on high skills – may require investment in training

				Exemplar responses: Job production is likely to take longer to make each cake (1) than making cakes in batches when many are made at the same time (1). The cake manufacturer will need to invest in training (1) because job production is likely to be labour intensive (1). ARA						
5		One mark for a correct identification of purpose of SWOT analysis, up to a maximum of two identifications. Plus one mark for each of two explanations, up to a maximum of two.	4 (AO1 2) (AO2 2)	Purposes may include: • To identify strategies/plans for the future of a business • To summarise internal and external factors affecting a business • For external stakeholders, eg to gain finance • To analyse possible success and failure factors for a business • To build upon the strengths of a business • To overcome the weaknesses of a business • To identify possible opportunities than a business can exploit • To identify threats for a business to avoid Exemplar response: One purpose of SWOT analysis is to use the opportunities for the future to overcome the threats that the business currently has (1). For example, if a business has a threat of a competitor, perhaps an opportunity might be to take this business over in the future (1). ARA						
6		One mark for identification of both contribution figures 0.8 and 0.85. One mark for correct calculation of the break-even level of output in 2020 One mark for the correct calculation of the break-even level of output in 2021 One mark for the correct calculation of the change.	4 (AO2 4)	Break-even = $\frac{\text{Fixed costs}}{\text{Contribution (per unit)}}$ <table><tr><td>2021</td><td>2020</td></tr><tr><td><u>£5000</u></td><td><u>£4675</u></td></tr><tr><td>£0.80 = 6250 units</td><td>£0.85 = 5500 units</td></tr></table> Answer = Increase of 750 units	2021	2020	<u>£5000</u>	<u>£4675</u>	£0.80 = 6250 units	£0.85 = 5500 units
2021	2020									
<u>£5000</u>	<u>£4675</u>									
£0.80 = 6250 units	£0.85 = 5500 units									

				OFR Note: if the candidate calculates the correct percentage change (13.65% or 14%), award 2 marks
7		One mark for knowledge of quantifiable or unquantifiable risk. Two marks for a correct difference between quantifiable and unquantifiable risk.	2 (AO1 2)	Differences may include: - Quantifiable risk can be measured whereas unquantifiable risk cannot - Quantifiable risk requires a numerical value whereas unquantifiable risk does not Exemplar response: Quantifiable risk is quantitative (1) whereas unquantifiable risk is qualitative and cannot be measured (1). ARA
8		One mark for knowledge of organic growth or acquisitions. Two marks for correct difference between organic growth and acquisitions.	2 (AO1 2)	Indicative content: Organic growth is business growth that is internal whereas an acquisition requires the buying of another business. Exemplar response: Organic growth may involve a business in opening more stores (1) whereas an acquisition involves it in buying out another business (1). ARA
9		One mark for use of correct figures (without use of expenses). Two marks for a correct answer with or without working. NB if an answer of £655 860 is given, award one mark	2 (AO2 2)	Gross profit = Revenue – cost of sales £1 029 347 000 – £373 487 000 = £655 860 000 Answer = £655 860 000 (2)

10		One mark for a correct identification of a financial measure of business performance. One further mark for correct explanation of the importance of non-financial measure of business performance. One mark for a correct identification of a non-financial measure of business performance. One further mark for correct explanation of the importance of non-financial measures of business performance.	4 (AO1 2) (AO2 2)	Indicative content: <table><tr><th>Examples of financial measures</th><th>Examples of non-financial measures</th></tr><tr><td> - Profit/profit margins - Revenue - Market growth/share - Productivity - Number of stores </td><td> - Reputation/customer satisfaction - Goodwill - Competitiveness - Innovation - Employee satisfaction </td></tr></table> Exemplar responses: A financial measure of business performance would be gross profit (1). This is important to Greggs because it shows how profitable the production of products such as sausages rolls actually is and the shareholders will be concerned about profit (1). A non-financial measure of business performance would be reputation (1). Greggs has been around since 1951 and with over 1950 outlets it needs to maintain a good reputation because this will secure future sales. Being a food product, reputation is especially important (1). ARA	Examples of financial measures	Examples of non-financial measures	- Profit/profit margins - Revenue - Market growth/share - Productivity - Number of stores	- Reputation/customer satisfaction - Goodwill - Competitiveness - Innovation - Employee satisfaction
Examples of financial measures	Examples of non-financial measures							
- Profit/profit margins - Revenue - Market growth/share - Productivity - Number of stores	- Reputation/customer satisfaction - Goodwill - Competitiveness - Innovation - Employee satisfaction							
11*		Level 4 (10–12) Candidate shows strong knowledge and understanding, analysis and evaluation of the importance of changes in economic indicators shown in Extract F on one stakeholder of Greggs plc. <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 (7–9)	12 (AO1 2) (AO2 2) (AO3 4) (AO4 4)	Context that could be utilised from the case includes: Changes in economic indicators include: - Forecast increase in GDP/national income - Forecast increase in Inflation (CPI) - Unemployment could be linked to GDP Responses could include: Shareholders may find that the predicted increase in GDP of 2.3% in 2022 could lead to further increases in sales, profit and				

	Candidate shows good knowledge and understanding, analysis and evaluation of the importance of changes in economic indicators shown in Extract F on one stakeholder of Greggs plc. <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 the importance of changes in economic indicators shown in Extract F on one stakeholder of Greggs plc. <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 with limited or no analysis and evaluation of the importance of changes in economic indicators shown in Extract F on one stakeholder of Greggs plc. <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 non-contextualised references. 0 marks no response or no response worthy of credit.		dividend. However, this is only a forecast and there is a great deal of uncertainty in UK economy. Customers may find incomes increasing in line with the forecast increase of 2.3% in GDP which could lead to purchasing more Greggs products. However, Greggs products may be deemed as inferior goods (one with a negative YED) and customers may switch to meals perceived as higher quality. Change in taxation policy on hot food may lead to price increases leading to leading to less purchases of Greggs food. However, this may lead to an increase in the purchase of supermarket bake-at-home products instead. Forecast increase in inflation of 2.1% in 2022 may lead to higher prices for Greggs product (or food prices in general). This may lead to the cost of basic food ingredients to increase, forcing Greggs to increase prices. It may also lead to customers having to spend more of their disposable income on their basic food shopping and having to reduce their consumption of relatively higher priced takeaway food. Employees (and potential employees) may find more employment opportunities if GDP growth leads to an increase in Greggs stores. As GDP grows by 2.3% there is likely to be a multiplier effect on the economy, leading to more jobs and income for employees. Competitors are likely to face same effects as Greggs in the economy, but some, such as M&S, are likely to be superior goods and therefore may increase sales as GDP increases. ARA
12*	Level 4 (16–20) Candidate shows strong knowledge, understanding, analysis and evaluation of the impact on Greggs of its distribution strategy.	20 (AO1 2) (AO2 2) (AO3 8) (AO4 8)	Indicative content: Greggs distribution strategy includes: • Over 1950 outlets • Delivery service with £25 minimum spend

	<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 the impact on Greggs of its distribution strategy. <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 (6–10) Candidate shows reasonable knowledge and understanding, analysis and evaluation of the impact on Greggs of its distribution strategy. <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i> Level 1 (1–5) Candidate shows limited knowledge and understanding with limited or no analysis and evaluation of the impact on Greggs of its distribution strategy. <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 non-contextualised impacts. 0 marks no response or no response worthy of credit.	• Drive-thru opened in Ashby-de-la-Zouch • New outlets in airports, railway stations, and other places where people want to grab-and-go. • Customers can order on the internet through Just Eat, Deliveroo and its own delivery service Responses could include: Greggs has increased its distribution methods since its beginnings in 1951. Originally it was a bakery that produced goods and then sold them through its own shop. This is a direct route of distribution from producer to consumer. The introduction of these new distribution methods combine together into a strategy with the ultimate aim to increase Greggs' market share and profits. The chain itself has increased the number of outlets. Each outlet sells a range of products which are sold directly to customers, building on the original distribution channels. This is normal for a bakery and most high streets have similar shops, although Greggs is the most dominant force in the market since its takeover of Bakers Oven in 1994. The items that Greggs sells are often impulse purchases, or for immediate consumption, so the more stores the more sales. This is likely to result in a higher profit for the business and an increased dividend and share value for the shareholders. However, selling on the high street has limits and by only using this distribution method, Greggs would be limited in their growth. By opening stores in airports and railway stations, which are often open 24 hours a day, Greggs can increase their sales beyond the normal retail day. This again may increase sales and profits. However, these venues often have a lot of competition. For example, in major railway stations it is normal to find many fast food restaurants and outlets, and Gregg's may have far higher costs (due to opening longer hours) for much less revenue. The impact on Greggs of distributing their products in these places depends upon how competitive their food is compared to the other businesses that operate there.
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				Greggs is also broadening its distribution methods by choosing a longer chain of distribution. Overall, Greggs is trying new ways to get their products to the consumer. They are starting from a good base with loyal customers and a solid brand name. Combining new stores with more modern distribution methods such as supermarkets, drive-thru's and online ordering are most likely to have a positive impact on the business and lead to a strengthening of the brand. Although there are potential risks, the history, longevity and stability of Greggs is most likely to mean that the expansion of their distribution strategy is most likely to have a positive impact on the business as a whole. ARA
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Question	AO1	AO2	AO3	AO4	Total	Quantitative
Section A						
1	2	-	-	-	2	
2	2		-	-	2	
3	-	2 (2)	-	-	2	2
4	2	2	-	-	4	

5	2	2	-	-	4	
6	-	4 (4)	-	-	4	4
7	2	-	-	-	2	
Sub-Total	10	10			20	6
Section B						
8	2	-	-	-	2	
9	-	2	-	-	2	2
10	2	2	-	-	4	
11	2	2 (2)	4	4	12	2
12	2	2	8	8	20	
Sub-Total	8	8	12	12	40	4
Total	18	18	12	12	60	10

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